

2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Years Ended
April 30, 2022 and 2021



A Department of the City of Kansas City, Missouri

2022

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Prepared by KC Water Staff

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KC WATER
A Department of the City of Kansas City, Missouri
ANNUAL COMPREHENSIVE FINANCIAL REPORT

Years Ended April 30, 2022 and 2021

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Introduction Section





KC WATER

OFFICE OF THE DIRECTOR

October 28, 2022

The Honorable Mayor, Members of the City Council, City Manager, and Citizens of Kansas City:

City of Kansas City, Missouri Water Services Department (KC Water) is a department of Kansas City, Missouri's Municipal Government. It operates the Water, Wastewater and Stormwater Enterprise Funds, meaning it is financed by the fees collected from its customers. Kansas City municipal government has 20 departments and all of them, with the exception of KC Water and Aviation, are financed by taxes collected by the City. So, that makes KC Water a unique organization in many ways.

From a management perspective, KC Water is led by a Director who reports to the City Manager, just like the Directors of all other City departments. In addition, KC Water's utilities are regulated by Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) and the utilities follow standards as prescribed by the American Water Works Association (AWWA) and the Water Environment Federation (WEF).

As an entity that operates and manages three utilities (Water, Wastewater, and Stormwater), KC Water must fully recover the cost of managing each utility through its fee structure each fiscal year, essentially operating as a utility business. Each year, KC Water conducts a cost of service study with an outside third party engineering firm to determine the necessary revenue requirements and cost allocation methodology to cover the costs of operation. This cost of service study is the basis for the department's annual budget and follows guidelines as prescribed by the AWWA and the WEF. In addition, the Department manages a long-term financial plan to forecast future revenue needs associated with major items such as debt service related to planned bond issues to cover capital mandates. This financial plan is a critical component into the annual cost of service study.

In terms of the annual budget approval process, the department initially submits its budget to the City Manager and Mayor six months prior to the start of the next fiscal year. After review by the City Manager and Mayor, public hearings on the budget are held around the city over the next few months. Two months before the next fiscal year starts, the budget and associated rate ordinances are presented to the six-member Finance, Governance and Public Safety Committee of the City Council. Once the budget is passed out of the Finance Committee, it is presented by the Department to the full City Council, who in turn, is required to approve or not approve the proposed budget. So, from a governance structure, while the Department Director can recommend a budget and supporting rate structure to the City Manager, rates are ultimately

required to receive final approval from the 13-member City Council, one month before the start of the next fiscal year.

KC Water is challenged by the fact that we have a low population density relative to other metropolitan utilities around the country. With 512,000 residents and 320 square miles of service territory, that includes 2,837 miles of water mains and 2,740 miles of sewer mains, our city must manage a network that is larger than the cities of San Francisco, Philadelphia, Boston and Miami combined (total population of 3.6 million). With a smaller base and larger territory, average bills are higher than in many other cities.

As management of KC Water, we offer readers the attached Annual Comprehensive Financial Report (ALFR) for the fiscal year ended April 30, 2022. The ALFR is prepared in conformity with generally accepted governmental auditing standards, attested by a certified public accountant and is in accordance with local, state, and federal laws and requirements. The independent accounting firm of Allen, Gibbs & Houlik, L.C., whose report is included, has audited the financial statements and related notes.

The report is designed to fairly present KC Water's financial position and results of operations as measured by the financial activity of the various funds. KC Water is responsible for both the accuracy of the data and the completeness and fairness of the presentations, based upon a comprehensive framework of internal controls that it has established for this purpose. Sufficient internal accounting controls exist to provide reasonable, rather than absolute, assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. Management assumes full responsibility for the completeness and reliability of the information contained in this report. Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of basic financial statements and should be read in conjunction with the basic financial statements.

KC Water is responsible for the operation and maintenance of the City's revenue-producing waterworks system (System), which includes facilities for obtaining, purifying and delivering potable water for domestic, commercial and industrial consumption and fire protection within the City and surrounding areas. The System is comprised of three separate and distinct units: The Water, Sewer and Stormwater utilities. Each is treated as a separate and distinct enterprise fund.

LOCAL ECONOMY

Kansas City, Missouri is situated at the junction of the Missouri and Kansas rivers and sits opposite Kansas City, Kansas. It is the largest city in the Kansas City Metropolitan Area; the most populous city in Missouri, the sixth largest city in the Midwest, and the 35th most populous city in the United States. Kansas City's location makes it a national transportation hub. The most geo-central market in the nation, metro Kansas City is served by four interstate highways. Kansas City has a diversified economy including transportation, telecommunications, manufacturing, health care, legal services, trade, financial services, and governmental services. The region provides access to over one million jobs in more than 700 occupations. The top three employers by industry within Kansas City are Government at 9.40%, Healthcare at 3.54% and Healthcare Technology at 1.09%.

Per the Bureau of Labor Statistics, the average unemployment rate (not seasonally adjusted) for Kansas City as of April 30, 2022, was 3.8%, which is 0.2 percentage points higher than the national average unemployment rate of 3.6%.

Housing in the City of Kansas City is comparatively affordable among major metropolitan cities, with values holding steady. The median price for existing homes is \$230,538 while the median home value in Missouri is \$231,773. *CNBC* named Kansas City “the best city in the world to work during the day and explore after hours.”

Kansas City is officially nicknamed the “City of Fountains - Heart of the Nation” with over 200 fountains, the second most in the world just behind Rome, Italy. Kansas City’s Parks and Recreation Department oversees 10,512 acres of parkland, 194 miles of trails and bike ways, 222 urban parks, 18 lakes, 106 playgrounds, 126 baseball/softball diamonds, 116 basketball courts, 10 community centers, five public golf courses, nine museums and attractions, and 25 aquatic facilities. Swope Park is one of the nation’s largest city parks, comprising 1,805 acres, and annually attracts more than two million visitors.

Kansas City is recognized for a growing number of hot spot attractions such as the Kauffman Center for the Performing Arts, the National World War I Memorial and Museum, the Nelson-Atkins Museum of Art, the American Jazz Museum, the Negro Leagues Baseball Museum, Arabia Steamboat Museum, the College Basketball Experience, Science City, Toy and Miniature Museum, the Kansas City Zoo, SEA LIFE Kansas City, Worlds of Fun, Country Club Plaza, River Market, and the Kemper Museum of Contemporary Art.

Kansas City has the honor of being the only U.S. city named a City of Music by the United Nations Educational, Scientific and Cultural Organization (UNESCO). Sixty-four cities from 44 countries have received this distinguished designation as UNESCO Creative Cities. The City has joined the frontline of UNESCO’s efforts to foster innovation and creativity as key drivers for a more sustainable and inclusive urban development. While these cities differ geographically, demographically or economically, all Creative Cities commit to develop and exchange innovative best practices to promote creative industries, strengthen participation in cultural life, and integrate culture into sustainable urban development policies.

The Water Utility

The primary system includes a 240 million gallon per day treatment plant, 4 major pump stations, 14 re-pump stations, numerous water storage facilities, and approximately 2,800 miles of water mains. Treated water service is provided to approximately 175,000 customers inside and outside the City and 34 active wholesale customers. There are also connections with the transmission systems of 6 other regional water suppliers that can be activated in case of an emergency.

The City obtains its raw water for the primary System from a combination of surface and ground water sources. Surface water comes from the Missouri River and accounts for approximately

80% of the raw water. Ground water comes from a well field in the Missouri River aquifer and accounts for the remaining 20% of raw water. Water treatment is a four-step process that consists of sedimentation, softening, stabilization and filtration. The treated water produced by KC Water meets current federal and state requirements for drinking water.

Water is pumped into the transmission system from storage reservoirs located at the water treatment plant, which is located on the north side of the Missouri River. The water transmission system is comprised of two essentially separate systems, one serving customers located north of the Missouri River and the other serving customers located south of the Missouri River. Water is delivered to the southern system through two tunnels under the Missouri River. The distribution systems include booster pumping stations and elevated, underground, and ground level water storage reservoirs. The existing treated water storage capacity is 155 million gallons. The average daily flow during Fiscal Year 2022 was about 90.0 million gallons per day with a peak day demand of 141.0 million gallons, which is about 59% of the treatment plant's design capacity.

The number of employees within the Water Utility totaled 394 at year-end, April 30, 2022, which is a decrease of 54 employees over the prior year (56% labor class, 44% management class).

The table below provides a summary of System customers for the past 5 years.

	2018	2019	2020	2021	2022
Retail Customers	154,220	155,015	155,658	156,520	157,232
Commercial / Industrial	18,028	18,060	18,161	18,168	18,298
Wholesale Customers	32	32	32	32	34
Total	172,280	173,107	173,851	174,720	175,564

The table below sets forth the 10 largest users of the System and the percentage of total consumption applicable to each for the Fiscal Year ended April 30, 2022:

User	Type of Business	Annual Consumption (100 cubic feet)	Percentage of Total Consumption
City of Lee's Summit	Wholesale Water	1,006,884	3.1%
City of Belton	Wholesale Water	841,012	2.6%
City of Raymore	Wholesale Water	784,409	2.4%
Dogwood Energy	Utility	568,404	1.7%
City of Blue Springs	Wholesale Water	546,611	1.7%
Veolia – Kansas City	Utility	425,269	1.3%
City of Raytown	Wholesale Water	423,230	1.3%
City of Platte City	Wholesale Water	371,707	1.1%
KC Parks and Rec	Government	368,517	1.1%
Evergy	Utility	335,987	1.0%

The Sewer Utility

The Sewer System serves an area of about 320 square miles. Wastewater collection and treatment services are provided to approximately 170,000 customers inside and outside the City on a retail basis and agreements with 27 surrounding communities and sewage districts on a contractual basis. KC Water currently maintains 39 wastewater pumping stations, 15 flood pumping stations, 3 effluent pumping stations and 6 wastewater treatment plants. The combined sewers transport both sanitary flows and, during rainfall events, stormwater flows. The combined sewers serve an area south of the Missouri River of about 58 square miles. All wastewater transported to KC Water's treatment plants receives secondary treatment in compliance with federal and state environmental regulations.

A summary of KC Water's wastewater treatment plants is presented in the table below.

Existing Wastewater Treatment Facilities

Treatment Facility	Approximate First Year of Operation	Current Design Capacity (mgd)	Average Flow (mgd)
Blue River	1964/1985	105.00	62.13
Westside	1977	22.50	15.18
Birmingham	1977	20.00	10.58
Todd Creek	1999	3.40	2.01
Fishing River	2000	2.00	1.06
Rocky Branch	2005	2.80	2.44
Total		155.70	93.40

The System's wastewater collection and treatment services includes the processing of biosolids. Biosolids, the stabilized product generated from treatment of wastewater, is used in land

application at a City-owned facility in the cultivation of non-food agriculture. The crops harvested, soybeans and corn, are used as sources of alternative energy, namely bio-diesel and ethanol. These activities meet the United States Environmental Protection Agency (EPA) treatment and pollutant content criteria Part 503.13. Biosolids can be safely recycled and applied as fertilizer to improve the quality of land for agriculture, while increasing crop yields.

The number of employees within the Sewer Utility totaled 277 at year-end, April 30, 2022. This is a decrease of 21 from the prior year (58% labor class, 42% management class).

The table below provides a summary of Sewer customers for the past 5 years.

	2018	2019	2020	2021	2022
Residential Customers	149,489	150,261	151,719	152,669	153,354
Commercial/Industrial	16,778	16,807	16,849	16,873	16,899
Inter-Jurisdictional	28	27	27	27	27
Total	166,295	167,095	168,595	169,569	170,280

The table below sets forth the 10 largest users of the Sewer System and the percentage of total revenue applicable to each for the Fiscal Year ended April 30, 2021:

User	Type of Business	% of Total Revenue
Johnson County, KS	Inter-Jurisdictional	8.7%
North Kansas City, MO	Inter-Jurisdictional	2.3%
Gladstone, MO	Inter-Jurisdictional	2.2%
Ford Motor Company	Industrial	1.4%
Veolia – Kansas City	Industrial	1.3%
Raytown, MO	Inter-Jurisdictional	0.6%
Cook Family Foods	Industrial	0.6%
KC Parks & Recreation	Governmental	0.5%
Independence, MO	Inter-Jurisdictional	0.4%
Cargill	Industrial	0.4%

The Stormwater Utility

Six hundred thirty miles of storm sewer carry stormwater from more than 53,000 stormwater inlets serving Kansas City. In addition, KC Water maintains a flood risk management system that includes 13.5 miles of levee and floodwall, operates 15 flood pump stations, and maintains six detention basins. On an annual basis, the Stormwater utility cleans 18,000 storm inlets, repairs and replaces 300 catch basins, and sweeps over 14,000 miles of stormwater gutters.

What is Stormwater?

Stormwater is simply the water created by rainfall or melting snow. Stormwater is a necessary and important resource, but it can also cause water quality and water quantity issues in urban and suburban areas. When it does not soak into the ground, it runs off, traveling down street gutters and across paved surfaces, bare soil, or sloped lawns. As stormwater travels across paved surfaces, it collects pollutants such as sediment, fertilizers, pesticides, pet waste, oil, de-icing products, yard waste, and litter. It eventually makes its way to a ditch or storm drain in the street. From there, the storm drain system carries the water directly to local streams and rivers without treatment to remove pollutants.

Polluted stormwater can cause many problems, including threats to human and animal health, flooding, and erosion. Many pollutants are toxic, such as organic compounds, bacteria, and viruses. In addition, when too much stormwater runs off paved surfaces, roofs, and lawns, flooding may occur, which can cause damage to property. High volumes of stormwater flowing into a stream also can cause severe stream bank erosion.

Issues related to Stormwater

Because stormwater runoff is the number one vehicle for pollutants entering our local waterways, it is critical that we be aware of what ends up on the ground and ultimately, in our storm drains.

When rain soaks into the soil it is called infiltration. Infiltration helps clean and filter the water and recharge groundwater supplies. Paved, solid surfaces (also known as “impervious surfaces”) such as parking lots, roads, and driveways keep rain from soaking into the soil. In addition to preventing rain from soaking into the soil, impervious surfaces increase the speed and amount of water that rushes into streams, which in turn can cause erosion, damage properties, harm wildlife habitats, and fill streams with sediment.

In Kansas City, the average size home has a 1,000 square-foot roof. A rainfall of just one inch can cause over 600 gallons of water to run off that roof. Much of this water runs from gutters through downspouts onto impervious surfaces such as streets or driveways, carrying pollutants into storm drains and eventually into our rivers and streams.

In the past, cities installed pipes and storm drains to move stormwater away from homes and buildings as quickly as possible and drain it in the nearest creek or stream. This approach, still practiced in many places today, can result in polluted stormwater, stream bank erosion, and flooding in communities downstream. The new and preferred way to manage stormwater is to keep it onsite, slow it down, spread it out, and let it soak in. This allows the soil to filter out pollutants and enables water to enter streams gradually. Developers and municipalities are now using green infrastructure methods such as rain gardens, bio-retention, native plantings, and porous pavements to help manage stormwater where it falls.

Sewer Overflows

Combined sewers are older systems that carry both stormwater and sewage (also called “wastewater”) to treatment plants. Kansas City has 58 square miles of combined sewers. When stormwater runoff from rain storms completely fills combined sewer pipes, the result is a “Combined Sewer Overflow,” a discharge of untreated wastewater and stormwater into local streams. In areas where sanitary sewers and storm sewers are separate, sewer overflows can occur when downspouts, sump pumps, and floor drains from homes and businesses are connected directly to the wastewater sewer.

The Stormwater Utility Division is responsible for stormwater management for the City of Kansas City, Missouri. Its responsibilities can be classified into quantity and quality management duties. Stormwater quantity management involves the management and coordination of improvements to the stormwater system and flood risk management systems including the levees, floodwalls, flood pump stations and the flood warning system. This entails coordinating the planning, design and construction of the improvements necessary to fulfill these responsibilities. Stormwater quality management involves the coordination, oversight and protection of the city’s runoff and surface water quality through the implementation of the MS4 and Land Disturbance Permit requirements. The Stormwater division also sets the policies and standards (as well as implements existing standards) for stormwater infrastructure across the city.

In addition, the Stormwater Line Maintenance group is responsible for maintaining the rain gardens created within the city’s right of ways. This responsibility will continue to increase in the future as more rain gardens are created.

Stormwater Fees

Most homeowners pay a stormwater fee that helps the community maintain its stormwater system. This fee is often collected monthly in a water or other city utility bill or paid annually with property taxes. Stormwater fees vary across the Kansas City metropolitan region but are generally either a flat or tiered rate, which is based on the amount of impervious surface (such as roofs and driveways) on each property. If you are a resident of Kansas City, Missouri, your stormwater fee is included in your monthly water bill.

Currently, the average Kansas City, Missouri resident pays a stormwater monthly charge of approximately \$2.50 based on a fee of 50 cents per 500 square feet of impervious surface. This rate has remained unchanged since 2003. This fee supports several Stormwater utility activities such as, catch-basin cleaning, floodwall and levee inspections, and pipe and inlet maintenance. With such a minimal fee, there is only enough funding to minimally maintain the current stormwater system but not enough to replace or expand existing stormwater infrastructure.

Stormwater fees raise about \$14 million annually, vs. stormwater utility expenses of about \$18 million annually. The deficit is funded through reductions in cash reserves, which is not a sustainable long-term solution to funding the operating deficit.

Stormwater Credits

To reduce stress on the stormwater system and encourage more green infrastructure to help reduce stormwater runoff, many communities give stormwater-fee credits to customers. KC Water is no exception, offering two types of stormwater fee credits for property owners that use best management practices on their property.

The first type of credit is a ratio credit for properties that have a large pervious area to help absorb stormwater and prevent it from entering storm drains. Property owners can receive a credit if the ratio of the total property area to the runoff surface area is at least 30:1. For example, if a property totals 30,000 square feet and paved or roofed areas make up only 1,000 square feet of the property, it qualifies for the credit. Properties that qualify are granted a 50 percent stormwater fee credit.

The second type of stormwater fee credit is a detention credit for the installation of stormwater detention structures on your property. These types of structures are installed and maintained to hold stormwater on the property during the heaviest parts of a storm, thereby reducing flooding and erosion downstream. Typically, detention basins are professionally designed stormwater management systems that are carefully built to ensure that they catch the required amount of water per rainstorm for a given area.

The number of employees within the Stormwater Utility totaled 76 at year-end, April 30, 2022. This is an decrease of 19 over the prior year (62% labor class, 38% management class).

Capital Improvement Projects

The Water Fund will have invested approximately \$257 million over past five years in water capital improvement projects. The projects are dedicated to water distribution; replacement of water transmission mains; rehabilitation of water treatment plants, pump stations, and storage facilities. The largest allocation, or 87% of the total capital investment is committed to the water distribution system. The projects are designed to improve system performance and reliability, reduce water main breaks, enhance fire protection, and deliver safe drinking water to customers.

The Water Main Replacement (WMR) Program uses a strategic, data-driven approach to prioritize the replacement of the water distribution system. It is based on replacing approximately 1% of the system annually, approximately 28 miles per year. The capital investment is structured to reduce O&M costs through systematic replacement of aging infrastructure to increase system reliability and improve customer service through reduced service interruptions. The prioritization process is based on a business risk exposure assessment of each pipe segment in the system. The 2,800-mile distribution system was divided into more than 70,000 individual segments. Each segment was analyzed for a consequence-of-failure score and a likelihood-of-failure score to create a business risk exposure (BRE) score for each segment. Those segments with the highest BRE score are scheduled for replacement the

following year. The model is a dynamic model updated with the latest information and run each year to establish the prioritization for the following year.

Overflow Control Program

The Overflow Control Program (OCP) was developed to meet regulatory requirements set forth by the Environmental Protection Agency and the Missouri Department of Natural Resources. The regulations require minimizing overflows from the combined sewer system and preventing overflows from the separate sanitary sewer system. The parties have agreed to allow a 30-year period to meet those objectives by completing a planned list of improvements within five years. The implementation schedule is targeted to treat 85% of combined sewer flows and eliminate sanitary sewer overflows during a twenty-four hour rainfall event.

The Sewer Fund will have invested approximately \$527 million over the past five years in capital improvement projects. Of this amount, \$426 million is committed to the 30-year federally mandated OCP. The estimated total cost of OCP through the year 2035 is approximately \$2.3 billion, adjusted for inflation. In addition, annual expenditures for operations and maintenance are expected to increase by approximately \$72 million. It is anticipated that OCP will be financed primarily by the Sewer Fund.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to KC Water for its Annual Financial Report for the fiscal year ended April 30, 2021. This was the fifth year that KC Water submitted an AFR for consideration and the fifth consecutive year the award has been achieved. To be awarded the Certificate of Achievement, a government must publish an easily readable and organized annual financial report. The report must satisfy both generally accepted accounting principles and legal requirements. A Certificate of Achievement is valid for a period of one year only. This report is intended to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for a certificate.

Respectfully submitted,



Phil Cridlebaugh
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

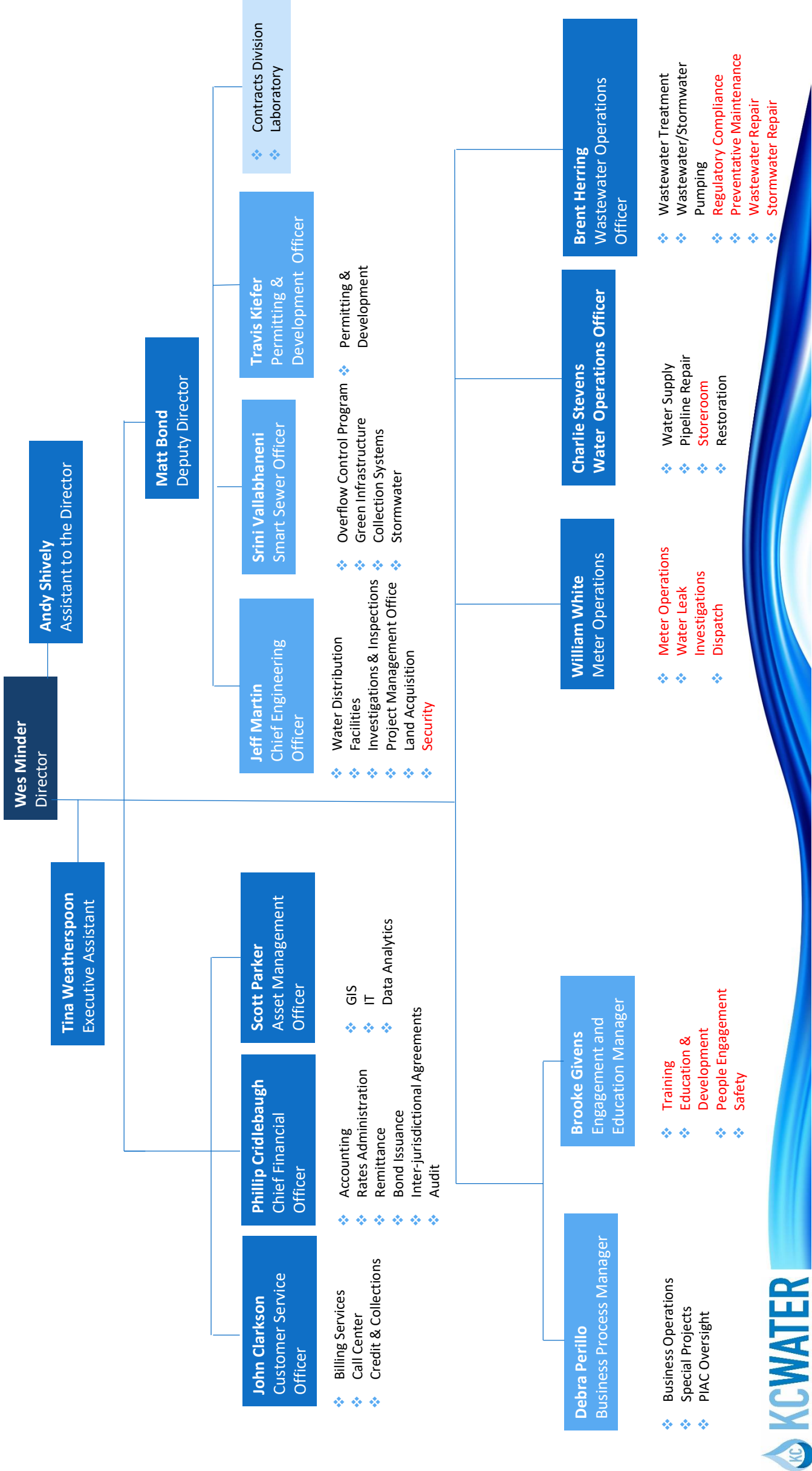
**KC Water, A Department of the City of Kansas City
Missouri**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

April 30, 2021

Christopher P. Morill

Executive Director/CEO



Financial Section



Basic Financial Statements
Required Supplementary Information
Supplementary Information

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
and the City Manager
**KC Water, a Department of the
City of Kansas City, Missouri**

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Water Services Department of Kansas City, Missouri (KC Water or Department), as of and for the years ended April 30, 2022 and 2021, and the related notes to the financial statements, as listed in the tables of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of KC Water, as of April 30, 2022 and 2021, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of KC Water, are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kansas City, Missouri that is attributable to the transactions of KC Water. They do not purport to, and do not, present fairly the financial position of the City of Kansas City, Missouri as of April 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 KC Water's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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 and other required supplementary information as listed in the table of contents 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise KC Water's basic financial statements. The Combining Schedule of Revenues, Expenses and Changes in Net Position – Sewer Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Revenues, Expenses and Changes in Net Position – Sewer Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 28, 2022

KC Water
A Department of the City of Kansas City, Missouri
Management's Discussion and Analysis
Years Ended April 30, 2022 and 2021

Management's discussion and analysis (MD&A) of KC Water, a department of the City of Kansas City, Missouri (comprised of three separate and distinct enterprise funds: Water, and the combined Sewer, which includes Wastewater and Stormwater) provides readers a narrative overview and analysis of each Fund's financial statements and activities for the fiscal years ended April 30, 2022 and 2021, with selected comparative information for the fiscal year ended April 30, 2020.

Readers are encouraged to consider the information presented here in conjunction with the financial statements and notes in order to provide a complete understanding of the financial performance and activities during the years ended April 30, 2022 and 2021.

Overview of the Financial Statements

The accompanying financial statements are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized when earned and incurred, not when received or paid. Capital assets include land, buildings, improvements, equipment and infrastructure assets, such as water mains, pumping stations and treatment plants. Capital assets, except land, are depreciated over their estimated useful lives. Major outlays for capital improvements are capitalized as projects during construction. Capital assets not completed by year-end have been reported as construction-in-progress. (See Notes to Financial Statements for significant accounting policies).

The statements of net position present information about each fund's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources reported as net position.

The statements of revenues, expenses and changes in net position present information showing how each fund's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statements of cash flows relate to the flows of cash and cash equivalents. Consequently, only transactions that affect each fund's cash accounts through operating activities, noncapital financing activities, capital and related financing activities and investing activities are presented in the statements.

Financial Position and Assessment

Summary of Net Position - KC Water (In thousands)

	April 30,		
	2022	2021	2020
Assets			
Current assets - unrestricted	\$ 117,104	\$ 121,491	\$ 160,645
Current assets - restricted	30,918	58,397	59,499
Noncurrent investments - unrestricted	550,085	508,684	444,076
Noncurrent investments - restricted	136,560	168,896	191,647
Capital assets	2,897,259	2,703,812	2,538,263
Other assets	1,473	2,051	2,654
Total assets	3,733,399	3,563,331	3,396,784
Deferred Outflows of Resources			
Loss on refunding	1,171	1,509	1,721
Pension plan	8,726	29,117	13,145
Items related to OPEB plan	2,825	1,507	1,556
Total deferred outflows of resources	12,722	32,133	16,422
Total assets and deferred outflows of resources	\$ 3,746,121	\$ 3,595,464	\$ 3,413,206
Liabilities			
Current liabilities	\$ 55,913	\$ 54,958	\$ 73,882
Liabilities payable from restricted assets	66,321	68,082	67,869
Long-term liabilities	1,001,393	1,076,059	1,026,224
Total liabilities	1,123,627	1,199,099	1,167,975
Deferred Inflows of Resources	41,966	7,907	2,897
Net Position			
Net investment in capital assets	1,982,750	1,821,057	1,705,743
Restricted - expendable	88,092	89,502	90,748
Unrestricted	509,686	477,899	445,843
Total net position	2,580,528	2,388,458	2,242,334
Total liabilities, deferred inflows of resources and net position	\$ 3,746,121	\$ 3,595,464	\$ 3,413,206

The Water Fund

Within the Water Fund, total assets increased by \$20.5 million or 1.4% from the previous year. During FY2022, there were \$68.0 million of Water System Refunding Revenue Bonds issued. Restricted cash and investments decreased by \$36.4 million or 28.9%. Unrestricted cash and investments used in daily operation decreased by \$9.7 million or 5.5%. Notes receivable also decreased by 21.9%. Capital assets increased by \$64.8 million or 5.7%, as anticipated by the ongoing capital improvement program. Total liabilities decreased by \$32.5 million or 6.4%.

At the close of FY2022, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in a net position of \$996.0 million, of this amount, \$104.5 million is considered unrestricted. The unrestricted net position may be used to meet ongoing business activities of the Water Fund and may not be used to fund the City of Kansas City, Missouri's (City) governmental activities. Total net position increased by \$26.6 million or 2.7% over the previous year, indicating that the Water Fund improved its financial position. The largest portion of net position, \$853.3 million or 85.7%, consists of investment in capital assets (e.g., land, buildings, water treatment facility, water utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to the customers of the water collection, processing and distribution systems.

In FY2021, total assets of the Water Fund increased by \$98.1 million or 7.2% from the previous year. There were \$64.7 million of Water System Refunding Revenue Bonds issued. Restricted cash and investments increased by \$71.5 million or 131.6%. Unrestricted cash assets used in daily operations decreased by 3.4%. Notes receivable also decreased by 18.7%. Capital assets increased by \$41.1 million or 3.8%, as anticipated from the ongoing capital improvements program. Total liabilities of the Water Fund increased by \$60.7 million or 13.5%.

At the close of FY2021, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$969.4 million, of this amount, \$127.5 million is considered unrestricted. The unrestricted net position may be used to meet ongoing business activities of the Fund and may not be used to fund the City's governmental activities. Total net position increased by \$43.7 million or 4.7% over the previous year, indicating that the Fund improved its financial position. The largest portion of net position, \$803.3 million or 82.9%, consists of investment in capital assets (e.g., land, buildings, water treatment facilities, water utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to customers of the water collection, processing and distribution systems.

Sewer and Storm Funds Combined

Within the Sewer Fund, total assets increased by \$149.6 million or 7.1% from the prior year. During FY2022, there were \$102.8 million of Sanitary Sewer Refunding Revenue Bonds issued. Cash, cash equivalents and investments that are restricted for debt service costs, construction and renewal and replacement decreased by \$23.0 million or 22.9%. Unrestricted assets used in daily operations increased by 10.9%. Capital assets increased by \$128.6 million or 8.2%, as anticipated from the ongoing capital improvements program. Total liabilities decreased by \$43.0 million or 6.2%.

At the close of the year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$1,584.5 million for the Sewer Fund. Of this amount, \$405.2 million is unrestricted net position. The unrestricted net position.

may be used to meet ongoing business activities of the Fund and may not be used to fund the City's governmental activities. Total net position increased by \$165.5 million or 11.7% from the previous year indicating that the Fund improved its financial position. The largest portion of net position, \$1,129.4 million or 71.3%, consists of net investment in capital assets (e.g., land, buildings, wastewater treatment facilities, sewer and stormwater utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to customers of the wastewater and stormwater systems.

In FY2021, total assets of the Sewer Fund increased by \$68.4 million or 3.4% from the prior year. During the year, there was a \$100 million Sanitary Sewer System Revenue State Revolving Fund Loan with Missouri Department of Natural Resources completed. Cash, cash equivalents and investments that are restricted for debt service costs, construction and renewal and replacement decreased by \$94.8 million or 48.6%. Unrestricted assets used in daily operations increased by 11.7%. Capital assets increased by \$124.4 million or 8.6%, as anticipated from the ongoing capital improvements program. Total liabilities decreased by \$29.6 million or 4.1%.

At the close of FY2021, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$1,419 million for the Sewer Fund. Of this amount, \$350.4 million is unrestricted net position. The unrestricted net position may be used to meet ongoing business activities of the Fund and may not be used to fund the City's governmental activities. Total net position increased by \$102.5 million or 7.8% from the previous year indicating that the Fund improved its financial position. The largest portion of net position, \$1,017.7 million or 71.7%, consists of net investment in capital assets (e.g., land, buildings, wastewater treatment facilities, sewer and stormwater utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to customers of the wastewater and stormwater systems.

Summary of Revenues, Expenses and Changes in Net Position - KC Water

(In thousands)

	April 30,		
	2022	2021	2020
Operating revenues	\$ 461,715	\$ 425,698	\$ 436,398
Operating expenses	(299,237)	(274,335)	(284,445)
Operating income	162,478	151,363	151,953
Nonoperating expenses, net	(52,478)	(29,905)	1,408
Increase in net position before capital contributions and transfers	110,001	121,458	153,361
Payment-in-lieu of taxes	(8,908)	(8,121)	(8,194)
Capital contributions	91,368	32,787	17,517
Transfers to other funds	(391)	--	--
Change in net position	192,070	146,124	162,684
Net position, beginning of year	2,388,458	2,242,334	2,079,650
Total net position - end of year	\$ 2,580,528	\$ 2,388,458	\$ 2,242,334

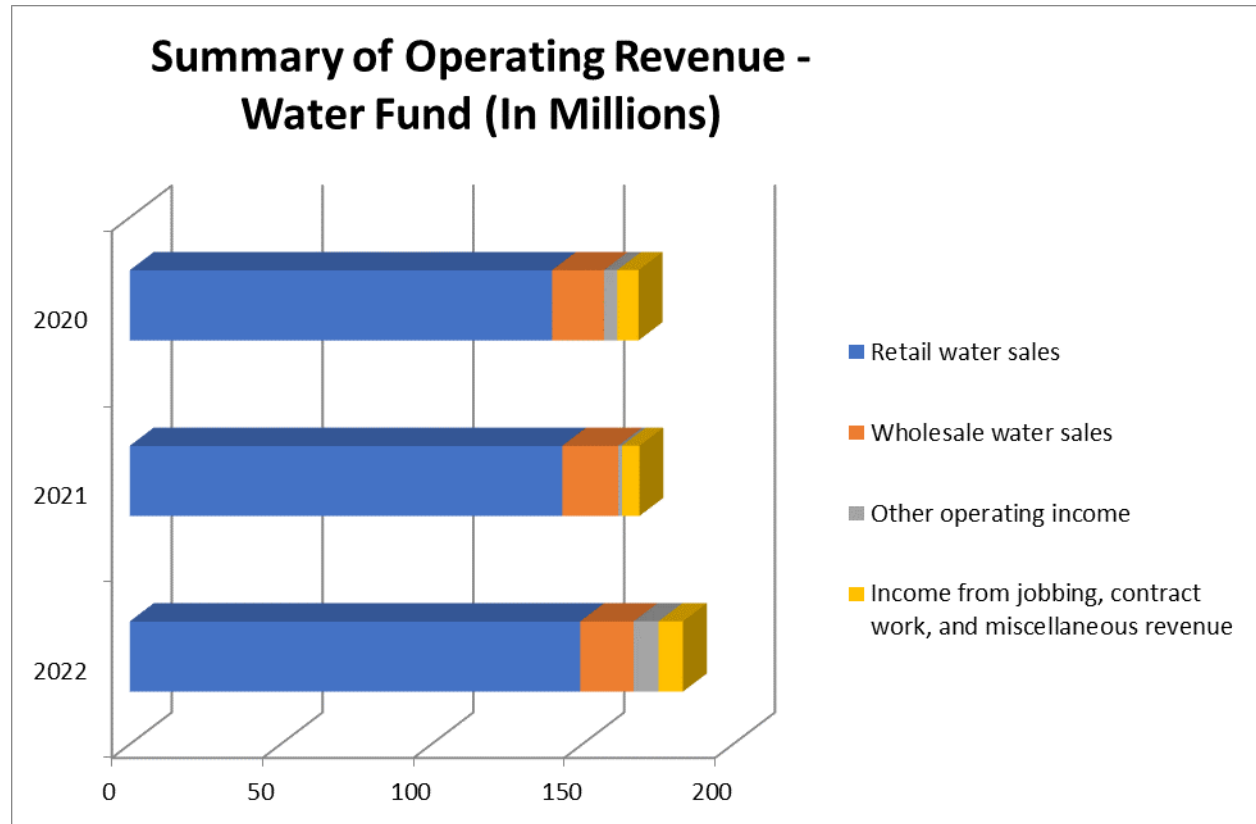
Summary of Operating Revenues

(in thousands)

	April 30,		
	2022	2021	2020
Residential and commercial sales	\$ 396,146	\$ 365,469	\$ 368,307
Intermunicipal sewer charges	43,241	46,892	48,692
Other operating revenue	14,216	7,563	11,476
Income from jobbing, contract work and miscellaneous revenue	8,112	5,774	7,923
Total operating revenues	\$ 461,715	\$ 425,698	\$ 436,398
Operating revenues - water	\$ 183,384	\$ 168,946	\$ 169,505
Operating revenues - sewer	278,331	256,752	266,893
Total operating revenues	\$ 461,715	\$ 425,698	\$ 436,398

The Water Fund

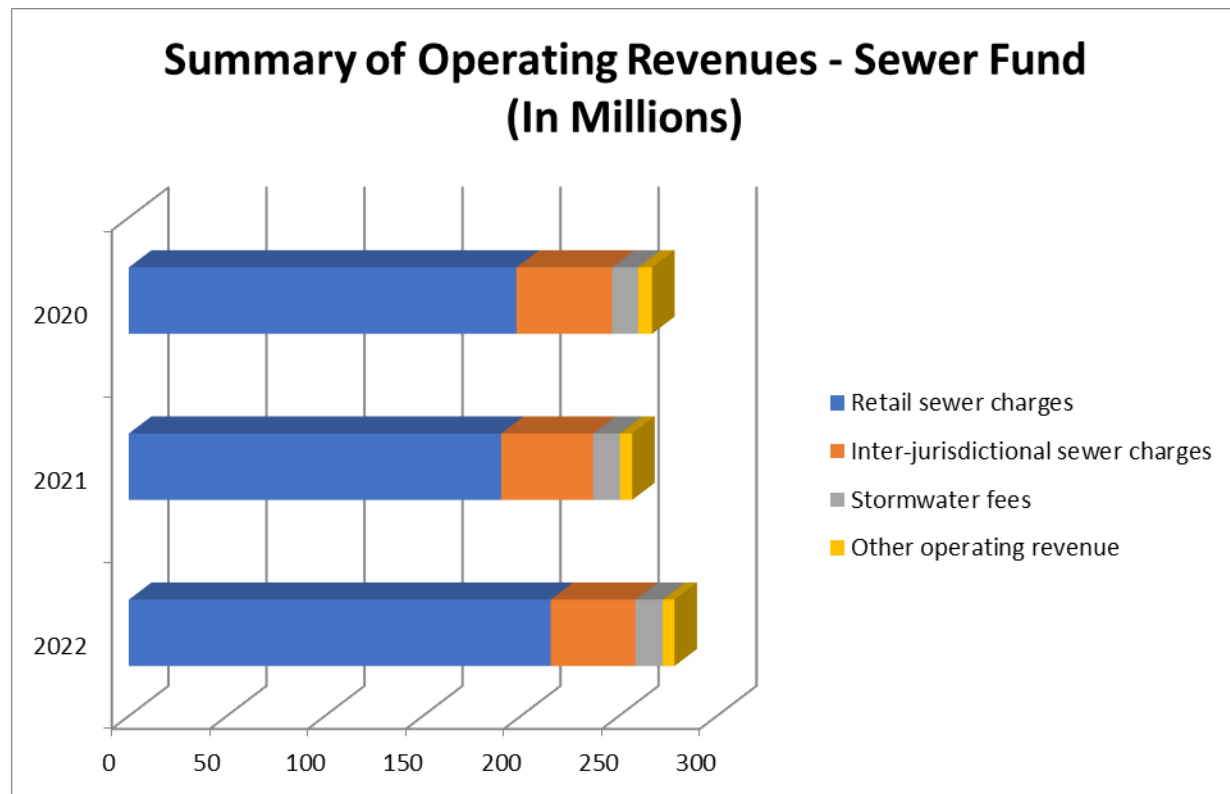
Within the Water Fund, in FY2022, total operating revenues decreased by \$14.4 million or 8.5%. The scheduled 5% rate increase contributed additional revenue while water consumption increased. Overall water billed to customers increased by .2 million CCF (hundred cubic feet) or 0.7%. Other operating income increased by \$7.0 million or 543.4%. Income from jobbing, contract work and miscellaneous revenue increased by \$2.3 million or 40.5%, including reimbursable revenue from prorating the cost of Consumer Services to the Sewer Fund.



Within the Water Fund, in FY2021, total operating revenues decreased by \$0.6 million or 0.3%. The rate did not change while water consumption increased. Overall water billed to customers increased by 1.2 million CCF (hundred cubic feet) or 4.0%. Other operating income decreased by \$3.1 million or 70.8%. Income from jobbing, contract work and miscellaneous revenue decreased by \$2.1 million or 27.1%, including reimbursable revenue from prorating the cost of Consumer Services to the Sewer Fund.

Sewer and Storm Funds Combined

Within the Sewer Fund, total operating revenues increased by \$21.6 million or 8.4% in FY2022. There was a scheduled 6% sewer rate increase in effect all year. Residential and commercial retail sewer charges increased \$25.2 million or 13.3%. Revenue from inter-jurisdictional services decreased \$3.7 million. Stormwater fees increased 2.4% during the year. There was an 5.43% decrease in other operating revenue that consists primarily of forfeitures and penalties, and rentals of equipment, miscellaneous facilities and parking lots.



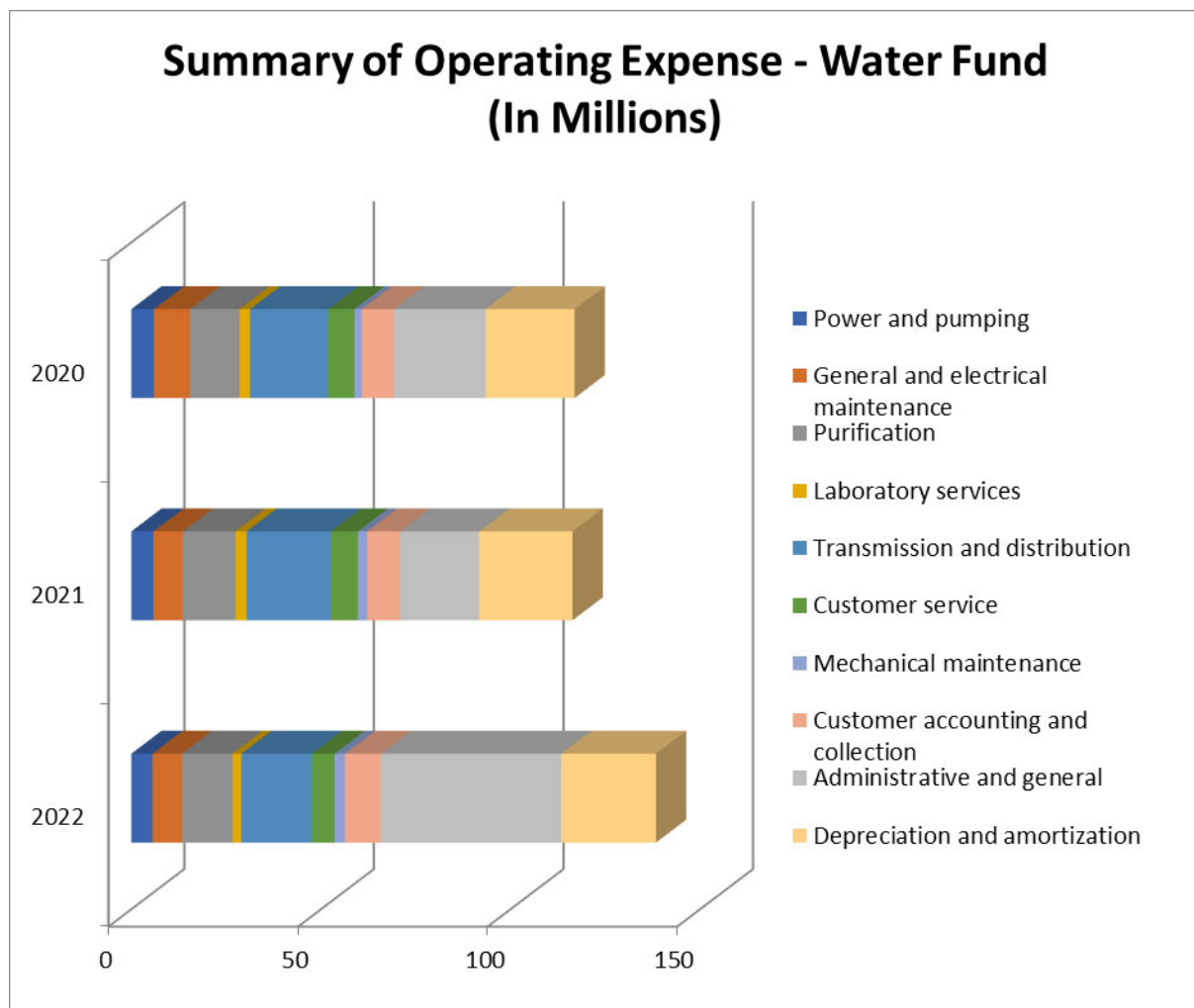
At the close of FY2021, the Sewer Fund total operating revenues decreased by \$10.1 million or 3.8%. There was no change to the sewer rate. In FY2021, residential and commercial retail sewer charges decreased \$7.5 million or 3.6%. Revenue from inter-jurisdictional services decreased \$1.8 million. Stormwater fees increased 2.5% during the year. There was a 11.3% decrease in other operating revenue that consists primarily of forfeitures and penalties, and rentals of equipment, miscellaneous facilities and parking lots.

Summary of Operating Expenses - KC Water
(In thousands)

	April 30,		
	2022	2021	2020
Power and pumping	\$ 5,581	\$ 5,851	\$ 5,976
General and electrical maintenance	7,760	7,778	9,511
Purification	13,361	13,846	13,102
Laboratory services	2,318	2,956	2,745
Transmission and distribution	18,637	22,220	20,622
Customer service	5,967	7,149	6,898
Mechanical maintenance	2,752	2,400	1,941
Customer accounting and collection	9,446	8,681	8,473
Sewage treatment and pumping	43,042	38,192	35,947
Sewer maintenance	30,953	32,946	35,342
Industrial and household hazardous waste control	1,475	1,278	1,608
Administrative and general	88,532	65,063	79,837
Depreciation and amortization	69,413	65,975	62,443
	<u>\$ 299,237</u>	<u>\$ 274,335</u>	<u>\$ 284,445</u>
Total operating expenses	<u>\$ 299,237</u>	<u>\$ 274,335</u>	<u>\$ 284,445</u>
Operating expenses - water	\$ 138,166	\$ 116,375	\$ 116,924
Operating expenses - sewer	<u>161,071</u>	<u>157,960</u>	<u>167,521</u>
	<u>\$ 299,237</u>	<u>\$ 274,335</u>	<u>\$ 284,445</u>
Total operating expenses	<u>\$ 299,237</u>	<u>\$ 274,335</u>	<u>\$ 284,445</u>

The Water Fund

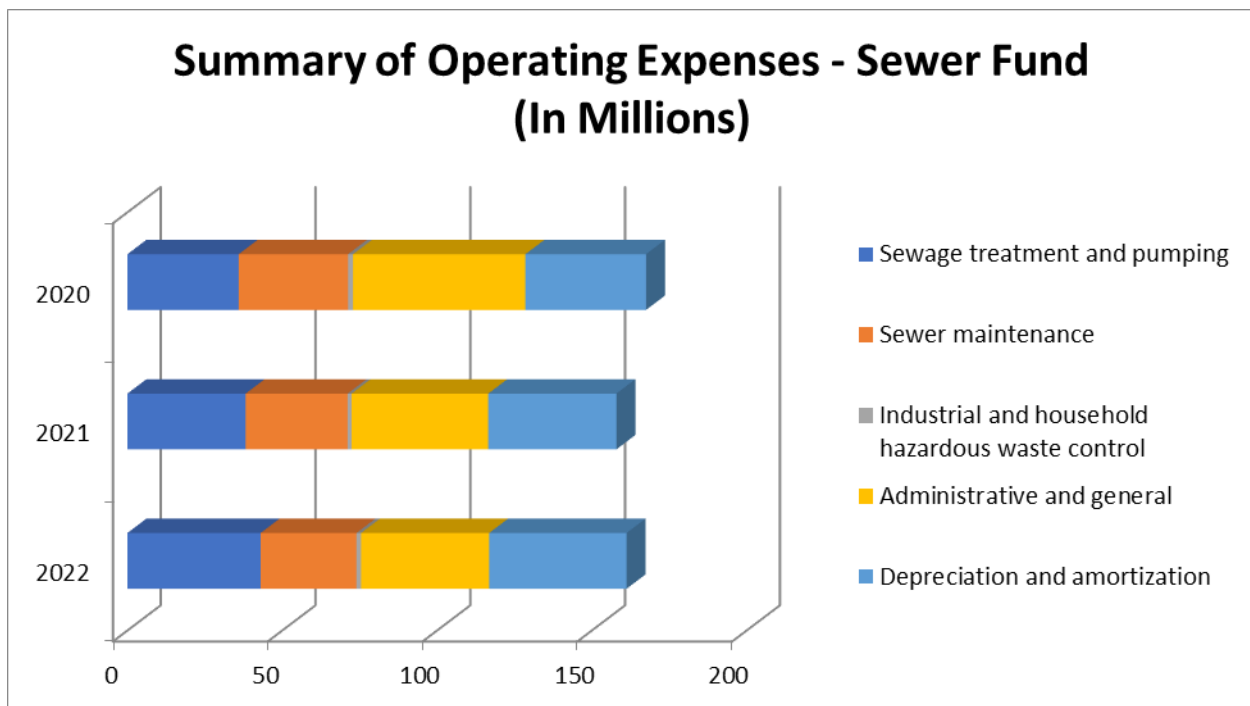
Total operating expenses of the Water Fund increased by \$21.8 million or 18.7% over the previous year. General and electrical maintenance expenses decreased by \$.1 million or 0.2%. Transmission and distribution expense decreased by \$3.6 million or 16.1%. This was due to a decrease in the use of supplemental work forces for pipeline repair in FY2022. Administrative and general expenses increased by \$26.4 million or 126.4%. This was due to an increase in legal claims. Depreciation and amortization increased by \$0.4 million or 1.7% as anticipated by the ongoing capital improvement plan.



In FY2021, total operating expenses of the Water Fund decreased by \$0.5 million or 0.5% over the previous year. General and electrical maintenance expenses decreased by \$1.7 million or 18.2%. Transmission and distribution expense increased by \$1.6 million or 7.8%. This was due to an increase in the use of supplemental work forces for pipeline repair in FY2021. Administrative and general expenses decreased by \$3.3 million or 13.4%. Depreciation and amortization increased by \$1.1 million or 4.7% as anticipated by the ongoing capital improvement plan.

Sewer and Storm Funds Combined

Total operating expenses of the Sewer Fund increased by \$3.1 million or 2.0% over the previous year. The Fund continues investing in sewer system improvements in order to comply with the Overflow Control Program (OCP) as mandated by the Environmental Protection Agency (EPA). Sewage treatment and pumping expenses increased by \$4.9 million or 12.7%, sewer maintenance expenses decreased by \$2.0 million or 6.0%, administrative and general expenses decreased by \$3.0 million or 6.7% and depreciation and amortization expenses increased by \$3.0 million or 7.3%.



In FY2021, total operating expenses of the Sewer Fund decreased by \$9.6 million or 5.7% over the previous year. The Fund continues investing in sewer system improvements in order to comply with the Overflow Control Program (OCP) as mandated by the Environmental Protection Agency (EPA). Sewage treatment and pumping expenses increased by \$2.2 million or 6.3%, sewer maintenance expenses decreased by \$2.4 million or 6.8%, administrative and general expenses decreased by \$11.5 million or 20.7% and depreciation and amortization expenses increased by \$2.4 million or 6.3%.

Capital Assets

Water Fund

Capital assets in the Water Fund totaled \$1,205.4 million (net of accumulated depreciation) and accounted for 81.0% of total assets at April 30, 2022. Construction activities are ongoing to replace older and undersized water mains throughout the City, upgrade and improve water treatment plant operations, and modernize infrastructure. Capital asset additions included \$57.9 million of constructed water mains and appurtenances and \$3.9 million for treatment plant and equipment upgrades. In addition to completed projects, there was \$6.0 million in assets contributed from property developers. The increases in depreciable capital assets were offset by disposals and retirements of \$9.2 million.

At year end 2021 capital assets totaled \$1,140.6 million (net of accumulated depreciation) and accounted for 77.7% of total assets. Construction activities are ongoing to replace older and undersized water mains throughout the City, upgrade and improve water treatment plant operations, and modernize infrastructure. Capital asset additions included \$44.9 million of constructed water mains and appurtenances and \$5.1 million for treatment plant and equipment upgrades. In addition to completed projects, there was \$7.6 million in assets contributed from property developers. The increases in depreciable capital assets were offset by disposals and retirements of \$9.7 million.

Sewer Fund

Capital assets of the Sewer Fund totaled \$1,691.8 million (net of accumulated depreciation) and accounted for 75.4% of total assets at April 30, 2022. Construction activities are ongoing to repair and improve the City's wastewater system and comply with the Federal Consent Decree to reduce pollutants discharged into streams and waterways. See additional discussion of the Overflow Control Program (OCP) in Note 16: City Sewer Overflow Control Plan. Capital asset additions included \$61.4 million for sanitary sewer rehabilitation and replacement; \$18.5 million for storm sewer and waterways improvements; and \$17.6 million for pumping stations and equipment. In addition to completed projects, there was \$85.3 million in contributed assets from property developers and assets transferred from Public Works. The increases in depreciable capital assets were offset by disposals and retirements of \$8.8 million.

At year end 2021 capital assets of the Sewer Fund totaled \$1,563.2 million (net of accumulated depreciation) and accounted for 74.6% of total assets. Construction activities are ongoing to repair and improve the City's wastewater system and comply with the Federal Consent Decree to reduce pollutants discharged into streams and waterways. See additional discussion of the Overflow Control Program (OCP) in Note 16: City Sewer Overflow Control Plan. Capital asset additions included \$64.3 million for sanitary sewer rehabilitation and replacement; \$11.9 million for storm sewer and waterways improvements; and \$3.8 million for pumping stations and equipment. In addition to completed projects, there was \$25.2 million in contributed assets from property developers and assets transferred from Public Works. The increases in depreciable capital assets were offset by disposals and retirements of \$27.3 million.

Additional information on the Department's capital assets can be found in Note 5: Capital Assets.

Debt Administration

Debt Administration provides long-term debt planning, issuance and administration in accordance with the approved Capital Improvement Program to meet the City's capital infrastructure needs. The City promotes effective communication with bond rating agencies in order to maintain its high credit rating and manages debt in accordance with established debt policies. Water revenue bond proceeds are used to finance improvements to the water collection, processing and distribution systems. Wastewater revenue bond proceeds are used to finance improvements to the stormwater management and control systems, and wastewater collection and processing systems. The Fund's outstanding debt is aligned in such a manner to meet the most stringent debt service requirements. In addition, water system net revenues secure outstanding bonds of the Water Fund and wastewater system net revenues secure outstanding bonds of the Sewer Fund.

Moody's Investors Service maintains an Aa2 rating on the City's senior lien water revenue debt and the senior and junior sanitary sewer revenue bonds. Water revenue bond proceeds have been used to fund critical water main replacements and extensions, water treatment plant and pump station improvements and enhancements to service reliability for customers. Sanitary sewer bond proceeds will fund treatment plant, pumping station and sewer conveyance system improvements.

Moody's rating affirmation reflects the:

- Large service area that covers the majority of the Kansas City, Missouri, metropolitan area

- Stable regional economy
- Debt service coverage levels that have improved following consecutive rate increases
- Adequate net working capital
- Favorable debt profile with future borrowing expected
- Satisfactory legal covenants for bondholders

Credit Rating Agencies	Water and Wastewater Bonds Credit Rating
Moody's	Aa2
Standard & Poor's	Water - AA+, Wastewater - AA

Standard & Poor's Ratings Services has maintained an AA+ rating on the City's existing water revenue secured debt and AA rating on the City's existing wastewater secured debt. The rating reflects their assessment of the water and sewer systems:

- Large service base that serves much of the Kansas City metropolitan area (MSA)
- Rates are affordable, given the combined water and sewer rates are below 4% of the City's median household effective buying income
- Strong financial performance

In April 2014, the City received citizens' approval of an additional \$500 million in water revenue bonds, of which \$297 million remains for the purpose of extending and improving the water system.

In April 2022, citizens voted to authorize \$750 million in additional sewer revenue bonds, the full balance remains.

The Water and Sewer Funds have the right under the respective bond ordinances to issue additional bonds payable from the same sources and secured by the same revenues, but only in accordance with and subject to the terms and conditions set forth in the respective bond ordinances. The Funds are both required to meet an earnings test before issuing any additional bonds on parity with existing debt.

Additional information about the Department's long-term debt can be found in Note 6: Long-Term Obligations and Restricted Assets.

Request for Information

This financial report is designed to provide the Department's management, investors, creditors and customers with a general view of the Department's finances and to demonstrate the Department's accountability for the funds it receives and expends. For additional information about this report or if you need additional financial information, please contact:

Phil Criddlebaugh
 Chief Financial Officer
 KC Water
 4800 East 63rd Street
 Kansas City, Missouri 64130

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Financial Section

BASIC FINANCIAL STATEMENTS



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KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF NET POSITION

April 30, 2022

	Water	Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 7,054,066	\$ 18,037,339	\$ 25,091,405
Investments	5,763,808	14,738,130	20,501,938
Accounts receivable, net	21,069,186	44,007,599	65,076,785
Accrued interest receivable	500,699	1,432,389	1,933,088
Current portion of notes receivable	578,851	--	578,851
Inventories	2,102,645	495,967	2,598,612
Due from other City funds	644,561	679,203	1,323,764
	<u>37,713,816</u>	<u>79,390,627</u>	<u>117,104,443</u>
Total unrestricted current assets			
Restricted assets			
Cash and cash equivalents	2,469,296	3,262,252	5,731,548
Investments	21,993,638	2,665,552	24,659,190
Accrued interest receivable	267,607	259,064	526,671
	<u>24,730,541</u>	<u>6,186,868</u>	<u>30,917,409</u>
Total restricted current assets			
Total current assets	<u>62,444,357</u>	<u>85,577,495</u>	<u>148,021,852</u>
Investments	154,648,105	395,437,199	550,085,304
Restricted investments	65,041,224	71,519,160	136,560,384
Notes receivable	1,472,436	--	1,472,436
Capital assets, depreciable, net	1,123,921,432	1,554,012,827	2,677,934,259
Capital assets, nondepreciable	81,500,468	137,824,759	219,325,227
	<u>1,426,583,665</u>	<u>2,158,793,945</u>	<u>3,585,377,610</u>
Total noncurrent assets			
Total assets	<u>1,489,028,022</u>	<u>2,244,371,440</u>	<u>3,733,399,462</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	--	1,171,076	1,171,076
Items related to pension plan	4,651,839	4,073,037	8,724,876
Items related to OPEB plan	1,506,295	1,318,882	2,825,177
	<u>6,158,134</u>	<u>6,562,995</u>	<u>12,721,129</u>
Total deferred outflows of resources			
Total assets and deferred outflows of resources	<u>\$ 1,495,186,156</u>	<u>\$ 2,250,934,435</u>	<u>\$ 3,746,120,591</u>

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

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF NET POSITION

April 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 17,072,652	\$ 19,846,881	\$ 36,919,533
Current portion of compensated absences	750,120	729,176	1,479,296
Accrued payroll and related expenses	549,256	486,184	1,035,440
Contracts and retainage payable	1,731,228	1,835,695	3,566,923
Other liabilities	320,126	--	320,126
Due to other City funds	--	38,729	38,729
Current portion of claims liability	8,199,885	4,353,094	12,552,979
	<u>28,623,267</u>	<u>27,289,759</u>	<u>55,913,026</u>
Liabilities payable from restricted assets			
Accrued interest and fiscal agent fees	6,006,984	7,217,753	13,224,737
Current portion of revenue bonds and notes payable	19,310,000	24,071,600	43,381,600
Contracts and retainage payable	2,304,226	3,427,108	5,731,334
Customer deposits	3,983,411	--	3,983,411
	<u>31,604,621</u>	<u>34,716,461</u>	<u>66,321,082</u>
Total current liabilities	<u>60,227,888</u>	<u>62,006,220</u>	<u>122,234,108</u>
Claims liability	25,966,304	13,784,796	39,751,100
Compensated absences	2,266,498	2,139,158	4,405,656
Net pension liability	16,873,890	13,181,442	30,055,332
Total other postemployment benefit liability	8,014,993	6,970,127	14,985,120
Revenue bonds and notes payable, net of current portion	365,321,721	546,873,945	912,195,666
	<u>418,443,406</u>	<u>582,949,468</u>	<u>1,001,392,874</u>
Total noncurrent liabilities	<u>418,443,406</u>	<u>582,949,468</u>	<u>1,001,392,874</u>
Total liabilities	<u>478,671,294</u>	<u>644,955,688</u>	<u>1,123,626,982</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	5,075,919	8,010,797	13,086,716
Items related to pension plan	14,010,645	12,267,378	26,278,023
Items related to OPEB plan	1,386,753	1,214,213	2,600,966
	<u>20,473,317</u>	<u>21,492,388</u>	<u>41,965,705</u>
Total deferred inflows of resources	<u>20,473,317</u>	<u>21,492,388</u>	<u>41,965,705</u>
NET POSITION			
Net investment in capital assets	853,347,148	1,129,402,457	1,982,749,605
Restricted			
Capital projects	24,164,203	34,097,363	58,261,566
Debt service	14,052,818	15,777,994	29,830,812
Unrestricted	104,477,376	405,208,545	509,685,921
	<u>996,041,545</u>	<u>1,584,486,359</u>	<u>2,580,527,904</u>
Total net position	<u>996,041,545</u>	<u>1,584,486,359</u>	<u>2,580,527,904</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,495,186,156</u>	<u>\$ 2,250,934,435</u>	<u>\$ 3,746,120,591</u>

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF NET POSITION

April 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,772,835	\$ 6,335,648	\$ 9,108,483
Investments	14,287,471	31,100,591	45,388,062
Accounts receivable, net	19,138,483	42,354,980	61,493,463
Accrued interest receivable	648,917	1,794,442	2,443,359
Current portion of notes receivable	576,001	--	576,001
Inventories	1,923,185	522,308	2,445,493
Prepaid Expenses	12,627	14,489	27,116
Due from other City funds	--	8,771	8,771
	<u>39,359,519</u>	<u>82,131,229</u>	<u>121,490,748</u>
Total unrestricted current assets			
Restricted assets			
Cash and cash equivalents	956,710	1,148,881	2,105,591
Investments	26,478,918	28,885,425	55,364,343
Accrued interest receivable	460,482	466,686	927,168
	<u>27,896,110</u>	<u>30,500,992</u>	<u>58,397,102</u>
Total restricted current assets			
Total current assets	<u>67,255,629</u>	<u>112,632,221</u>	<u>179,887,850</u>
Investments	160,125,808	348,557,645	508,683,453
Restricted investments	98,497,841	70,398,492	168,896,333
Notes receivable	2,051,287	--	2,051,287
Capital assets, depreciable, net	1,086,726,770	1,437,863,935	2,524,590,705
Capital assets, nondepreciable	53,859,846	125,361,616	179,221,462
	<u>1,401,261,552</u>	<u>1,982,181,688</u>	<u>3,383,443,240</u>
Total noncurrent assets			
Total assets	<u>1,468,517,181</u>	<u>2,094,813,909</u>	<u>3,563,331,090</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	--	1,509,372	1,509,372
Items related to pension plan	16,076,486	13,041,019	29,117,505
Items related to OPEB plan	831,790	674,728	1,506,518
	<u>16,908,276</u>	<u>15,225,119</u>	<u>32,133,395</u>
Total deferred outflows of resources			
Total assets and deferred outflows of resources	<u>\$ 1,485,425,457</u>	<u>\$ 2,110,039,028</u>	<u>\$ 3,595,464,485</u>

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

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF NET POSITION

April 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 10,985,780	\$ 28,223,190	\$ 39,208,970
Current portion of compensated absences	852,749	851,459	1,704,208
Accrued payroll and related expenses	790,847	678,887	1,469,734
Contracts and retainage payable	1,295,846	1,947,615	3,243,461
Other liabilities	319,126	--	319,126
Due to other City funds	1,163	--	1,163
Current portion of claims liability	5,084,805	3,926,929	9,011,734
	<u>19,330,316</u>	<u>35,628,080</u>	<u>54,958,396</u>
Total current liabilities, less those payable from restricted assets			
Liabilities payable from restricted assets			
Accrued interest and fiscal agent fees	6,433,609	7,531,535	13,965,144
Current portion of revenue bonds and notes payable	19,410,000	25,291,000	44,701,000
Contracts and retainage payable	939,959	4,847,982	5,787,941
Customer deposits	3,628,246	--	3,628,246
	<u>30,411,814</u>	<u>37,670,517</u>	<u>68,082,331</u>
Total liabilities payable from restricted assets			
Total current liabilities	<u>49,742,130</u>	<u>73,298,597</u>	<u>123,040,727</u>
Claims liability	16,746,971	12,940,514	29,687,485
Compensated absences	2,486,817	2,416,496	4,903,313
Net pension liability	42,746,714	35,835,055	78,581,769
Total other postemployment benefit liability	6,976,709	6,061,027	13,037,736
Revenue bonds and notes payable, net of current portion	392,469,031	557,379,523	949,848,554
	<u>461,426,242</u>	<u>614,632,615</u>	<u>1,076,058,857</u>
Total noncurrent liabilities			
Total liabilities	<u>511,168,372</u>	<u>687,931,212</u>	<u>1,199,099,584</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	997,482	--	997,482
Items related to pension plan	2,183,036	1,770,848	3,953,884
Items related to OPEB plan	1,631,716	1,323,608	2,955,324
	<u>4,812,234</u>	<u>3,094,456</u>	<u>7,906,690</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	803,373,054	1,017,684,019	1,821,057,073
Restricted			
Capital projects	24,026,873	34,040,022	58,066,895
Debt service	14,522,093	16,912,711	31,434,804
Unrestricted	127,522,831	350,376,608	477,899,439
	<u>969,444,851</u>	<u>1,419,013,360</u>	<u>2,388,458,211</u>
Total net position			
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,485,425,457</u>	<u>\$ 2,110,039,028</u>	<u>\$ 3,595,464,485</u>

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended April 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Residential and commercial sales	\$ 166,990,659	\$ 229,155,485	\$ 396,146,144
Intermunicipal sewer charges	--	43,241,268	43,241,268
Other operating revenue	8,280,927	5,935,194	14,216,121
Income from jobbing, contract work and miscellaneous revenues	8,111,840	--	8,111,840
	<u>183,383,426</u>	<u>278,331,947</u>	<u>461,715,373</u>
OPERATING EXPENSES			
Power and pumping	5,580,960	--	5,580,960
General and electrical maintenance	7,759,491	--	7,759,491
Purification	13,360,780	--	13,360,780
Laboratory services	2,317,688	--	2,317,688
Transmission and distribution	18,636,961	--	18,636,961
Customer service	5,967,611	--	5,967,611
Mechanical maintenance	2,751,694	--	2,751,694
Customer accounting and collection	9,446,085	--	9,446,085
Sewage treatment and pumping	--	43,042,644	43,042,644
Sewer maintenance	--	30,952,837	30,952,837
Industrial and household waste control	--	1,475,246	1,475,246
Administrative and general	47,338,845	41,193,098	88,531,943
Depreciation	25,006,185	44,407,082	69,413,267
	<u>138,166,300</u>	<u>161,070,907</u>	<u>299,237,207</u>
Operating income	<u>45,217,126</u>	<u>117,261,040</u>	<u>162,478,166</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	(7,831,754)	(16,660,221)	(24,491,975)
Interest expense and fiscal agent fees	(11,173,909)	(17,698,715)	(28,872,624)
Other	293,390	593,497	886,887
	<u>(18,712,273)</u>	<u>(33,765,439)</u>	<u>(52,477,712)</u>
Excess of revenues over expenses before capital contributions and transfers	26,504,853	83,495,601	110,000,454
Capital contributions	6,046,790	85,321,407	91,368,197
Payment-in-lieu of taxes	(5,743,569)	(3,164,800)	(8,908,369)
Transfers to other funds	(211,380)	(179,209)	(390,589)
	<u>26,596,694</u>	<u>165,472,999</u>	<u>192,069,693</u>
Net position, beginning of year	969,444,851	1,419,013,360	2,388,458,211
Net position, end of year	<u>\$ 996,041,545</u>	<u>\$ 1,584,486,359</u>	<u>\$ 2,580,527,904</u>

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

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended April 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Residential and commercial sales	\$ 161,885,246	\$ 203,583,638	\$ 365,468,884
Intermunicipal sewer charges	--	46,891,933	46,891,933
Other operating revenue	1,287,030	6,276,153	7,563,183
Income from jobbing, contract work and miscellaneous revenues	<u>5,774,043</u>	<u>--</u>	<u>5,774,043</u>
Total operating revenues	<u>168,946,319</u>	<u>256,751,724</u>	<u>425,698,043</u>
OPERATING EXPENSES			
Power and pumping	5,850,899	--	5,850,899
General and electrical maintenance	7,778,145	--	7,778,145
Purification	13,846,331	--	13,846,331
Laboratory services	2,955,645	--	2,955,645
Transmission and distribution	22,219,704	--	22,219,704
Customer service	7,149,332	--	7,149,332
Mechanical maintenance	2,400,326	--	2,400,326
Customer accounting and collection	8,680,969	--	8,680,969
Sewage treatment and pumping	--	38,191,820	38,191,820
Sewer maintenance	--	32,945,842	32,945,842
Industrial and household waste control	--	1,278,419	1,278,419
Administrative and general	20,912,653	44,150,308	65,062,961
Depreciation	<u>24,580,868</u>	<u>41,394,117</u>	<u>65,974,985</u>
Total operating expenses	<u>116,374,872</u>	<u>157,960,506</u>	<u>274,335,378</u>
Operating income	<u>52,571,447</u>	<u>98,791,218</u>	<u>151,362,665</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	1,198,033	3,111,030	4,309,063
Interest expense and fiscal agent fees	(13,565,813)	(21,065,577)	(34,631,390)
Other	<u>102,777</u>	<u>314,423</u>	<u>417,200</u>
Total nonoperating revenues (expenses)	<u>(12,265,003)</u>	<u>(17,640,124)</u>	<u>(29,905,127)</u>
Excess of revenues over expenses before capital contributions and transfers	40,306,444	81,151,094	121,457,538
Capital contributions	7,588,784	25,198,427	32,787,211
Payment-in-lieu of taxes	<u>(4,238,057)</u>	<u>(3,883,215)</u>	<u>(8,121,272)</u>
Increase in net position	43,657,171	102,466,306	146,123,477
Net position, beginning of year	925,787,680	1,316,547,054	2,242,334,734
Net position, end of year	<u><u>\$ 969,444,851</u></u>	<u><u>\$ 1,419,013,360</u></u>	<u><u>\$ 2,388,458,211</u></u>

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

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF CASH FLOWS

Year Ended April 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING ACTIVITIES			
Cash received from customers	\$ 175,596,380	\$ 275,962,754	\$ 451,559,134
Receipts from interfund services provided	5,566,947	46,142	5,613,089
Cash paid to employees, including benefits	(33,729,612)	(33,643,914)	(67,373,526)
Cash paid to suppliers	(47,889,845)	(84,686,299)	(132,576,144)
Cash paid for interfund services used	(29,344,239)	(19,117,529)	(48,461,768)
	<u>70,199,631</u>	<u>138,561,154</u>	<u>208,760,785</u>
NONCAPITAL FINANCING ACTIVITIES			
Payment-in-lieu of taxes	(5,743,569)	(3,164,800)	(8,908,369)
Transfers to other funds	(211,380)	(179,209)	(390,589)
	<u>(5,954,949)</u>	<u>(3,344,009)</u>	<u>(9,298,958)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(69,110,859)	(79,212,809)	(148,323,668)
Proceeds from issuance of revenue bonds	81,972,267	148,120,268	230,092,535
Principal payments on revenue bonds and notes payable	(20,720,000)	(27,271,000)	(47,991,000)
Refunding of bond principal	(80,350,000)	(119,120,000)	(199,470,000)
Fiscal agent fees and interest paid on revenue bonds and notes payable	(15,202,841)	(22,450,887)	(37,653,728)
Debt issuance costs	(468,833)	(666,763)	(1,135,596)
Proceeds from sale of capital assets	400,798	707,542	1,108,340
Proceeds from repayment of notes receivable	576,001	--	576,001
	<u>(102,903,467)</u>	<u>(99,893,649)</u>	<u>(202,797,116)</u>
INVESTING ACTIVITIES			
Investment purchases	(136,965,331)	(253,586,380)	(390,551,711)
Investment maturities and sales	184,577,145	225,781,220	410,358,365
Interest received on investments	(3,159,212)	6,296,726	3,137,514
	<u>44,452,602</u>	<u>(21,508,434)</u>	<u>22,944,168</u>
Net change in cash and cash equivalents	5,793,817	13,815,062	19,608,879
Cash and cash equivalents, beginning of year	3,729,545	7,484,529	11,214,074
Cash and cash equivalents, end of year	<u>\$ 9,523,362</u>	<u>\$ 21,299,591</u>	<u>\$ 30,822,953</u>

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

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF CASH FLOWS

Year Ended April 30, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating income	\$ 45,217,126	\$ 117,261,040	\$ 162,478,166
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	25,006,185	44,407,082	69,413,267
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources			
(Increase) decrease in:			
Accounts receivable	(1,930,703)	(1,652,619)	(3,583,322)
Inventories	(179,460)	26,341	(153,119)
Prepaid expenses	12,627	14,489	27,116
Due from other funds	(644,561)	(670,432)	(1,314,993)
Deferred outflows related to pension plan	11,424,647	8,967,982	20,392,629
Deferred outflows related to OPEB	(674,505)	(644,154)	(1,318,659)
Decrease (increase) in:			
Accounts payable	(6,904,707)	(18,508,049)	(25,412,756)
Compensated absences	(322,948)	(399,621)	(722,569)
Accrued payroll and related expenses	(241,591)	(192,703)	(434,294)
Other liabilities	1,000	--	1,000
Due to other funds	(1,163)	38,729	37,566
Claims liability	12,334,413	1,270,447	13,604,860
Customer deposits	355,165	--	355,165
Net pension liability	(25,872,824)	(22,653,613)	(48,526,437)
Total other postemployment benefit liability	1,038,284	909,100	1,947,384
Deferred inflows related to pension plan	11,827,609	10,496,530	22,324,139
Deferred Inflows related to OPEB	(244,963)	(109,395)	(354,358)
Total adjustments	24,982,505	21,300,114	46,282,619
Net cash flow from operating activities	<u>\$ 70,199,631</u>	<u>\$ 138,561,154</u>	<u>\$ 208,760,785</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR-END			
Unrestricted	\$ 7,054,066	\$ 18,037,339	\$ 25,091,405
Restricted	2,469,296	3,262,252	5,731,548
	<u>\$ 9,523,362</u>	<u>\$ 21,299,591</u>	<u>\$ 30,822,953</u>
NONCASH ACTIVITIES			
Contributions of capital assets	\$ 6,046,790	\$ 85,321,407	\$ 91,368,197
Change in fair value of investments	(4,331,449)	(22,387,272)	(26,718,721)
Accounts payable for purchase of capital assets	12,991,579	10,131,740	23,123,319

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF CASH FLOWS

Year Ended April 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING ACTIVITIES			
Cash received from customers	\$ 165,925,141	\$ 255,970,308	\$ 421,895,449
Receipts from interfund services provided	5,107,121	1,021,153	6,128,274
Cash paid to employees, including benefits	(35,255,413)	(33,880,134)	(69,135,547)
Cash paid to suppliers	(48,206,049)	(97,541,174)	(145,747,223)
Cash paid for interfund services used	(16,041,577)	(12,908,873)	(28,950,450)
Net cash flow from operating activities	<u>71,529,223</u>	<u>112,661,280</u>	<u>184,190,503</u>
NONCAPITAL FINANCING ACTIVITIES			
Payment-in-lieu of taxes	(4,238,057)	(3,883,215)	(8,121,272)
Repayment of loan to Flood Control Fund	4,550,000	--	4,550,000
Net cash flow from noncapital financing activities	<u>311,943</u>	<u>(3,883,215)</u>	<u>(3,571,272)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(51,321,751)	(118,554,246)	(169,875,997)
Proceeds from issuance of revenue bonds	79,447,412	608,500	80,055,912
Principal payments on revenue bonds and notes payable	(21,765,000)	(25,905,300)	(47,670,300)
Refunding on bond principal	--	(211,426)	(211,426)
Fiscal agent fees and interest paid on revenue bonds and notes payable	(15,177,277)	(23,172,453)	(38,349,730)
Debt issuance costs	--	(666,763)	(666,763)
Proceeds from sale of capital assets	338,893	339,968	678,861
Proceeds from repayment of notes receivable	603,995	--	603,995
Net cash flow from capital and related financing activities	<u>(7,873,728)</u>	<u>(167,561,720)</u>	<u>(175,435,448)</u>
INVESTING ACTIVITIES			
Investment purchases	(79,912,335)	(121,014,487)	(200,926,822)
Investment maturities and sales	(8,922,040)	136,575,487	127,653,447
Interest received on investments	8,170,414	4,281,026	12,451,440
Net cash flow from investing activities	<u>(80,663,961)</u>	<u>19,842,026</u>	<u>(60,821,935)</u>
Net increase in cash and cash equivalents	(16,696,523)	(38,941,629)	(55,638,152)
Cash and cash equivalents, beginning of year	20,426,068	46,426,158	66,852,226
Cash and cash equivalents, end of year	<u>\$ 3,729,545</u>	<u>\$ 7,484,529</u>	<u>\$ 11,214,074</u>

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

KC WATER
A Department of the City of Kansas City, Missouri

STATEMENT OF CASH FLOWS

Year Ended April 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating income	\$ 52,571,447	\$ 98,791,218	\$ 151,362,665
Adjustments to reconcile operating income to net cash flow from operating activities			
Depreciation	24,580,868	41,394,117	65,974,985
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources			
(Increase) decrease in:			
Accounts receivable	2,117,190	247,188	2,364,378
Inventories	769,119	79,871	848,990
Prepaid expenses	(12,627)	(14,489)	(27,116)
Due from other funds	162,731	(7,451)	155,280
Deferred outflows of resources - pensions	(8,943,604)	(7,028,819)	(15,972,423)
Deferred outflows of resources - OPEB	12,034	37,544	49,578
Decrease (increase) in:			
Accounts payable	(13,363,352)	(33,526,017)	(46,889,369)
Compensated absences	(226,904)	283,776	56,872
Accrued payroll and related expenses	(1,025,880)	(954,321)	(1,980,201)
Other liabilities	--	--	--
Due to other funds	1,163	(164,375)	(163,212)
Claims liability	676,852	1,869,763	2,546,615
Customer deposits	(193,978)	--	(193,978)
Net pension liability	13,107,499	10,632,626	23,740,125
Total other postemployment benefit liability	(1,534,208)	(1,244,510)	(2,778,718)
Deferred inflows related to pension plan	1,199,157	941,551	2,140,708
Deferred inflows related to OPEB	1,631,716	1,323,608	2,955,324
Total adjustments	18,957,776	13,870,062	32,827,838
Net cash provided by operating activities	<u>\$ 71,529,223</u>	<u>\$ 112,661,280</u>	<u>\$ 184,190,503</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR-END			
Unrestricted	\$ 2,772,835	\$ 6,335,648	\$ 9,108,483
Restricted	956,710	1,148,881	2,105,591
	<u>\$ 3,729,545</u>	<u>\$ 7,484,529</u>	<u>\$ 11,214,074</u>
NONCASH ACTIVITIES			
Contributions of capital assets	\$ 7,588,784	\$ 25,198,427	\$ 32,787,211
Change in fair value of investments	(6,783,594)	--	(6,783,594)
Accounts payable for purchase of capital assets	7,972,602	21,000,644	28,973,246

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

The financial statements of the Water Services Department (KC Water or Department) of the City of Kansas City, Missouri (City) have been prepared in conformity with accounting principles generally accepted in the United States of America.

KC Water is comprised of the Water, Sewer and Storm funds, enterprise funds of the City of Kansas City, Missouri. The financial statements of KC Water present each major fund and the respective changes in their financial position and, where applicable, cash flows thereof as of April 30, 2022 and 2021, and for the years then ended in conformity with accounting principles generally accepted in the United States of America. The financial statements are not intended to present fairly the financial position of the City. The Water Fund is supported wholly by water service charges and is responsible for the administration, promotion, operation and maintenance of the water system. The Sewer Fund includes sewer and stormwater accounts. The Sewer Fund is supported wholly by sewer service charges and is responsible for the administration, promotion, operation and maintenance of the wastewater and stormwater systems.

Basis of Accounting and Presentation

The financial statements of KC Water have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated non-exchange transactions that are not program specific, investment income and interest on capital assets-related debt are included in non-operating revenues and expenses. KC Water first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Cash and Cash Equivalents

For purposes of the statements of cash flows, KC Water's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Investments

All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or pricing services.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable balances are recorded at the invoiced amount. KC Water provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Revenue Recognition

Revenues are recognized when earned. Unbilled revenue representing estimated consumer usage for the period between the last billing date and the end of the period is accrued by the Department.

Inventories

Inventories, consisting of repair parts, materials, supplies, chemicals, rock and fuel, are valued at cost.

Capital Assets and Depreciation/Amortization

Capital assets are stated at cost, including capitalized interest on construction, prior to the adoption of Governmental Accounting Standards Board Statement No. 89, or estimated historical cost. These include assets funded by revenue and general obligation bonds, contributions and special assessments. Contributed assets are valued at acquisition value at the date of contribution. KC Water has a capitalization threshold of \$100,000 for building improvements, \$25,000 for land improvements, and \$5,000 for all other capitalizable assets.

Depreciation is provided on the straight-line method. Buildings, water lines and improvements are depreciated on a composite basis ranging from 40 to 100 years. Machinery and equipment are depreciated on a unit basis over useful lives of 3 to 20 years. Sewer and storm lines are depreciated on a composite basis with a useful life of 100 and 40 years, respectively. Treatment plants and other facilities are depreciated on a composite basis with useful lives of 25 to 55 years. Green infrastructure is depreciated on a composite basis with useful lives of 25 to 100 years. Land improvements are depreciated on a composite basis with useful lives of 20 to 30 years.

At the time of retirement or other disposition of assets for which depreciation is computed on the composite method, the original cost of the assets, net of any proceeds from their sale, are removed from the asset and accumulated depreciation accounts and no retirement gain or loss is recorded. For retirements or dispositions of assets for which depreciation is computed on the unit method, the asset and related depreciation accounts are eliminated and the difference between the net carrying value and any proceeds is recorded as a gain or loss.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any conspicuous or known events, or changes in circumstances, affecting a capital asset are reviewed by the Department to determine whether there is a significant and unexpected decline in the service utility of the capital asset, which could indicate asset impairment.

Expenses for maintenance and repairs of property are charged to operations as incurred.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represent a consumption of net assets by the Department that applies to future periods and a deferred inflow of resources represents an acquisition of net assets that applies to future periods.

Water Fund – As of April 30, 2022 and 2021, the Water Fund's deferred outflows of resources of \$6,158,134 and \$16,908,276, respectively, were comprised of deferred outflows related to pension and deferred outflows related to OPEB. As of April 30, 2022 and 2021, the Water Fund's deferred inflows of resources of \$20,473,317 and \$4,812,234, respectively, were comprised of deferred gains on bond refundings, deferred inflows related to pension and deferred inflows related to OPEB.

Sewer Fund – As of April 30, 2022 and 2021, the Sewer Fund's deferred outflows of resources of \$6,562,995 and \$15,225,119, respectively, were comprised of deferred losses on bond refundings, deferred outflows related to pension, and deferred outflows related to OPEB. As of April 30, 2022 and 2021, the Sewer Fund's deferred inflows of resources of \$21,492,388 and \$3,094,456, respectively, were comprised of deferred inflows related to pension and deferred inflows related to OPEB.

Compensated Absences

Under the terms of the City's personnel policy, KC Water employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at the annual rate of 10 to 20 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 3.7 hours per two-week pay period. The maximum amount of vacation that may be carried forward, which is accrued in the Water and Sewer Funds, is two times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 2,080 hours. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit.

Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; and employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter, or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plan

For the purpose of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System (Plan) and additions/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 employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 10 for the retirement plan description.

Net Position

Net position of each major fund is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets, net of unspent proceeds. Restricted net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to each respective fund, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

Use of Estimates

The preparation of 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, liabilities and deferred inflows and outflows of resources 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.

New Accounting Pronouncements Not Yet Adopted

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments based on the principle that leases are financing of the right to use an underlying asset.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The main rules of GASB 87 with respect to government entities that are lessees require that the lessees:

- Recognize the following: (a) a lease liability and (b) an intangible asset representing the lessee's right to use the leased asset; and
- Report in its financial statements: (a) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability, and (c) note disclosures about the lease.

Under GASB 87, government entities that are lessors must:

- Recognize: (a) a lease receivable, and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and
- Report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable, and (c) note disclosures about the lease.

GASB 87 provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. GASB 87 also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The provisions of this statement were originally effective for financial statements for the Department's fiscal year ending April 30, 2021 and now postponed until April 30, 2023 per GASB Statement No. 95.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* (GASB 92), which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the Department's financial reporting, other provisions of this statement are were originally effective for financial statements for the Department's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), which provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR was expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the Department's fiscal year ending April 30, 2022 and now postponed until April 30, 2023 per GASB Statement No. 95.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), which improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the Department's fiscal year ending April 30, 2024.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the Department's fiscal year ending April 30, 2024.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97), which provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this Statement are effective immediately. The last provision will be effective for financial statements for the Department's fiscal year ending April 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*, which enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: 1) classification and reporting of derivative instruments within the scope of Statement No. 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; 2) clarification of certain provisions in Statement No. 87, Statement No. 94 and Statement No. 96; 3) extension of the period during which the London Interbank offered Rate (LIBOR) is considered an appropriate benchmark interest rate of the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; 4) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program; 5) disclosures related to nonmonetary transactions; 6) pledges of future revenues when resources are not received by the pledging government; 7) clarification of provisions in Statement No 34 related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63; and 8) terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this statement for items 1 and 2 are effective for financial statements for the Department's fiscal year ending April 30, 2025, and April 30, 2024, respectively. All other provisions of this statement are effective upon issuance.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In June 2022, GASB issued statement No. 100, *Accounting Changes and Error Corrections*, which enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the Department's fiscal year ending April 30, 2025.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, which better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the Department's fiscal year ending April 30, 2025.

The Department has not completed its assessment of the impact of the adoption of these statements.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits, repurchase agreements and other investments with maturities of less than five years. The Department's allocation of this pool was approximately 43.90% and 50.88% as of April 30, 2022 and 2021, respectively. As of April 30, 2022 and 2021, the carrying amount (book value) of the City's deposits, including certificates of deposit and the collateralized money market account was \$26,024,854 and \$28,339,087, respectively, which was covered by federal depository insurance or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. The City's total pooled cash and cash equivalents, which includes deposits as well as investments with original maturities of three months or less were \$71,957,180 and \$23,087,729, at April 30, 2022 and 2021, respectively. The Department's allocation of cash and cash equivalents was \$28,901,654 and \$8,963,964 at April 30, 2022 and 2021, respectively.

The City of Kansas City, Missouri is empowered by City Charter to invest in the following types of securities:

1. *United States Treasury Securities* (Bills, Notes, Bonds and Strips).

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

2. *United States Agency/GSE Securities.* The City may invest in obligations issued or guaranteed by any agency of the United States government and in obligations issued by any government-sponsored enterprise (GSE) that has a liquid market and a readily determinable fair value that are described as follows:
 - a. U.S. Government Agency Coupon and Zero Coupon Securities.
 - b. U.S. Government Agency Discount Notes.
 - c. U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - d. U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.
 - e. U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - f. U.S. Government Agency Mortgage-Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. *Collateralized Time Deposits (Non-negotiable certificates of deposit).*
4. *Repurchase Agreements.* The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Security Industry & Financial Markets Association's (or any successor thereto) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.
5. *Bankers' Acceptances.* The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by S&P Global Ratings (S&P) or Moody's Investor Services, Inc. (Moody's).
6. *Commercial Paper.* The City may invest in commercial paper issued by domestic corporations, which has received the highest short term credit rating issued by S&P or Moody's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any of the NRSROs at the time of purchase.
7. *Municipal Securities (State and Local Government Obligations).* The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.
 - a. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

- b. Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody's.
 - c. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or Aa2 by S&P or Moody's.
 - d. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.
 - e. Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated at least AAA or Aaa by S&P or Moody's.
 - f. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.
 - g. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the U.S. government, without regard to rating by S&P or Moody's.
8. With respect to the investment of bond proceeds, money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by S&P and Moody's (in either case without regard to any modifier).
9. Such other investments not described above that are allowed pursuant to Missouri Law and approved in the City Charter.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Blended Bloomberg Barclay, U.S. Treasury/Agency 1-3 year index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2022, the City had the following investments and maturities (amounts are in thousands):

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of April 30, 2022, the City had the following investments and maturities (amounts are in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				Weighted Average
		Less than 1	1 - 2	2 - 3	3 - 5	
Pooled investments						
U.S. Treasury bills	\$ 21,819	\$ 21,819	\$ --	\$ --	\$ --	0.55
U.S. Treasury notes/bonds	346,679	157,388	97,742	32,177	59,372	1.50
Municipal securities	19,412	--	8,335	2,898	8,179	2.44
U.S. Agency discounts	828,342	279,154	266,405	174,289	108,494	1.76
U.S. Agencies- noncallable	400,895	9,937	42,195	110,158	238,605	3.26
U.S. Agencies- callable	19,184	--	--	2,960	16,224	3.64
Total pooled	1,636,331	468,298	414,677	322,482	430,874	2.09
Non-pooled investments						
U.S. Treasury bills	14,944	14,944	--	--	--	0.33
U.S. Treasury notes/bonds	50,016	50,016	--	--	--	0.41
U.S. Agencies- noncallable	20,904	8,899	12,005	--	--	0.82
U.S. Agencies- callable	13,032	7,925	--	2,835	2,272	1.57
Total non-pooled	98,896	81,784	12,005	2,835	2,272	0.64
	<u>\$ 1,735,227</u>	<u>\$ 550,082</u>	<u>\$ 426,682</u>	<u>\$ 325,317</u>	<u>\$ 433,146</u>	<u>2.01</u>

The Department's allocation of pooled investments at April 30, 2022 was \$700,924,616. The Department's non-pooled investments at April 30, 2022 were \$30,882,200.

As of April 30, 2021, the City had the following investments and maturities (amounts are in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				Weighted Average
		Less than 1	1 - 2	2 - 3	3 - 5	
Pooled investments						
U.S. Treasury bills	\$ 306,803	\$ 98,000	\$ 142,675	\$ 60,850	\$ 5,278	1.37
U.S. Treasury notes/bonds	38,333	38,333	--	--	--	0.57
Municipal bonds	9,999	9,999	--	--	--	0.24
U.S. Agency discounts	728,339	191,938	219,558	261,232	55,611	1.69
U.S. Agencies- noncallable	224,636	84,512	33,113	7,489	99,522	2.65
U.S. Agencies- callable	8,184	--	--	--	8,184	4.11
Total pooled	1,316,294	422,782	395,346	329,571	168,595	1.73
Non-pooled investments						
U.S. Treasury bills						
U.S. Treasury bills	34,997	34,997	--	--	--	0.29
U.S. Treasury notes/bonds	21,327	16,228	5,099	--	--	0.83
U.S. Agency discounts	24,500	24,500	--	--	--	0.13
U.S. Agencies- noncallable	64,468	61,314	1,028	2,126	--	0.59
U.S. Agencies- callable	15,445	4,997	7,951	2,497	--	1.09
Total non-pooled	160,737	142,036	14,078	4,623	--	0.53
	<u>\$ 1,477,031</u>	<u>\$ 564,818</u>	<u>\$ 409,424</u>	<u>\$ 334,194</u>	<u>\$ 168,595</u>	<u>1.60</u>

The Department's allocation of pooled investments at April 30, 2021 was \$674,572,791. The Department's non-pooled investments at April 30, 2021 were \$103,759,400.

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NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Some of the restricted assets are held by a trustee associated with the proceeds from sewer state revolving bonds within the Sewer Fund. The amount held by the trustee includes investments that are insured or registered or for which securities are held by the Sewer Fund or its agent in the Sewer Fund's name or under joint agreements. Restricted assets held by the trustee were \$1,921,299 and \$2,250,380 at April 30, 2022 and 2021, respectively, and consisted primarily of money market funds.

Callable Agency Securities – The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2022 and 2021, the total fair value of the City's callable bond portfolio (pooled and non-pooled) is \$19,183,746 and \$8,184,340, respectively.

Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. While the City does not have a formal policy relating to credit risk, the City's investment policy requires that all investments be in either: 1) U.S. Treasury Obligations and other such obligations as expressly guaranteed by the U.S. Government; 2) U.S. Government Agency and Government Sponsored Enterprise Obligations; 3) Certain Municipal Obligations with defined minimum ratings; 4) Banker's Acceptances with the highest credit rating by such rating organization; 5) Certain Commercial Paper Obligations with the highest credit rating by such rating organization; and 6) Repurchase Agreements in either physical delivery or tri-party form.

As of April 30, 2022, the City had the following nongovernmental guaranteed securities that are rated by both Moody's and Standard & Poor's (amounts are in thousands):

	Fair Value	Moody's/ S&P Ratings
U.S. Agency securities	\$ 1,282,357	Aaa/AA+
Municipal obligations	19,411	Aaa/AA+
	<u>\$ 1,301,768</u>	

As of April 30, 2021, the City had the following nongovernmental guaranteed securities that are rated by both Moody's and Standard & Poor's (amounts are in thousands):

	Fair Value	Moody's/ S&P Ratings
U.S. Agency securities	\$ 1,306,295	Aaa/AA+
Municipal obligations	9,999	Aaa/AA+
	<u>\$ 1,316,294</u>	

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A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (*i.e.*, the City's safekeeping institution).

The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2022 and 2021, all deposits were adequately and fully collateralized.

The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2022, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either US Treasury (US Government guaranteed) or US Agency (Aaa/AA+ rated) obligations.

Concentration of Credit Risk

At April 30, 2022, more than five percent of the City's investments are in the following U.S. agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 22%, 35%, 8% and 7%, respectively, of the City's total investments.

At April 30, 2021, more than five percent of the City's investments are in the following U.S. agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 23%, 30%, 8% and 11%, respectively, of the City's total investments.

In the City's opinion, the debt securities issued by these agencies do not have an explicit government guarantee, but rather an implied guarantee and, therefore, the City does not impose limits as to the concentration of any one agency. However, total agency securities in the portfolio are limited by the investment policy to 80% of the total portfolio value.

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NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Summary

The following is a complete listing of cash and investments held by KC Water at April 30, 2022 and 2021:

	2022		
	Water	Sewer	Total
Cash and cash equivalents	\$ 9,523,362	\$ 19,378,292	\$ 28,901,654
Pooled investments	216,564,575	484,360,041	700,924,616
Non-pooled investments	30,882,200	--	30,882,200
Cash and cash equivalents – trustee accounts	--	1,921,299	1,921,299
	<u>\$ 256,970,137</u>	<u>\$ 505,659,632</u>	<u>\$ 762,629,769</u>
	2021		
	Water	Sewer	Total
Cash and cash equivalents	\$ 3,729,545	\$ 5,234,149	\$ 8,963,694
Pooled investments	229,165,038	445,407,753	674,572,791
Non-pooled investments	70,225,000	33,534,400	103,759,400
Cash and cash equivalents – trustee accounts	--	2,250,380	2,250,380
	<u>\$ 303,119,583</u>	<u>\$ 486,426,682</u>	<u>\$ 789,546,265</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The deposits and investments of KC Water at April 30, 2022 and 2021 are reflected in the statements of net position as follows:

	2022		
	Water	Sewer	Total
Current assets			
Unrestricted			
Cash and cash equivalents	\$ 7,054,066	\$ 18,037,339	\$ 25,091,405
Investments	5,763,808	14,738,130	20,501,938
Restricted			
Cash and cash equivalents	2,469,296	3,262,252	5,731,548
Investments	21,993,638	2,665,552	24,659,190
Non-current assets			
Investments	154,648,105	395,437,199	550,085,304
Restricted investments	65,041,224	71,519,160	136,560,384
	<u>\$ 256,970,137</u>	<u>\$ 505,659,632</u>	<u>\$ 762,629,769</u>
	2021		
	Water	Sewer	Total
Current assets			
Unrestricted			
Cash and cash equivalents	\$ 2,772,835	\$ 6,335,648	\$ 9,108,483
Investments	14,287,471	31,100,591	45,388,062
Restricted			
Cash and cash equivalents	956,710	1,148,881	2,105,591
Investments	26,478,918	28,885,425	55,364,343
Non-current assets			
Investments	160,125,808	348,557,645	508,683,453
Restricted investments	98,497,841	70,398,492	168,896,333
	<u>\$ 303,119,583</u>	<u>\$ 486,426,682</u>	<u>\$ 789,546,265</u>

KC WATER

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NOTES TO FINANCIAL STATEMENTS

3. ACCOUNTS RECEIVABLE

A summary of accounts receivable at April 30, 2022 and 2021 is as follows:

	2022		
	Water	Sewer	Total
Residential and commercial customers	\$ 23,751,995	\$ 38,235,895	\$ 61,987,890
Unbilled utility revenue	9,666,795	14,131,874	23,798,669
Intermunicipal sewer customers	--	8,110,795	8,110,795
Other accounts receivable	15,472	(20,960)	(5,488)
	33,434,262	60,457,604	93,891,866
Allowance for doubtful accounts	(12,365,076)	(16,450,005)	(28,815,081)
Net accounts receivable	<u>\$ 21,069,186</u>	<u>\$ 44,007,599</u>	<u>\$ 65,076,785</u>

	2021		
	Water	Sewer	Total
Residential and commercial customers	\$ 24,513,229	\$ 35,322,413	\$ 59,835,642
Unbilled utility revenue	9,145,351	12,552,611	21,697,962
Intermunicipal sewer customers	--	13,406,869	13,406,869
Other accounts receivable	27,005	279,352	306,357
	33,685,585	61,561,245	95,246,830
Allowance for doubtful accounts	(14,547,102)	(19,206,265)	(33,753,367)
Net accounts receivable	<u>\$ 19,138,483</u>	<u>\$ 42,354,980</u>	<u>\$ 61,493,463</u>

4. NOTES RECEIVABLE

The Water Fund has built several major transmission mains to reach wholesale customers. These customers agree to pay for a proportionate share of the main based on their projected use of the capacity. At the time they start using the main, they can either pay the entire amount or pay the Water Fund over a time period at an interest rate related to the bond interest rate. The monthly payment is included in their water billing. Notes receivable outstanding consist of the following issues at April 30, 2022 and 2021:

Customer	Interest Rates	Loan Completion Date	2022	2021
Dogwood Energy	5.565%	February 2023	\$ 321,161	\$ 631,729
Platte County PWSD #2	4.126%	April 2026	114,905	140,792
City of Dearborn	4.126%	April 2026	--	18,389
Lee's Summit	4.238%	March 2028	1,225,331	1,403,789
Cass County PWSD #10	4.238%	November 2029	389,890	432,589
			2,051,287	2,627,288
Current portion			(578,851)	(576,001)
Non-current portion			<u>\$ 1,472,436</u>	<u>\$ 2,051,287</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2022 is as follows:

Water Fund	May 1, 2021	Additions	Retirements / Adjustments	April 30, 2022
Depreciable assets				
Buildings	\$ 190,482,339	\$ 491,882	\$ (188,275)	\$ 190,785,946
Utility lines and improvements	1,042,126,935	57,948,380	(5,811,555)	1,094,263,760
Machinery and equipment	105,583,876	3,870,217	(3,156,270)	106,297,823
Land improvements	8,461	--	--	8,461
Total depreciable assets	<u>1,338,201,611</u>	<u>62,310,479</u>	<u>(9,156,100)</u>	<u>1,391,355,990</u>
Accumulated depreciation				
Buildings	(77,226,845)	(3,634,837)	188,275	(80,673,407)
Utility lines and improvements	(139,378,622)	(15,627,644)	5,811,555	(149,194,711)
Machinery and equipment	(34,869,127)	(5,743,281)	3,046,638	(37,565,770)
Land improvements	(247)	(423)	--	(670)
Total accumulated depreciation	<u>(251,474,841)</u>	<u>(25,006,185)</u>	<u>9,046,468</u>	<u>(267,434,558)</u>
Total depreciable assets, net	<u>1,086,726,770</u>	<u>37,304,294</u>	<u>(109,632)</u>	<u>1,123,921,432</u>
Nondepreciable assets				
Land and permanent right of ways	10,327,327	2,223	--	10,329,550
Construction in process	43,532,519	79,614,061	(51,975,662)	71,170,918
Total nondepreciable assets	<u>53,859,846</u>	<u>79,616,284</u>	<u>(51,975,662)</u>	<u>81,500,468</u>
Capital assets, net	<u>\$ 1,140,586,616</u>	<u>\$ 116,920,578</u>	<u>\$ (52,085,294)</u>	<u>\$ 1,205,421,900</u>
Sewer Fund	May 1, 2021	Additions	Retirements / Adjustments	April 30, 2022
Depreciable assets				
Sewage treatment plant and other facilities	\$ 347,242,868	\$ 22,835,242	\$ (3,353,060)	\$ 366,725,050
Sewer lines	1,313,275,946	79,969,544	(677,840)	1,392,567,650
Equipment	192,958,056	17,600,406	(4,772,189)	205,786,273
Land improvements	11,954,114	39,824,203	--	51,778,317
Green infrastructure	29,755,738	440,625	--	30,196,363
Total depreciable assets	<u>1,895,186,722</u>	<u>160,670,020</u>	<u>(8,803,089)</u>	<u>2,047,053,653</u>
Accumulated depreciation				
Sewage treatment plant and other facilities	(220,183,996)	(9,134,092)	3,353,058	(225,965,030)
Sewer lines	(173,002,731)	(21,212,545)	677,840	(193,537,436)
Equipment	(61,996,015)	(12,484,960)	4,658,145	(69,822,830)
Land improvements	(1,299,540)	(1,029,906)	--	(2,329,446)
Green infrastructure	(840,505)	(545,579)	--	(1,386,084)
Total accumulated depreciation	<u>(457,322,787)</u>	<u>(44,407,082)</u>	<u>8,689,043</u>	<u>(493,040,826)</u>
Total depreciable assets, net	<u>1,437,863,935</u>	<u>116,262,938</u>	<u>(114,046)</u>	<u>1,554,012,827</u>
Nondepreciable assets				
Land and permanent right of ways	14,773,716	226,864	--	15,000,580
Construction in process	110,587,900	80,859,141	(68,622,862)	122,824,179
Total nondepreciable assets	<u>125,361,616</u>	<u>81,086,005</u>	<u>(68,622,862)</u>	<u>137,824,759</u>
Capital assets, net	<u>\$ 1,563,225,551</u>	<u>\$ 197,348,943</u>	<u>\$ (68,736,908)</u>	<u>\$ 1,691,837,586</u>
Total Department capital assets, net	<u>\$ 2,703,812,167</u>	<u>\$ 314,269,521</u>	<u>\$ (120,822,202)</u>	<u>\$ 2,897,259,486</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2021 is as follows:

Water Fund	May 1, 2020	Additions	Retirements / Adjustments	April 30, 2021
Depreciable assets				
Buildings	\$ 189,615,192	\$ 1,899,081	\$ (1,031,934)	\$ 190,482,339
Utility lines and improvements	1,002,171,786	44,901,698	(4,946,549)	1,042,126,935
Machinery and equipment	104,128,502	5,130,578	(3,675,204)	105,583,876
Land improvements	--	8,461	--	8,461
Total depreciable assets	<u>1,295,915,480</u>	<u>51,939,818</u>	<u>(9,653,687)</u>	<u>1,338,201,611</u>
Accumulated depreciation				
Buildings	(74,639,913)	(3,618,866)	1,031,934	(77,226,845)
Utility lines and improvements	(129,301,640)	(15,023,531)	4,946,549	(139,378,622)
Machinery and equipment	(32,369,901)	(5,938,226)	3,439,000	(34,869,127)
Land improvements	--	(247)	--	(247)
Total accumulated depreciation	<u>(236,311,454)</u>	<u>(24,580,870)</u>	<u>9,417,483</u>	<u>(251,474,841)</u>
Total depreciable assets, net	<u>1,059,604,026</u>	<u>27,358,948</u>	<u>(236,204)</u>	<u>1,086,726,770</u>
Nondepreciable assets				
Land and permanent right of ways	10,323,450	3,877	--	10,327,327
Construction in process	29,484,142	53,318,652	(39,270,275)	43,532,519
Total nondepreciable assets	<u>39,807,592</u>	<u>53,322,529</u>	<u>(39,270,275)</u>	<u>53,859,846</u>
Capital assets, net	<u>\$ 1,099,411,618</u>	<u>\$ 80,681,477</u>	<u>\$ (39,506,479)</u>	<u>\$ 1,140,586,616</u>
Sewer Fund	May 1, 2020	Additions	Retirements / Adjustments	April 30, 2021
Depreciable assets				
Sewage treatment plant and other facilities	\$ 344,916,907	\$ 15,783,337	\$ (13,457,376)	\$ 347,242,868
Sewer lines	1,240,548,221	76,179,253	(3,451,528)	1,313,275,946
Equipment	169,337,170	34,065,391	(10,444,505)	192,958,056
Land improvements	8,855,791	3,098,323	--	11,954,114
Green infrastructure	11,938,114	17,817,624	--	29,755,738
Total depreciable assets	<u>1,775,596,203</u>	<u>146,943,928</u>	<u>(27,353,409)</u>	<u>1,895,186,722</u>
Accumulated depreciation				
Sewage treatment plant and other facilities	(224,811,069)	(8,830,305)	13,457,376	(220,183,998)
Sewer lines	(156,447,161)	(20,007,098)	3,451,530	(173,002,729)
Equipment	(60,330,323)	(11,784,652)	10,118,960	(61,996,015)
Land improvements	(930,285)	(369,255)	--	(1,299,540)
Green infrastructure	(437,697)	(402,808)	--	(840,505)
Total accumulated depreciation	<u>(442,956,535)</u>	<u>(41,394,118)</u>	<u>27,027,866</u>	<u>(457,322,787)</u>
Total depreciable assets, net	<u>1,332,639,668</u>	<u>105,549,810</u>	<u>(325,543)</u>	<u>1,437,863,935</u>
Nondepreciable assets				
Land and permanent right of ways	14,722,197	51,519	--	14,773,716
Construction in process	91,489,269	128,621,611	(109,522,980)	110,587,900
Total nondepreciable assets	<u>106,211,466</u>	<u>128,673,130</u>	<u>(109,522,980)</u>	<u>125,361,616</u>
Capital assets, net	<u>\$ 1,438,851,134</u>	<u>\$ 234,222,940</u>	<u>\$ (109,848,523)</u>	<u>\$ 1,563,225,551</u>
Total Department capital assets, net	<u>\$ 2,538,262,752</u>	<u>\$ 314,904,417</u>	<u>\$ (149,355,002)</u>	<u>\$ 2,703,812,167</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS

Revenue bonds and notes payable outstanding consist of the following issues at April 30, 2022 and 2021:

Issue	Interest Rates	Maturities Through	2022	2021
Water Fund				
Series 2012A	1.00% - 5.00%	December 2036	\$ -	\$ 34,710,000
Series 2013A	2.00% - 4.00%	December 2037	-	45,640,000
Series 2014A	2.00% - 5.00%	December 2038	43,435,000	45,225,000
Series 2015A	3.25% - 5.00%	December 2039	52,225,000	54,180,000
Series 2017A	3.00% - 5.00%	December 2041	68,245,000	70,250,000
Series 2019A	2.00% - 5.00%	December 2032	49,130,000	57,800,000
Series 2020A	4.00% - 5.00%	December 2044	60,370,000	61,815,000
Series 2021A	3.00% - 5.00%	December 2037	63,130,000	-
Sewer Fund				
Stormwater 2001 & 2002	1.60%	December 2021	-	326,000
State Series 2001B	3.00% - 5.375%	July 2022	1,060,000	2,095,000
State Series 2002J	2.00% - 5.50%	July 2022	635,000	1,255,000
State Series 2004H	3.00% - 5.25%	January 2025	1,915,000	2,520,000
Stormwater 2007	1.40%	June 2027	139,000	161,000
State Series 2009B	1.48%	July 2030	6,535,100	7,273,100
Series 2011A	2.00% - 5.00%	January 2037	-	63,565,000
Series 2012A	2.00% - 5.00%	January 2037	-	55,555,000
Series 2016A	2.00% - 5.00%	January 2040	144,835,000	151,700,000
Series 2018A	3.125% - 5.00%	January 2042	147,665,000	152,035,000
Series 2018B	4.00% - 5.25%	January 2034	35,645,000	37,890,000
Series 2019A	3.00% - 5.00%	January 2044	56,855,000	58,330,000
State Series 2021A	0.79%	January 2044	26,902,403	608,500
Series 2021B	3.00% - 5.00%	January 2037	93,795,000	-
			<u>852,516,503</u>	<u>902,933,600</u>
Unamortized premiums			104,061,174	92,985,451
Unamortized discounts			<u>(1,000,411)</u>	<u>(1,369,497)</u>
Net revenue bonds and notes payable			955,577,266	994,549,554
Less current portion			<u>(43,381,600)</u>	<u>(44,701,000)</u>
Noncurrent portion of revenue bonds and notes payable			<u>\$ 912,195,666</u>	<u>\$ 949,848,554</u>

KC WATER

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NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS (CONTINUED)

Changes in long-term obligations during the year ended April 30, 2022 are as follows:

	May 1, 2021	Additions	Reductions	April 30, 2022	Due Within One Year
Water Fund					
Revenue bonds	\$ 369,620,000	\$ 67,985,000	\$ (101,070,000)	\$ 336,535,000	\$ 19,310,000
Unamortized bond premium	42,676,940	14,525,671	(8,800,634)	48,401,977	--
Unamortized bond discount	(417,909)	--	112,653	(305,256)	--
Net pension liability	42,746,714	17,239,931	(43,112,755)	16,873,890	--
Total other postemployment benefit liability	6,976,709	1,295,042	(256,758)	8,014,993	--
Compensated absences	3,339,566	685,941	(1,008,889)	3,016,618	750,120
Claims payable	21,831,776	30,453,709	(18,119,296)	34,166,189	8,199,885
Total Water Fund	486,773,796	132,185,294	(172,255,679)	446,703,411	28,260,005
Sewer Fund					
Revenue bonds	519,562,000	102,765,000	(143,393,000)	478,934,000	21,002,000
Revenue bonds - private placement	13,751,600	26,293,903	(2,998,000)	37,047,503	3,069,600
Unamortized bond premium	50,308,511	19,343,504	(13,992,818)	55,659,197	--
Unamortized bond discount	(951,588)	--	256,433	(695,155)	--
Net pension liability	35,835,055	15,094,862	(37,748,475)	13,181,442	--
Total other postemployment benefit liability	6,061,027	1,133,912	(224,812)	6,970,127	--
Compensated absences	3,267,955	673,337	(1,072,958)	2,868,334	729,176
Claims payable	16,867,443	4,919,642	(3,649,195)	18,137,890	4,353,094
Total Sewer Fund	644,702,003	170,224,160	(202,822,825)	612,103,338	29,153,870
Total Department	\$ 1,131,475,799	\$ 302,409,454	\$ (375,078,504)	\$ 1,058,806,749	\$ 57,413,875

KC WATER

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NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS (CONTINUED)

Changes in long-term obligations during the year ended April 30, 2021 are as follows:

	May 1, 2020	Additions	Reductions	April 30, 2021	Due Within One Year
Water Fund					
Revenue bonds	\$ 326,665,000	\$ 64,720,000	\$ (21,765,000)	\$ 369,620,000	\$ 19,410,000
Unamortized bond premium	30,291,151	14,813,524	(2,427,735)	42,676,940	--
Unamortized bond discount	(440,650)	--	22,741	(417,909)	--
Net pension liability	29,639,215	20,047,060	(6,939,561)	42,746,714	--
Total other postemployment benefit liability	8,510,917	581,612	(2,115,820)	6,976,709	--
Compensated absences	3,566,470	822,636	(1,049,540)	3,339,566	852,749
Claims payable	21,154,924	3,841,575	(3,164,723)	21,831,776	5,084,805
Total Water Fund	419,387,027	104,826,407	(37,439,638)	486,773,796	25,347,554
Sewer Fund					
Revenue bonds	558,610,400	608,500	(25,905,300)	533,313,600	25,291,000
Unamortized bond premium	53,170,309	--	(2,861,798)	50,308,511	--
Unamortized bond discount	(1,002,208)	--	50,620	(951,588)	--
Net pension liability	25,202,429	16,261,893	(5,629,267)	35,835,055	--
Total other postemployment benefit liability	7,305,537	471,793	(1,716,303)	6,061,027	--
Compensated absences	2,984,179	743,674	(459,898)	3,267,955	851,459
Claims payable	14,997,680	4,887,788	(3,018,025)	16,867,443	3,926,929
Total Sewer Fund	661,268,326	22,973,648	(39,539,971)	644,702,003	30,069,388
Total Department	\$ 1,080,655,353	\$ 127,800,055	\$ (76,979,609)	\$ 1,131,475,799	\$ 55,416,942

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NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS (CONTINUED)

The annual requirements to retire the bonds and notes payable outstanding as of April 30, 2022 are as follows:

Year Ending April 30	Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2023	\$ 19,310,000	\$ 14,416,763	\$ 21,002,000	\$ 20,591,874
2024	18,920,000	13,519,862	21,968,000	19,613,858
2025	17,565,000	12,648,862	21,788,000	18,590,537
2026	14,490,000	11,836,812	21,733,000	17,579,115
2027	15,140,000	11,154,213	22,799,000	16,493,286
2028-2032	87,025,000	44,356,881	131,184,000	64,496,125
2033-2037	91,795,000	24,651,825	138,530,000	33,923,969
2038-2042	60,780,000	8,477,850	92,695,000	10,730,519
2043-2047	11,510,000	933,000	7,235,000	327,150
	<u>\$ 336,535,000</u>	<u>\$ 141,996,068</u>	<u>\$ 478,934,000</u>	<u>\$ 202,346,433</u>

Year Ending April 30	Sewer Fund - Private Placement		Total	
	Principal	Interest	Principal	Interest
2023	\$ 3,069,600	\$ 429,660	\$ 43,381,600	\$ 35,438,297
2024	1,411,700	353,516	42,299,700	33,487,236
2025	2,051,187	313,231	41,404,187	31,552,630
2026	2,033,181	264,803	38,256,181	29,680,730
2027	2,067,622	243,075	40,006,622	27,890,574
2028-2032	9,051,671	895,278	227,260,671	109,748,284
2033-2037	6,903,157	564,596	237,228,157	59,140,390
2038-2042	7,372,334	283,680	160,847,334	19,492,049
2043-2047	3,087,051	30,581	21,832,051	1,290,731
	<u>\$ 37,047,503</u>	<u>\$ 3,378,420</u>	<u>\$ 852,516,503</u>	<u>\$ 347,720,921</u>

On October 27, 2021, the Department issued Series 2021A Water Utility refunding revenue bonds in the amount of \$67,985,000 with a net interest cost of 1.90% with maturities through December 1, 2037. The bond proceeds were used to refund \$34,710,000 and \$45,640,000 of Series 2012A and Series 2013A Water Utility revenue bonds, respectively, on a current basis. The Department completed the refunding to reduce its total debt service payments by \$16,793,269 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$14,618,706.

On October 27, 2021, the Department issued Series 2021B Sewer Utility refunding revenue bonds in the amount of \$102,765,000 with a net interest cost of 1.92% with maturities through January 1, 2037. The bond proceeds were used to refund \$63,565,000 and \$55,555,000 of Series 2011A and Series 2012A Sewer Utility revenue bonds, respectively, on a current basis. The Department completed the refunding to reduce its total debt service payments by \$26,042,381 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$22,685,799.

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NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS (CONTINUED)

All funds obtained through the issuance of water revenue bonds are restricted for the purpose of extending and improving the facilities of the Water Fund. All debt service requirements are payable solely from revenues generated by the Water Fund. The revenue bond ordinances require the Water Fund to maintain adequate insurance coverage and establish the priority for the allocation of revenue generated by the Water Fund.

All funds obtained through the issuance of sewer revenue bonds are restricted for the purpose of extending and improving the sewerage system. All debt service requirements of these bonds are payable solely from revenues generated by the Sewer Fund. The revenue bond ordinances require the Sewer Fund to maintain adequate insurance coverage and employ an independent consulting engineer to evaluate the physical condition and operation of the sewerage system on a periodic basis. In addition, the ordinance established the priority for the allocation of revenue generated by the sewerage system.

After the Water and Sewer Funds meet normal operating and maintenance expenses of each fund, respectively, all remaining moneys are to be allocated to the following accounts in the order listed below:

Account	Restriction
Principal and interest	For the monthly accumulation of moneys to meet the maturing revenue bond principal and interest requirement. Each month, the City is to set aside 1/6 of the next semiannual interest payment and 1/12 of the next annual principal payment.
Construction	For recording bond proceeds to be used to finance construction.
Renewal and replacement	For the monthly accumulation of moneys, up to an amount equal to the prior year annual depreciation plus additional amounts to cover future budgeted capital improvements, to pay for the maintenance and replacements necessary to keep the system operating efficiently.

The bond ordinances also require that the Water and Sewer Funds establish additional reserve accounts for the retirement of the bonds totaling \$66,362,162 and \$70,450,811 at April 30, 2022, and 2021, respectively. As of April 30, 2022 and 2021, both the Water and Sewer Fund's debt service coverage ratios were above the 130% threshold, so the remaining bond reserve accounts were not required to be funded.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS (CONTINUED)

Restricted accounts are reported on the accompanying statements of net position as restricted assets for 2022 and 2021 as follows:

	April 30, 2022		
	Water	Sewer	Total
Principal and interest	\$ 14,094,834	\$ 15,830,775	\$ 29,925,609
Construction	41,591,913	20,681,886	62,273,799
Renewal and replacement	3,995,322	41,137,143	45,132,465
Retention pond maintenance	--	56,224	56,224
Customer deposits	30,089,696	--	30,089,696
	<u>\$ 89,771,765</u>	<u>\$ 77,706,028</u>	<u>\$ 167,477,793</u>

	April 30, 2021		
	Water	Sewer	Total
Principal and interest	\$ 14,575,193	\$ 16,991,290	\$ 31,566,483
Construction	78,067,545	42,662,074	120,729,619
Renewal and replacement	30,109,699	41,190,532	71,300,231
Retention pond maintenance	--	55,588	55,588
Customer deposits	3,641,514	--	3,641,514
	<u>\$ 126,393,951</u>	<u>\$ 100,899,484</u>	<u>\$ 227,293,435</u>

7. PLEDGED REVENUES

Water Fund – The City has pledged revenues of the Water Fund, net of specified operating expenses, to repay \$336,535,000 in water revenue bonds. The bonds were issued to provide improvements to the water system and facilities. The various issues and maturity dates are listed in Note 6.

The bonds are payable solely from the revenues derived by the Water Fund. Annual principal and interest payments on the bonds and capital leases are expected to require approximately 31% of net revenues on average over the next 23 years. The total principal and interest remaining to be paid on the bonds is \$478,531,068. Principal and interest paid for the year ended April 30, 2022 and total net revenues available for debt service were \$34,848,045 and \$67,751,904, respectively.

Sewer Fund – The City has pledged revenues of the Sewer Fund, net of specified operating expenses, to repay \$515,981,503 in sewer system revenue bonds and loans. The bonds were issued to provide improvements to the sewer system and facilities. The loans were issued to fund stormwater basin studies and improvements. The various issues and maturity dates are listed in Note 6.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

7. PLEDGED REVENUES (CONTINUED)

The bonds are payable solely from the revenues derived by the Sewer Fund. Total principal and interest remaining to be paid on those bonds is \$721,561,427 and is expected to require approximately 23% of net sewer revenues over the next 22 years. The stormwater loans are payable from stormwater revenues. Total principal and interest on those loans is \$144,929 and is expected to require more than what is available from the net stormwater revenues. Principal and interest paid for the year ended April 30, 2022 and net revenues available for debt service for the Sewer Fund were \$47,498,880 and \$140,797,616, respectively.

8. DUE TO/FROM OTHER CITY FUNDS

Amounts due to/from other City funds at April 30, 2022 were as follows:

Payables	Receivables			Total
	Water	Sewer	General	
Water Fund	\$ --	\$ --	\$ --	\$ --
Sewer Fund	--	--	38,729	38,729
Flood Control Fund	--	--	--	--
General Fund	644,561	679,203	--	1,323,764
	<u>\$ 644,561</u>	<u>\$ 679,203</u>	<u>\$ 38,729</u>	<u>\$ 1,362,493</u>

Amounts due to/from other City funds at April 30, 2021 were as follows:

Payables	Receivables			Total
	Water	Sewer	General	
Water Fund	\$ --	\$ 1,163	\$ --	\$ 1,163
Sewer Fund	--	--	--	--
Flood Control Fund	--	--	--	--
General Fund	--	7,608	--	7,608
	<u>\$ --</u>	<u>\$ 8,771</u>	<u>\$ --</u>	<u>\$ 8,771</u>

Amounts due from and due to the Water and Sewer Funds represent reimbursement of operating costs between the two funds. Amounts due from and due to the General Fund represent reimbursement of operating costs between the funds.

9. PAYMENT-IN-LIEU OF TAXES (PILOT) AND ADMINISTRATIVE SERVICE FEES

The Water and Sewer Funds are exempt from federal and state income taxes and local property taxes because they are enterprise funds of the City of Kansas City, Missouri. However the funds are required by a City Ordinance to pay a percentage of gross operating revenues to the General Fund of the City of Kansas City, Missouri. The payment-in-lieu of tax was established at 1.0% of residential and commercial revenue, effective as of May 1, 2016, and increased to 2% as of May 1, 2018 and 3.0% as of May 1, 2020 for the Sewer and Water funds, respectively. Management does not consider the amount transferred for the PILOT to be commensurate with the services received. As such, management has classified this as a transfer on the statement of revenues, expenses and changes in net position.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

9. PAYMENT-IN-LIEU OF TAXES (PILOT) AND ADMINISTRATIVE SERVICE FEES (CONTINUED)

In addition to these PILOT payments, the Water and Sewer Funds make payments to the General Fund of the City for office space and certain administrative, data processing and accounting services. For the years ended April 30, 2022 and 2021, total payments for administrative and general expenses and transfers for PILOT's are as follows:

	<u>2022</u>	<u>2021</u>
Water Fund		
Administrative, data processing and accounting	\$ 5,482,672	\$ 5,640,899
Overhead allocation for self-insured claims	12,985,321	1,296,762
PILOT	5,743,569	4,238,057
Sewer Fund		
Administrative, data processing and accounting	5,091,878	5,423,858
Overhead allocation for self-insured claims	1,871,823	2,446,676
PILOT	3,164,800	3,883,215
	<u>\$ 34,340,063</u>	<u>\$ 22,929,467</u>

The Water Fund provides billing and collection services for the City of Kansas City, Missouri Sewer Fund and charged the City of Kansas City, Missouri Sewer Fund \$5,987,443 and \$4,921,685 for these services for the years ended April 30, 2022 and 2021, respectively.

10. EMPLOYEES' RETIREMENT SYSTEM

The City sponsors a contributory, single-employer defined benefit pension plan, the Employees' Retirement System (Plan), covering substantially all employees of the Department. However, for purposes of the Department's financial statements, the City has allocated the pension related items and the Department has disclosed the Plan as a cost-sharing multiple employer defined benefit pension plan in accordance with the requirements of GASB statement No. 68.

The Board of Trustees of the Employees' Retirement System of the City of Kansas City, Missouri (Board) administers the Plan.

The Plan was established in the code of ordinances under Part I, Chapter II, Article IX, Division 2, Section 2-1172 which states, "All full-time, permanent employees in the classified and unclassified services shall become members of the retirement system as a condition of employment, including all full-time, permanent former Metropolitan Ambulance Service Trust (MAST) employees who became city employees as of April 25, 2010, and who did not become members of the Firefighters' Pension System. Former MAST employees have the option within 60 days of the passage of this ordinance to elect to become members of this plan in lieu of participation in the defined contribution plan set out in Division 10. Also included in membership are those who have retired in circumstances establishing eligibility for an annuity in this pension system and inactive members on leave of absence.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

The Board of Trustees of the Plan shall consist of nine members, including the Director of Human Resources and Director of Finance, two shall be active employees and members of the retirement system, one retired member of the system and one member designated by Firefighters IAFF Local 42. The remaining four members are prominent Kansas City business or civic leaders appointed by the Mayor.

The Board is responsible for establishing or amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

Employees' Pension Systems

The Retirement Division
City Hall-10th Floor
414 East 12th Street
Kansas City, Missouri 64106
Phone 816.513.1928

The Employees' Retirement System's financial report can also be found at:
<https://www.kcmo.gov/city-hall/departments/human-resources/retirement-information/retirement-reports>

Retirement Benefits

Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement benefits as well as pre-retirement death benefits as noted below:

Tier I Members – The Plan provides retirement benefits for those employees hired before April 20, 2014 (Tier I Members). Employees become vested for retirement benefits after five years of service. Members who retire with total age and creditable service equal to 80, or the later of age 60 and 10 years of creditable service, are entitled to an annual pension based on a percentage of final average compensation multiplied by years and months of creditable service. If married at the time of retirement, the percentage is 2.0% for general employees and 2.2% for elected officials, and if unmarried at the date of retirement, the percentage is 2.2% up to a maximum of 70% of final average compensation as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is \$400 per month.

If members terminate prior to retirement and before rendering five years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan. Members terminating prior to retirement with five or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An automatic annual cost-of-living adjustment of 3%, non-compounded, is provided annually.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Tier II Members – The Plan provides retirement benefits for those employees hired on or after April 20, 2014 (Tier II Members). Employees become vested for retirement benefits after ten years of service. Members who retire with total age and creditable service equal to 85, or the later of age 62 and 10 years of creditable service, are entitled to an annual pension of 1.75% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 70% of final average compensation as defined in the Plan.

If employees terminate prior to retirement and before rendering ten years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. An annual cost-of-living adjustment, not to exceed 2.5%, non-compounded, per year is provided to pensioners age 62 and older if the prior year funding ratio is equal to or greater than 80% and will be equal to the percentage increase in the prior 12 months of the final national Consumer Price Index.

Death Benefits

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit. To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest. If an active member dies, the member contributions and interest are distributed to the surviving spouse or, if none, to the designated beneficiary. The surviving spouse, however, may elect to receive monthly benefit payments instead of the lump-sum distribution if the member had five or more years of creditable service.

Contributions

Funding is provided by contributions from Plan members, the Department and earnings on investments. Members contribute 5% of their base salary. The Water and Sewer Funds' contributions are set by the City Council in conjunction with its approval of the annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary. For the years beginning May 1, 2021 and 2020, both the Water and Sewer Funds contributed 17.95% and 15.94% of payroll, respectively, which is the actuarially determined Board contribution rates for the respective years. Future contributions will be determined through the City's budgeting process.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

The Plan's governing body has the authority to establish and amend the contribution requirements of the Department and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial liability. The Water and Sewer Funds are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the years ended April 30, 2022 and 2021, employees within the Water Fund contributed \$1,011,233 and \$1,172,934, respectively, and the Water Fund contributed \$4,019,390 and \$3,739,314, respectively, to the Plan. For the years ended April 30, 2022 and 2021, employees within the Sewer Fund contributed \$885,411 and \$951,465, respectively, and the Sewer Fund contributed \$3,519,279 and \$3,033,269, respectively, to the Plan.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net pension liabilities are reported when the employer's total pension liability exceeds the Plan's fiduciary net position, or the employer's proportionate share of the total liability exceeds the employer's share of the Plan's fiduciary net position for cost-sharing, multiple employer plans. Net pension liability allocated to KC Water for the years ended April 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Water Fund		
Net pension liability	\$ 16,873,890	\$ 42,746,714
Proportion	13.12%	13.56%
Sewer Fund		
Net pension liability	\$ 13,181,442	\$ 35,835,055
Proportion	11.47%	11.00%

The net pension liability was measured as of April 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2020 and 2019 rolled forward one year to the measurement dates using standard actuarial techniques. The Water and Sewer Funds' proportion of the net pension liability was based on the respective Fund's actual contributions to the pension plan for the years ended April 30, 2021 and 2020.

For the years ended April 30, 2022 and 2021, the Water Fund recognized pension expense of \$946,871 and \$3,739,314, respectively. For the years ended April 30, 2022 and 2021, the Sewer Fund recognized pension expense of \$829,057 and \$3,033,269, respectively.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

At April 30, 2022 and 2021, KC Water reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water Fund				
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 12,517,314	\$ 12,344,164	\$ 2,183,036
Changes in assumptions	632,449	--	--	--
Differences between expected and actual experience	--	1,493,331	--	--
Fund contributions made subsequent to the measurement date of the net pension liability	4,019,390	--	3,732,322	--
	<u>4,651,839</u>	<u>14,010,645</u>	<u>16,076,486</u>	<u>2,183,036</u>
Sewer Fund				
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 10,959,854	\$ 10,013,412	\$ 1,770,848
Changes in assumptions	553,758	--	--	--
Differences between expected and actual experience	--	1,307,524	--	--
Fund contributions made subsequent to the measurement date of the net pension liability	3,519,279	--	3,027,607	--
	<u>4,073,037</u>	<u>12,267,378</u>	<u>13,041,019</u>	<u>1,770,848</u>
Total Department	<u>\$ 8,724,876</u>	<u>\$ 26,278,023</u>	<u>\$ 29,117,505</u>	<u>\$ 3,953,884</u>

At April 30, 2022 and 2021, the Water Fund reported \$4,019,390 and \$3,732,322, respectively, and the Sewer Fund reported \$3,519,279 and \$3,027,607, respectively, of deferred outflows of resources resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at April 30, 2022, related to pensions, will be recognized in pension expense as follows:

	Water	Sewer	Total
2022	\$ (2,972,952)	\$ (2,603,044)	\$ (5,575,996)
2023	(2,432,803)	(2,130,103)	(4,562,906)
2024	(2,438,581)	(2,135,162)	(4,573,743)
2025	(5,533,860)	(4,845,312)	(10,379,172)
	<u>\$ (13,378,196)</u>	<u>\$ (11,713,621)</u>	<u>\$ (25,091,817)</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions

The total pension liability in the April 30, 2021 and 2020 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2021	2020
Inflation	2.5%	3.0%
Salary increases	Ranges from 2.75% to 5.0%	Ranges from 3.75% to 5.0%
Ad hoc cost-of-living adjustments	3.0%, simple for Tier I Members 1.9% simple deferred to age 62 for Tier II Members	3.0%, simple for Tier I Members 2.5% for Tier II Members
Investment rate of return	7.00%	7.50%

Mortality rates for the April 30, 2021 valuation were based on the 2010 Public General Amount-Weighted Mortality Table for Healthy Employees projected using Scale MP-2020 on a generational basis.

Mortality rates for the April 30, 2020 valuation were based on the RP-2000 Mortality Tables projected using a modified scale MP-2015 on a generational basis.

The actuarial assumptions used in the April 30, 2021 and 2020 valuations were based on the results of actuarial experience studies for the periods 2015 – 2020 and 2010 – 2015 respectively, and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The 2021 and 2020 investment return assumptions of 7.00% and 7.50% respectively, were selected based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund, and (c) investment return assumptions of other public retirement systems.

The 2021 and 2020 inflation assumptions of 2.5% and 3.0% respectively, were selected based upon an analysis that included (a) input from the investment consultant, (b) historical inflation as measured by Consumer Price Index, and (c) implied inflation in long-term government bonds.

The 2021 long-term wage growth assumption of 2.75% was based upon the inflation assumption of 2.5% plus a real wage growth assumption of 0.25%, which was derived from an analysis of the covered employee group over the last 10 years, as well as historical increases in Social Security Average earnings.

The 2020 long-term wage growth assumption of 3.75% was based upon the inflation assumption of 3.0% plus a real growth wage assumption of 0.75% which was derived from an analysis of historical increases in Social Security Average earnings.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates arithmetic real rates of return for each major asset class including the Plan's target asset allocation as of April 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
US equity	17.00%	3.30%
Emerging manager of managers	4.00%	3.30%
Non-US equity	12.00%	5.00%
Emerging markets equity	5.00%	7.75%
Global equity	8.00%	4.30%
Fixed income		
Core fixed income	17.00%	0.00%
Non-core fixed income	15.00%	2.92%
Real assets		
Real estate	8.00%	3.50%
Infrastructure	3.00%	4.50%
Opportunistic	10.00%	2.38%
Cash	1.00%	(1.00%)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, which is the assumed long-term expected rate of return in Plan investments. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Benefit payments are projected through 2118.

KC WATER**A Department of the City of Kansas City, Missouri****NOTES TO FINANCIAL STATEMENTS****10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)*****Sensitivity of the Water and Sewer Fund's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The net pension liability of the Water and Sewer Funds have been calculated using a discount rate of 7.00% (7.5% in 2021). The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate:

	April 30, 2022		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Water fund net pension liability	\$ 38,852,882	\$ 16,873,890	\$ (2,174,972)
Sewer fund net pension liability	34,018,632	13,181,444	(1,904,352)
Total Department	<u>\$ 72,871,514</u>	<u>\$ 30,055,334</u>	<u>\$ (4,079,324)</u>
	April 30, 2021		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Water fund net pension liability	\$ 66,272,238	\$ 42,746,714	\$ 25,038,400
Sewer fund net pension liability	53,759,106	35,835,055	20,310,798
Total Department	<u>\$ 120,031,344</u>	<u>\$ 78,581,769</u>	<u>\$ 45,349,198</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report, located at www.kcmo.org.

Payable to the Pension Plan

At April 30, 2022 and 2021, the Water Fund reported a payable of \$74,000 and \$80,000, respectively, for the outstanding amount of contributions to the pension plan. At April 30, 2022 and 2021, the Sewer Fund reported a payable of \$65,000 and \$65,000, respectively, for the outstanding amount of contributions to the pension plan.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides for continuation of medical and prescription drug benefits to employees and their dependents that retire from City employment and who participate in the Employees' Retirement System of the City of Kansas City, Missouri.

The City requires the retirees to pay 100% of the same medical premium charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other postemployment benefits (OPEB) under GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City's OPEB plan does not issue a separate report.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan or when the retiree elects to participate in Medicare, or dies. Dependent coverage is available until the retiree becomes covered under another employer health plan. Upon the retiree's death, spouses can elect to continue coverage until they are covered by another health plan or die.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Total OPEB liability information for the year ended April 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Water Fund		
Total other postemployment benefit liability	\$ 8,014,993	\$ 6,796,709
Proportion	6.90%	6.98%
Sewer Fund		
Total other postemployment benefit liability	\$ 6,970,127	\$ 6,061,027
Proportion	6.04%	5.66%

The total OPEB liability was measured as of April 30, 2022 and 2021 and was determined by an actuarial valuation as of April 30, 2021 and 2020, respectively. The Water and Sewer Funds' proportion of the total other postemployment benefit liability was based on the respective Fund's actual contributions to the pension plan for the year ended April 30, 2021.

For the years ended April 30, 2022 and 2021, the Water Fund recognized OPEB expense of \$388,138 and \$405,160, respectively, and the Sewer Fund recognized OPEB expense of \$339,846 and \$328,659, respectively.

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A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At April 30, 2022 and 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water Fund				
Changes in assumptions	\$ 984,001	\$ 485,201	\$ 306,449	\$ 570,909
Differences between expected and actual experience	--	901,552	--	--
Contributions (benefit payments) made subsequent to the measurement date	522,294	--	525,341	1,060,807
	<u>1,506,295</u>	<u>1,386,753</u>	<u>831,790</u>	<u>1,631,716</u>
Sewer Fund				
Changes in assumptions	\$ 861,572	\$ 424,832	\$ 248,586	\$ 463,111
Differences between expected and actual experience	--	789,381	--	--
Contributions (benefit payments) made subsequent to the measurement date	457,310	--	426,142	860,497
	<u>1,318,882</u>	<u>1,214,213</u>	<u>674,728</u>	<u>1,323,608</u>
Total Department	<u>\$ 2,825,177</u>	<u>\$ 2,600,966</u>	<u>\$ 1,506,518</u>	<u>\$ 2,955,324</u>

At April 30, 2022 and 2021, the Water Fund reported \$522,294 and \$525,341, respectively and the Sewer Fund reported \$457,310 and \$426,147, respectively of deferred outflows of resources resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources at April 30, 2022, related to OPEB, will be recognized in OPEB expense as follows:

	Water	Sewer	Total
2023	\$ (71,822)	\$ (62,886)	\$ (134,708)
2024	(71,822)	(62,886)	(134,708)
2025	(71,822)	(62,886)	(134,708)
2026	(71,924)	(62,975)	(134,899)
2027	(77,093)	(67,501)	(144,594)
Thereafter	<u>(38,269)</u>	<u>(33,507)</u>	<u>(71,776)</u>
	<u>\$ (402,752)</u>	<u>\$ (352,641)</u>	<u>\$ (755,393)</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability in the April 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Salary increases	Service based rates from 3.75% to 5.0%
Discount rate	2.12% as of measurement date; 2.92% for the prior year
Health care trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years

The discount rate was based on the Fidelity 20-Year Municipal GO AA Index.

Mortality rates were based on the RP-2000 Combined Healthy Non-Annuitant Mortality Table for active members and for the employees it is multiplied by 0.956 for males and 0.96 for females. The RP 2000 Combined Healthy Annuitant Mortality Table is used for healthy retirees and multiplied 1.078 for males and 1.065 for females. The RP 2000 Combined Disabled Mortality Table is applied to disabled retirees and employees and is multiplied by 1.3 for males and 1.5 for females. Future mortality improvements were modeled using a modified Scale MP-2015.

The actuarial assumptions used in the April 30, 2021 valuation were based on an experience analysis of the plan's past experience, the actuary's experience with plans of similar size, plan design, and retiree contribution level.

Sensitivity of the Water and Sewer Fund's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability of the Water and Sewer Funds as of April 30, 2022 and 2021 has been calculated using a discount rate of 2.12% and 2.92%, respectively. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current rate:

	April 30, 2022		
	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Water Fund total OPEB liability	\$ 8,764,489	\$ 8,014,993	\$ 6,458,669
Sewer Fund total OPEB liability	7,674,005	6,970,127	5,655,077
Total Department	<u>\$ 16,438,494</u>	<u>\$ 14,985,120</u>	<u>\$ 12,113,746</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

	April 30, 2021		
	1% Decrease (1.92%)	Current Discount Rate (2.92%)	1% Increase (3.92%)
Water Fund total OPEB liability	\$ 7,558,790	\$ 6,796,709	\$ 5,682,635
Sewer Fund total OPEB liability	6,131,550	6,061,027	4,609,647
Total Department	<u>\$ 13,690,340</u>	<u>\$ 12,857,736</u>	<u>\$ 10,292,282</u>

Sensitivity of the Water and Sewer Fund's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The total OPEB liability of the Water and Sewer Funds as of April 30, 2022 and 2021 has been calculated using a healthcare cost trend rate of 7.0% decreasing to 4.15%. The following presents the total OPEB liability using a healthcare cost trend rate 1% higher and 1% lower than the current rate:

	April 30, 2022		
	1% Decrease (6.0% decreasing to 3.15%)	Current Discount Rate (7.0% decreasing to 4.15%)	1% Increase (8.0% decreasing to 5.15%)
Water fund total OPEB liability	\$ 6,731,087	\$ 8,014,993	\$ 8,461,662
Sewer fund total OPEB liability	5,893,601	6,970,127	7,408,856
Total Department	<u>\$ 12,624,688</u>	<u>\$ 14,985,120</u>	<u>\$ 15,870,518</u>

	April 30, 2021		
	1% Decrease (6.0% decreasing to 3.15%)	Current Discount Rate (7.0% decreasing to 4.15%)	1% Increase (8.0% decreasing to 5.15%)
Water fund total OPEB liability	\$ 5,942,158	\$ 6,796,709	\$ 7,261,816
Sewer fund total OPEB liability	4,820,168	6,061,027	5,890,649
Total Department	<u>\$ 10,762,326</u>	<u>\$ 12,857,736</u>	<u>\$ 13,152,465</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS

At April 30, 2022 and 2021, the City had made purchase commitments primarily for additions to utility lines and improvements on behalf of the Water Fund of approximately \$102,557,593 and \$67,202,728, respectively. These commitments will be funded by a combination of existing resources and future debt issuances.

At April 30, 2022 and 2021, the City had made purchase commitments, primarily for additions to plant on behalf of the Sewer Fund of approximately \$230,451,562 and \$244,847,590, respectively. These commitments will be funded by a combination of existing resources and future debt issuances.

13. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department is self-insured for workers' compensation and general liability exposures and participates in the City's self-insurance programs. The City has purchased insurance to limit the exposure to \$1,000,000 on workers' compensation claims per occurrence occurring prior to fiscal year 1997, \$500,000 exposure for all claims originating in fiscal year 1997, \$400,000 exposure for all claims originating in fiscal year 1998, \$2,000,000 exposure for all claims originating in fiscal years 2003 through 2007, \$1,000,000 exposure for all claims originating in fiscal years 2008 through 2011, and \$2,000,000 for all claims originating thereafter. The City also purchases an excess liability policy to cover torts, which are not barred by sovereign immunity and exceed the tort cap. Current sovereign tort immunity statutes and law limit general liability and automobile claim exposure to a maximum of \$1,000,000 per person and \$3,000,000 per occurrence. The City also maintains commercial insurance coverage for those areas not covered by the City's self-insurance programs, such as excess general liability, property, cyber and auto. Settled claims have not exceeded commercial insurance coverage for the past three years.

All funds of the City participate in the program and make payments based on estimates of the amounts needed to pay prior and current year claims. The claims liability for the Water and Sewer Funds includes an estimate of claims incurred but not reported (IBNR), which was determined based upon historical claims experience.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

13. RISK MANAGEMENT (CONTINUED)

Activity in the Water and Sewer Fund's claims liability for the years ended April 30, 2022, 2021 and 2020 is summarized as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Water			
Balance, beginning of the year	\$ 21,831,776	\$ 21,154,924	\$ 18,763,568
Current year claims incurred and changes in estimates for claims incurred in prior years	30,453,709	3,841,575	6,049,686
Claims and expenses paid	<u>(18,119,296)</u>	<u>(3,164,723)</u>	<u>(3,658,330)</u>
Balance, end of the year	34,166,189	21,831,776	21,154,924
Less current portion	<u>(8,199,885)</u>	<u>(5,084,805)</u>	<u>(4,807,066)</u>
Noncurrent portion	<u>\$ 25,966,304</u>	<u>\$ 16,746,971</u>	<u>\$ 16,347,858</u>
Sewer			
Balance, beginning of the year	\$ 16,867,443	\$ 14,997,680	\$ 10,113,652
Current year claims incurred and changes in estimates for claims incurred in prior years	4,919,642	4,887,788	10,147,377
Claims and expenses paid	<u>(3,649,195)</u>	<u>(3,018,025)</u>	<u>(5,263,349)</u>
Balance, end of the year	18,137,890	16,867,443	14,997,680
Less current portion	<u>(4,353,094)</u>	<u>(3,926,929)</u>	<u>(3,412,517)</u>
Noncurrent portion	<u>\$ 13,784,796</u>	<u>\$ 12,940,514</u>	<u>\$ 11,585,163</u>

14. DISCLOSURES ABOUT FAIR VALUE OF ASSETS

KC Water 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; and Level 3 inputs are significant unobservable inputs.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

14. DISCLOSURES ABOUT FAIR VALUE OF ASSETS (CONTINUED)

The City has the following recurring fair value measurements as of April 30, 2022 and 2021:

- U.S. Treasury Bills, U.S. Treasury Notes/Bonds and federal agencies of approximately \$1,301,768 and \$1,477,031 as of April 30, 2022 and 2021, respectively, are valued using quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets (Level 2) inputs.

15. NET POSITION

Net investment in capital assets as of April 30, 2022 and 2021 is comprised of the following:

	April 30, 2022		
	Water	Sewer	Total
Capital Related Assets			
Land	\$ 10,329,550	\$ 15,000,580	\$ 25,330,130
Construction in progress	71,170,918	122,824,179	193,995,097
Buildings	190,785,946	--	190,785,946
Treatment plant and other facilities	--	366,725,050	366,725,050
Utility line and improvements	1,094,263,760	1,392,567,650	2,486,831,410
Land improvements	8,461	51,778,317	51,786,778
Green infrastructure	--	30,196,363	30,196,363
Machinery and equipment	106,297,823	205,786,273	312,084,096
	1,472,856,458	2,184,878,412	3,657,734,870
Less accumulated depreciation	(267,434,558)	(493,040,826)	(760,475,384)
Capital assets, net	1,205,421,900	1,691,837,586	2,897,259,486
Deferred amount on refunding	(5,075,919)	(6,839,721)	(11,915,640)
Less Related Liabilities			
Current portion, bonds payable	19,310,000	24,071,600	43,381,600
Bonds and notes payable, net of premium, discount and unspent proceeds	323,653,379	526,261,005	849,914,384
Contracts and retainages payable	4,035,454	5,262,803	9,298,257
Total capital related liabilities	346,998,833	555,595,408	902,594,241
Net investment in capital assets	\$ 853,347,148	\$ 1,129,402,457	\$ 1,982,749,605

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

15. NET POSITION (CONTINUED)

	April 30, 2021		
	Water	Sewer	Total
Capital Related Assets			
Land	\$ 10,327,327	\$ 14,773,716	\$ 25,101,043
Construction in progress	43,532,519	110,587,900	154,120,419
Buildings	190,482,339	--	190,482,339
Treatment plant and other facilities	--	347,242,868	347,242,868
Utility line and improvements	1,042,126,935	1,313,275,946	2,355,402,881
Land improvements	8,461	11,954,114	11,962,575
Green infrastructure	--	29,755,738	29,755,738
Machinery and equipment	105,583,876	192,958,056	298,541,932
	<u>1,392,061,457</u>	<u>2,020,548,338</u>	<u>3,412,609,795</u>
Less accumulated depreciation	<u>(251,474,841)</u>	<u>(457,322,787)</u>	<u>(708,797,628)</u>
Capital assets, net	<u>1,140,586,616</u>	<u>1,563,225,551</u>	<u>2,703,812,167</u>
Deferred amount on refunding	<u>(997,482)</u>	<u>1,509,372</u>	<u>511,890</u>
Less Related Liabilities			
Current portion, bonds payable	19,410,000	25,291,000	44,701,000
Bonds and notes payable, net of premium, discount and unspent proceeds	314,570,275	514,964,307	829,534,582
Contracts and retainages payable	<u>2,235,805</u>	<u>6,795,597</u>	<u>9,031,402</u>
Total capital related liabilities	<u>336,216,080</u>	<u>547,050,904</u>	<u>883,266,984</u>
Net investment in capital assets	<u>\$ 803,373,054</u>	<u>\$ 1,017,684,019</u>	<u>\$ 1,821,057,073</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

15. NET POSITION (CONTINUED)

Restricted net position as of April 30, 2022 and 2021 is comprised of the following:

	April 30, 2022		
	Water	Sewer	Total
Restricted assets			
Cash and cash equivalents	\$ 2,469,296	\$ 3,262,252	\$ 5,731,548
Investments	87,034,862	74,184,712	161,219,574
Interest receivable	267,607	259,064	526,671
	<u>89,771,765</u>	<u>77,706,028</u>	<u>167,477,793</u>
Less liabilities payable from restricted assets			
Debt related to unspent bond proceeds	41,564,349	20,612,918	62,177,267
Accrued interest and fiscal agent fees	6,006,984	7,217,753	13,224,737
Customer deposits	3,983,411	--	3,983,411
	<u>51,554,744</u>	<u>27,830,671</u>	<u>79,385,415</u>
Restricted Net Position	<u>\$ 38,217,021</u>	<u>\$ 49,875,357</u>	<u>\$ 88,092,378</u>
	April 30, 2021		
	Water	Sewer	Total
Restricted assets			
Cash and cash equivalents	\$ 956,710	\$ 1,148,881	\$ 2,105,591
Investments	124,976,759	99,283,917	224,260,676
Interest receivable	460,482	466,686	927,168
	<u>126,393,951</u>	<u>100,899,484</u>	<u>227,293,435</u>
Less liabilities payable from restricted assets			
Debt related to unspent bond proceeds	77,783,130	42,415,216	120,198,346
Accrued interest and fiscal agent fees	6,433,609	7,531,535	13,965,144
Customer deposits	3,628,246	--	3,628,246
	<u>87,844,985</u>	<u>49,946,751</u>	<u>137,791,736</u>
Restricted Net Position	<u>\$ 38,548,966</u>	<u>\$ 50,952,733</u>	<u>\$ 89,501,699</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

16. CITY SEWER OVERFLOW CONTROL PLAN

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the City. In response, Kansas City Water Services prepared an Overflow Control Plan (Plan). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is structured to prevent as much stormwater as practicable from entering the combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the City.

The program to implement the City's Plan, called the Smart Sewer Program, was developed to meet regulatory requirements related to reducing wet-weather overflows from the stormwater system and preventing overflows from the separate Sanitary Sewer System. The City and its regulatory partners have agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88% of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four-hour rainfall event. Individual elements of the City's Plan became part of an enforceable document on September 27, 2010, with the entry of a Consent Decree in United States District Court for the Western District of Missouri (the "Original Consent Decree," as subsequently amended by the First Amended Consent Decree (defined herein) on January 9, 2015, by the Second Amended Consent Decree (defined herein) on November 9, 2017, and by the Third Amended Consent Decree (defined herein) on March 3, 2021, (collectively, the "Consent Decree"). To date, the City has fulfilled all requirements set forth in the Consent Decree.

Beginning in 2013, the City's Water Services Department and its Overflow Control Plan team members worked with EPA to modify specific components of the control measure implementation schedule to allow sufficient time for the City to better determine the sizing of any necessary infrastructure investments for control of sewer overflows in the Blue River South Basin prior to initiating construction. The EPA approved these changes in November 2014 and the United States District Court for the Western District of Missouri (the "Court") approved an amendment to the Original Consent Decree on January 9, 2015 (the "First Amended Consent Decree"). The modifications also resulted in the strategic advancement of several other projects that are intended to reduce the frequency of overflow events in the stormwater system and to reduce the amount of excessive inflow and infiltration into the City's separate Sanitary Sewer System. Subsequently, in 2016, the City's Water Services Department approached the EPA to modify the scope and timing of six control measures required by the Original Consent Decree, as amended by the First Amended Consent Decree in January 2015, to enhance the efficient deployment of funding and personnel, adjust construction sequencing, modify facility sizing and leverage opportunities to simultaneously improve and protect other City infrastructure, including infrastructure relating to the City's separate waterworks system and stormwater system. The EPA approved these changes in November 2017 and the Court approved a Second Amended Consent Decree in January 2018 (the "Second Amended Consent Decree").

On January 15, 2021, the Department of Justice lodged a proposed Third Amended Consent Decree (the "Third Amended Consent Decree") with the Court. Under the proposed Third Amended Consent Decree, the City has agreed to achieve a series of interim overflow reductions culminating in achievement of at least 85% reduction of overflow volume no later than December 31, 2040. The interim milestones require capture of specified percentages of

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A Department of the City of Kansas City, Missouri

NOTES TO FINANCIAL STATEMENTS

16. CITY SEWER OVERFLOW CONTROL PLAN (CONTINUED)

overflows and implementation of specified control measures by December 31, 2024, December 31, 2030, and December 31, 2035. Additionally, the Third Amended Consent Decree incorporates adaptive management concepts intended to allow the parties expeditiously to agree upon re-ordering or substitution of projects in a manner that does not impact the achievement of interim or final flow capture requirements. The Third Amended Consent Decree was on notice for public comment through March 1, 2021, and the Court approved the Third Amended Consent Decree on March 3, 2021. In pursuit of any future modifications to the Consent Decree, the City will continue to prioritize amendments that are designed to ensure the continued sustainability of the Plan implementation and to meet other compliance obligations.

The current estimated capital cost of this Plan is projected to be approximately \$1.9 billion (on an inflation adjusted basis) at the end of the 25-year timeframe. In addition, there is expected to be an approximately \$30 million increase in annual expenditures for operation and maintenance related to the Plan. It is anticipated that the Plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the Plan. As implementation of the Plan continues, specific financing strategies to offset the cost will be evaluated and implemented, which could include appropriation of monies from the City's general fund.

The Overflow Control Program contains some 120 overflow control measure projects to be implemented over the 30-year implementation period. The program is currently on schedule and on budget with Water Services having completed a total of 38 projects and currently implementing 49 projects.

17. SUBSEQUENT EVENTS

COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic, prompting governmental actions to slow the spread of the disease, including mandates for businesses and for individuals. These mandates have contributed to a major contraction of the global economy and substantial changes to the business environment.

While the Department is actively managing its risks, the COVID-19 pandemic has made an impact on the day-to-day operations of the Department. While the Department does not have widespread concern at the present time, it's still at risk of disruption from the continued spread of the virus.

Financial Section

REQUIRED SUPPLEMENTARY INFORMATION



KC WATER
A Department of the City of Kansas City, Missouri

**SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF KANSAS CITY, MISSOURI**

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Water Fund							
Proportion of the net pension liability	13.12%	13.56%	13.08%	13.15%	13.07%	12.54%	12.54%
Proportionate share of the net pension liability	\$ 16,873,890	\$ 42,746,714	\$ 29,639,215	\$ 26,886,735	\$ 29,029,374	\$ 30,723,968	\$ 13,380,125
Covered payroll	\$ 22,814,886	\$ 22,654,467	\$ 22,426,767	\$ 21,917,938	\$ 21,467,220	\$ 20,923,378	\$ 21,020,683
Proportionate share of the net pension liability as a percentage of covered payroll	73.96%	188.69%	132.16%	122.67%	135.23%	146.84%	63.65%
Plan fiduciary net position as a percentage of the total pension liability	91.39%	77.24%	83.75%	84.84%	83.10%	80.69%	91.05%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Sewer Fund							
Proportion of the net pension liability	11.47%	11.00%	11.02%	11.27%	11.16%	10.58%	10.58%
Proportionate share of the net pension liability	\$ 13,181,444	\$ 35,835,055	\$ 25,202,429	\$ 22,882,403	\$ 24,792,427	\$ 25,927,891	\$ 11,291,459
Covered payroll	\$ 17,822,396	\$ 18,991,497	\$ 19,069,635	\$ 18,653,626	\$ 18,330,082	\$ 17,653,058	\$ 17,739,310
Proportionate share of the net pension liability as a percentage of covered payroll	73.96%	188.69%	132.16%	122.67%	135.26%	146.87%	63.65%
Plan fiduciary net position as a percentage of the total pension liability	91.39%	77.24%	83.75%	84.84%	83.10%	80.69%	91.05%

Notes to Schedule:

This schedule is intended to show a ten-year trend. Additional years will be reported as they become available.
This information is presented as of the measurement date for each fiscal year, which is April 30 of the prior year.

KC WATER
A Department of the City of Kansas City, Missouri

SCHEDULE OF THE DEPARTMENT'S CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF KANSAS CITY, MISSOURI

	Last Ten Fiscal Years						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Water Fund							
Contractually required contribution	\$ 4,010,958	\$ 3,575,194	\$ 3,521,231	\$ 3,397,928	\$ 3,187,882	\$ 2,889,519	\$ 3,077,428
Contributions in relation to contractually required contribution	<u>4,010,390</u>	<u>3,732,322</u>	<u>3,564,462</u>	<u>3,422,799</u>	<u>3,206,129</u>	<u>2,972,461</u>	<u>3,082,377</u>
Contribution deficiency (excess)	<u>\$ 568</u>	<u>\$ (157,128)</u>	<u>\$ (43,231)</u>	<u>\$ (24,871)</u>	<u>\$ (18,247)</u>	<u>\$ (82,942)</u>	<u>\$ (4,949)</u>
Covered payroll	\$ 21,631,014	\$ 23,488,496	\$ 22,432,108	\$ 22,574,265	\$ 21,932,901	\$ 20,596,705	\$ 20,923,378
Contributions as a percentage of covered payroll	18.54%	15.89%	15.89%	15.16%	14.62%	14.44%	14.73%
Sewer Fund							
Contractually required contribution	\$ 3,379,262	\$ 3,012,129	\$ 2,966,664	\$ 3,029,020	\$ 2,722,017	\$ 2,437,887	\$ 2,596,426
Contributions in relation to contractually required contribution	<u>3,519,279</u>	<u>3,027,607</u>	<u>3,004,432</u>	<u>3,051,202</u>	<u>2,737,598</u>	<u>2,508,543</u>	<u>2,601,211</u>
Contribution deficiency (excess)	<u>\$ (140,017)</u>	<u>\$ (15,478)</u>	<u>\$ (37,768)</u>	<u>\$ (22,182)</u>	<u>\$ (15,581)</u>	<u>\$ (70,656)</u>	<u>\$ (4,785)</u>
Covered payroll	\$ 18,982,087	\$ 19,053,537	\$ 18,907,690	\$ 20,123,414	\$ 18,727,711	\$ 17,377,443	\$ 17,653,058
Contributions as a percentage of covered payroll	18.54%	15.89%	15.89%	15.16%	14.62%	14.44%	14.73%

Notes to Schedule:

This schedule is intended to show a ten-year trend. Additional years will be reported as they become available
This information is presented as of the Department's most recent fiscal year end.
There are no significant changes to benefit assumptions and/ or actuarial methods.

KC WATER
A Department of the City of Kansas City, Missouri

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY

	Last Ten Fiscal Years			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Water Fund				
Proportion of the collective total OPEB liability	6.90%	6.98%	7.12%	7.12%
Proportionate share of the collective total OPEB liability	\$ 8,014,993	\$ 6,796,709	\$ 8,510,917	\$ 7,812,575
Covered employee-payroll	\$ 19,582,196	\$ 18,631,329	\$ 18,546,343	\$ 17,976,473
Proportionate share of the total OPEB liability as a percentage of covered-employee payroll	40.93%	36.48%	45.89%	43.46%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Sewer Fund				
Proportion of the OPEB liability	6.04%	5.66%	6.01%	6.36%
Proportionate share of the OPEB liability	\$ 6,970,127	\$ 6,061,027	\$ 7,305,537	\$ 6,716,068
Covered employee-payroll	\$ 17,029,384	\$ 16,614,657	\$ 15,919,671	\$ 15,453,447
Proportionate share of the total OPEB liability as a percentage of covered-employee payroll	40.93%	36.48%	45.89%	43.46%

Notes to Schedule:

This schedule is intended to show a ten-year trend. Additional years will be reported as they become available.
There are no assets accumulated in a trust for future benefit payments.
This information is presented as of the measurement date for each fiscal year, which is April 30 of the prior year.

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Financial Section

SUPPLEMENTARY INFORMATION



KC WATER
A Department of the City of Kansas City, Missouri

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - SEWER FUND**

Year Ended April 30, 2022

	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
OPERATING REVENUES			
Residential and commercial sales	\$ 215,163,835	\$ 13,991,650	\$ 229,155,485
Intermunicipal sewer charges	43,241,268	-	43,241,268
Other operating revenue	5,603,003	332,191	5,935,194
	<u>264,008,106</u>	<u>14,323,841</u>	<u>278,331,947</u>
OPERATING EXPENSES			
Sewage treatment and pumping	42,989,025	53,619	43,042,644
Sewer maintenance	24,539,890	6,412,947	30,952,837
Industrial and household waste control	1,475,246	--	1,475,246
Administrative and general	37,886,393	3,306,705	41,193,098
Depreciation	36,199,007	8,208,075	44,407,082
	<u>143,089,561</u>	<u>17,981,346</u>	<u>161,070,907</u>
Operating income (loss)	<u>120,918,545</u>	<u>(3,657,505)</u>	<u>117,261,040</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	(16,319,934)	(340,287)	(16,660,221)
Interest expense and fiscal agent fees	(17,689,941)	(8,774)	(17,698,715)
Other	366,158	227,339	593,497
	<u>(33,643,717)</u>	<u>(121,722)</u>	<u>(33,765,439)</u>
Excess of revenues over expenses before capital contributions and transfers	87,274,828	(3,779,227)	83,495,601
Capital contributions	6,203,757	79,117,650	85,321,407
Payment-in-lieu of taxes	(3,164,800)	-	(3,164,800)
Transfers to other funds	(146,606)	(32,603)	(179,209)
	<u>90,167,179</u>	<u>75,305,820</u>	<u>165,472,999</u>
Net position, beginning of year	1,221,695,623	197,317,737	1,419,013,360
Net position, end of year	<u>\$ 1,311,862,802</u>	<u>\$ 272,623,557</u>	<u>\$ 1,584,486,359</u>

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Statistical Section



Financial Trends
Revenue Capacity
Debt Capacity

Demographic and Economic Information
Operating Information

KC WATER
A Department of the City of Kansas City, Missouri

STATISTICAL SECTION
(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Department's overall financial health.

Page

Financial Trends

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These schedules contain trend information to help the reader understand how the utility's financial performance and well-being have changed over time.

Revenue Capacity

74

These schedules contain information to help the reader assess the Department's most significant local revenue source.

Debt Capacity

80

These schedules present information to help the reader assess the affordability of the Department's current levels of outstanding debt and the Department's ability to issue additional debt in the future.

Demographic and Economic Information

86

These schedules offer demographic and economic indicators to help the reader understand how the information in the utility's financial activities takes place.

Operating Information

88

These schedules contain service and infrastructure data to help the readers understand how the information in the utility's financial report relates to the services the utility provides and the activities it performs.

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Statistical Section

FINANCIAL TRENDS



KC Water
A Department of the City of Kansas City, Missouri
Net Position by Category
Last Ten Fiscal Years

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Water Fund										
Net investment in capital assets	\$ 488,842,664	\$ 513,054,370	\$ 552,399,594	\$ 593,543,635	\$ 614,223,737	\$ 647,464,407	\$ 681,493,169	\$ 745,747,490	\$ 803,373,054	\$ 853,347,148
Restricted - expendable	13,199,410	26,454,618	24,439,399	37,103,229	38,260,756	38,833,822	38,533,594	38,155,258	38,548,966	38,217,021
Unrestricted	83,331,615	83,631,558	99,975,615	94,221,747	122,721,652	137,090,444	155,687,131	141,884,932	127,522,831	104,477,376
Total net position	\$ 585,373,689	\$ 623,140,546	\$ 676,814,608	\$ 724,868,611	\$ 775,206,145	\$ 823,388,673	\$ 875,713,894	\$ 925,787,680	\$ 969,444,851	\$ 996,041,545
Sewer Fund										
Net investment in capital assets	\$ 651,557,999	\$ 693,704,508	\$ 733,946,847	\$ 760,587,456	\$ 811,627,922	\$ 855,177,897	\$ 883,896,794	\$ 959,996,033	\$ 1,017,684,019	\$ 1,129,402,457
Restricted - expendable	11,664,261	22,724,620	31,483,449	55,523,858	55,405,867	56,891,926	52,024,385	52,592,861	50,952,733	49,875,357
Unrestricted	87,048,093	113,228,784	140,969,348	151,260,389	177,299,923	196,662,438	268,015,374	303,958,160	350,376,608	405,208,545
Total net position	\$ 750,270,353	\$ 829,657,912	\$ 906,399,644	\$ 967,371,703	\$ 1,044,333,712	\$ 1,108,732,261	\$ 1,203,936,553	\$ 1,316,547,054	\$ 1,419,013,360	\$ 1,584,486,359
Total Department										
Net investment in capital assets	\$ 1,140,400,663	\$ 1,206,758,878	\$ 1,286,346,441	\$ 1,354,131,091	\$ 1,425,851,659	\$ 1,502,642,304	\$ 1,565,389,963	\$ 1,705,743,523	\$ 1,821,057,073	\$ 1,982,749,605
Restricted - expendable	24,863,671	49,179,238	55,922,848	92,627,087	93,666,623	95,725,748	90,557,979	90,748,119	89,501,699	88,092,378
Unrestricted	170,379,708	196,860,342	240,944,963	245,482,136	300,021,575	333,752,882	423,702,505	445,843,092	477,899,439	509,685,921
Total net position	\$ 1,335,644,042	\$ 1,452,798,458	\$ 1,583,214,252	\$ 1,692,240,314	\$ 1,819,539,857	\$ 1,932,120,934	\$ 2,079,650,447	\$ 2,242,334,734	\$ 2,388,458,211	\$ 2,580,527,904

Source: Annual Financial Report for 2017 to 2021 and historical audited financials for remaining years

Note: The Water and Sewer Funds adopted GASB 65 starting in 2013. Previous years have not been restated for the adoption of GASB 65.

Note: The Water and Sewer Funds adopted GASB 68 starting in 2016. Previous years have not been restated for the adoption of GASB 68.

KC Water
A Department of the City of Kansas City, Missouri
Changes in Net Position - Water Fund
Last Ten Fiscal Years

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Operating Revenues										
Water sales	\$ 139,044,243	\$ 136,645,032	\$ 141,805,902	\$ 145,387,719	\$ 153,502,388	\$ 156,118,392	\$ 158,860,825	\$ 157,179,574	\$ 161,885,246	\$ 166,990,659
Other water revenue	4,128,038	3,132,691	3,363,610	3,638,548	4,995,566	4,011,261	5,015,315	4,402,222	1,287,030	8,280,927
Income from jobbing and contract work and miscellaneous revenues	6,470,794	4,459,597	5,133,697	6,183,139	6,859,793	7,084,210	7,069,352	7,923,187	5,774,043	8,111,840
Total operating revenues	149,643,075	144,237,320	150,303,209	155,209,406	165,357,747	167,213,863	170,945,492	169,504,983	168,946,319	183,383,426
Operating Expenses										
Power and pumping	5,391,806	4,924,274	4,958,291	5,287,722	5,900,861	5,953,828	5,991,337	5,975,698	5,850,899	5,580,960
General and electrical maintenance	4,347,317	4,758,471	4,733,179	4,676,138	6,151,741	6,827,393	6,052,038	9,511,392	7,778,145	7,759,491
Purification	12,245,660	12,159,176	12,141,165	13,081,316	13,185,929	14,156,235	13,888,584	13,101,963	13,846,331	13,360,780
Laboratory services	2,471,376	2,593,992	2,688,627	2,641,992	2,906,656	2,914,501	2,782,649	2,744,759	2,955,645	2,317,688
Transmission and distribution	23,062,262	20,756,589	16,869,006	17,818,781	19,436,953	18,678,483	22,389,216	20,622,294	22,219,704	18,636,961
Customer service	7,851,497	8,229,725	9,122,385	7,768,625	8,263,111	7,087,348	7,095,014	6,897,975	7,149,332	5,967,611
Mechanical maintenance	2,929,851	2,928,413	2,680,090	2,151,887	2,305,651	2,205,877	1,986,562	1,940,759	2,400,326	2,751,694
Customer accounting and collection	5,650,757	9,215,812	10,558,460	6,983,041	6,658,713	7,597,356	8,102,814	8,472,598	8,680,969	9,446,085
Administrative and general	14,748,958	19,056,962	16,352,602	16,090,363	22,639,576	23,460,691	20,261,798	24,167,387	20,912,653	47,338,845
Depreciation and amortization	14,375,320	15,024,352	15,616,130	17,222,379	18,893,810	21,354,867	22,565,048	23,489,419	24,580,868	25,006,185
Total operating expenses	93,074,804	99,647,766	95,719,935	93,722,244	106,343,001	110,236,579	111,115,060	116,924,244	116,374,872	138,166,300
Operating Income	56,568,271	44,589,554	54,583,274	61,487,162	59,014,746	56,977,284	59,830,432	52,580,739	52,571,447	45,217,126
Non-Operating Revenues (expenses)										
Interest income	977,115	632,555	1,851,862	1,516,951	1,238,646	1,265,617	8,537,682	12,776,033	1,198,033	(7,831,754)
Interest expense and fiscal agent fees	(9,772,564)	(9,586,155)	(11,600,786)	(9,554,013)	(12,005,062)	(12,984,672)	(15,338,719)	(14,557,061)	(13,565,813)	(11,173,909)
Other	(472,629)	(7,312)	78,478	(113,555)	(3,961)	53,426	(156,198)	52,848	102,777	293,390
Total nonoperating expenses, net	(9,268,078)	(8,960,912)	(9,670,446)	(8,150,617)	(10,770,377)	(11,665,629)	(6,957,235)	(1,728,180)	(12,265,003)	(18,712,273)
Excess of Revenues Over Expenses Before Capital Contributions	47,300,193	35,628,642	44,912,828	53,336,545	48,244,369	45,311,655	52,873,197	50,852,559	40,306,444	26,504,853
Capital Contributions	2,617,234	2,138,215	8,761,234	3,188,326	3,465,581	4,764,615	4,306,335	3,422,479	7,588,784	6,046,790
Payment-in-lieu of taxes	-	-	-	-	(1,372,416)	(1,893,742)	(2,793,824)	(4,201,253)	(4,238,057)	(5,743,569)
Transfers to other funds	-	-	-	-	-	-	-	-	-	(211,380)
Increase in Net Position	\$ 49,917,427	\$ 37,766,857	\$ 53,674,062	\$ 56,524,871	\$ 50,337,534	\$ 48,182,528	\$ 54,385,708	\$ 50,073,785	\$ 43,657,171	\$ 26,596,694

Source: Annual Financial Report for 2017 to 2022 and historical audited financials for remaining years

KC Water
A Department of the City of Kansas City, Missouri
Changes in Net Position - Sewer Fund
Last Ten Fiscal Years

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Operating Revenues										
Retail sewer charges	\$ 93,951,330	\$ 106,689,690	\$ 119,719,601	\$ 138,557,694	\$ 158,353,571	\$ 172,044,086	\$ 188,155,693	\$ 197,790,621	\$ 189,915,943	\$ 215,163,835
Intermunicipal sewer charges	24,508,149	28,047,478	32,700,685	37,242,952	33,687,701	33,517,836	43,408,413	48,691,700	46,891,933	43,241,268
Stormwater fees	12,648,966	12,866,145	12,980,291	13,014,456	12,741,452	13,434,164	13,262,846	13,337,251	13,667,695	13,991,650
Other operating revenues	3,873,393	3,647,080	4,093,029	4,792,703	5,114,883	6,463,802	7,083,659	7,073,664	6,276,153	5,935,194
Total operating revenues	<u>134,981,838</u>	<u>151,250,393</u>	<u>169,493,606</u>	<u>193,607,805</u>	<u>209,897,607</u>	<u>225,459,888</u>	<u>251,910,611</u>	<u>266,893,236</u>	<u>256,751,724</u>	<u>278,331,947</u>
Operating Expenses										
Sewerage treatment and pumping	21,530,125	22,025,549	24,479,377	30,673,879	29,345,704	35,705,684	31,051,997	35,946,597	38,191,820	43,042,644
Sewer maintenance	25,169,485	26,767,154	30,295,934	30,082,417	30,899,733	36,805,512	39,505,164	35,342,206	32,945,842	30,952,837
Industrial and household hazardous waste control	1,318,222	1,277,181	1,322,689	1,339,268	1,409,208	1,470,939	1,593,859	1,607,746	44,150,308	41,193,098
Administrative and general	22,351,473	23,205,978	27,192,886	32,340,109	39,753,428	50,906,139	44,667,120	55,669,992	1,278,419	1,475,246
Depreciation and amortization	22,450,445	23,947,433	26,491,741	28,558,919	30,134,434	33,656,813	37,713,934	38,954,449	41,394,117	44,407,082
Total operating expenses	<u>92,819,750</u>	<u>97,223,295</u>	<u>109,782,627</u>	<u>122,994,592</u>	<u>131,542,507</u>	<u>158,545,087</u>	<u>154,532,074</u>	<u>167,520,990</u>	<u>157,960,506</u>	<u>161,070,907</u>
Operating Income	<u>42,162,088</u>	<u>54,027,098</u>	<u>59,710,979</u>	<u>70,613,213</u>	<u>78,355,100</u>	<u>66,914,801</u>	<u>97,378,537</u>	<u>99,372,246</u>	<u>98,791,218</u>	<u>117,261,040</u>
Non-Operating Revenues (expenses)										
Interest income	1,803,044	1,073,477	2,612,752	2,052,642	2,166,678	1,455,586	15,609,263	25,011,937	3,111,030	(16,660,221)
Interest expense and fiscal agent fees	(6,463,942)	(6,813,348)	(7,760,680)	(10,797,250)	(9,459,096)	(12,347,984)	(19,854,995)	(21,941,913)	(21,065,577)	(17,698,715)
Other	(722,436)	244,250	(38,763)	(28,187)	(59,551)	29,550	(73,735)	66,004	314,423	593,497
Total non-operating expenses, net	<u>(5,383,334)</u>	<u>(5,495,621)</u>	<u>(5,186,691)</u>	<u>(8,772,795)</u>	<u>(7,351,969)</u>	<u>(10,862,848)</u>	<u>(4,319,467)</u>	<u>3,136,028</u>	<u>(17,640,124)</u>	<u>(33,765,439)</u>
Excess of Revenues Over Expenses Before										
Capital Contributions	36,778,754	48,531,477	54,524,288	61,840,418	71,003,131	56,051,953	93,059,070	102,508,274	81,151,094	83,495,601
Capital Contributions	<u>5,693,415</u>	<u>30,856,082</u>	<u>22,217,444</u>	<u>6,716,328</u>	<u>7,547,696</u>	<u>10,849,031</u>	<u>7,593,230</u>	<u>14,095,440</u>	<u>25,198,427</u>	<u>85,321,407</u>
Payment-in-lieu of taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,588,818)</u>	<u>(2,502,435)</u>	<u>(3,606,848)</u>	<u>(3,993,185)</u>	<u>(3,883,215)</u>	<u>(3,164,800)</u>
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,209)</u>
Increase in Net Position	<u>\$ 42,472,169</u>	<u>\$ 79,387,559</u>	<u>\$ 76,741,732</u>	<u>\$ 68,556,746</u>	<u>\$ 76,962,009</u>	<u>\$ 64,398,549</u>	<u>\$ 97,045,452</u>	<u>\$ 112,610,529</u>	<u>\$ 102,466,306</u>	<u>\$ 165,472,999</u>

Source: Annual Financial Report for 2017 to 2022 and historical audited financials for remaining years

Retail sewer charges and stormwater revenues are combined within the Statement of Revenues, Expenses and Changes in Net Position

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Statistical Section

REVENUE CAPACITY



KC Water
A Department of the City of Kansas City, Missouri
Residential Water Service Rates
Last Ten Fiscal Years

		Water Rates									
		FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Residential Rates											
Service Charges - Meter size (inches)	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
5/8	10.85	11.90	13.09	13.50	13.90	13.90	14.10	14.38	14.38	14.67	
3/4	11.70	12.80	14.08	14.50	14.95	14.95	15.20	15.50	15.50	15.81	
1	14.30	15.65	17.22	17.75	18.30	18.30	18.60	18.97	18.97	19.35	
1 1/2	17.80	19.50	21.45	22.10	22.08	22.08	22.40	22.85	22.85	23.31	
2	27.40	30.00	33.00	34.00	35.00	35.00	35.50	36.21	36.21	36.93	
3	93.50	102.50	112.75	116.00	119.50	119.50	121.50	123.93	123.93	126.41	
4	118.00	129.00	141.90	146.00	150.50	150.50	153.00	156.06	156.06	159.18	
6	176.00	192.00	211.20	217.50	224.00	224.00	227.50	232.05	232.05	236.69	
8	254.00	278.00	305.80	315.00	324.00	324.00	329.00	335.58	335.58	342.29	
10	333.00	365.00	401.50	414.00	426.00	426.00	433.00	441.66	441.66	450.49	
12	393.00	430.00	473.00	487.00	502.00	502.00	510.00	520.20	520.20	530.60	
Ordinary Commodity Charge	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF
First 600 cubic feet	3.67	4.02	4.45	4.60	4.60	4.63	4.70	4.80	4.80	4.90	
Next 4,400 cubic feet	4.08	4.50	4.75	4.85	5.09	5.14	5.22	5.33	5.33	5.44	
Next 995,000 cubic feet	3.19	3.65	4.00	4.10	4.29	4.40	4.47	4.56	4.56	4.65	
Over 1,000,000 cubic feet	2.25	2.50	2.75	2.90	3.03	3.05	3.10	3.16	3.16	3.22	
Seasonal off-peak commodity charges	2.34	2.48	2.65	2.80	2.93	2.95	2.95	3.01	3.01	3.07	
Fire Protection - Size of Connection	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually
4 inch or less	91.00	100.00	107.00	110.00	116.00	116.00	116.00	118.32	118.32	120.87	
6 inch	268.00	293.00	315.00	323.00	341.00	341.00	341.00	347.82	347.82	355.32	
8 inch	572.00	625.00	670.00	688.00	726.00	726.00	726.00	740.52	740.52	756.49	
10 inch	1,028.00	1,123.00	1,205.00	1,237.00	1,306.00	1,306.00	1,306.00	1,332.12	1,332.12	1,360.85	
12 inch	1,662.00	1,815.00	1,948.00	2,000.00	2,110.00	2,110.00	2,110.00	2,152.20	2,152.20	2,198.62	
16 inch	3,541.00	3,868.00	4,150.00	4,261.00	4,496.00	4,496.00	4,496.00	4,585.92	4,585.92	4,684.84	

Source: Annual Schedule of Water & Sanitary Sewer Rates, Stormwater fees, Meter Readings, Billing Practices and Bill Payment Guarantees.

KC Water
A Department of the City of Kansas City, Missouri
Suburban Water Service Rates
Last Ten Fiscal Years

		Water Rates									
Water Rates		FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Suburban Rate											
Service Charges - Meter size (inches)	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
5/8	12.10	13.25	14.25	14.70	15.15	15.15	15.40	15.55	15.55	15.55	15.55
3/4	13.05	14.30	15.35	15.80	16.25	16.25	16.50	16.67	16.67	16.67	16.67
1	15.95	17.45	18.75	19.30	19.90	19.90	20.20	20.40	20.40	20.40	20.40
1 1/2	19.80	21.70	23.30	24.00	24.70	24.70	25.10	25.35	25.35	25.35	25.35
2	30.40	33.30	35.80	36.90	38.00	38.00	38.60	38.99	38.99	38.99	38.99
3	96.00	105.00	113.00	116.50	120.00	120.00	122.00	123.22	123.22	123.22	127.04
4	121.50	133.50	143.50	148.00	152.50	152.50	155.00	156.55	156.55	156.55	159.98
6	181.00	198.00	213.00	219.50	226.00	226.00	229.50	231.80	231.80	231.80	237.87
8	260.00	285.00	306.00	315.00	324.00	324.00	329.00	332.29	332.29	332.29	344.00
10	348.00	381.00	410.00	422.00	435.00	435.00	442.00	446.42	446.42	446.42	452.75
12	409.00	448.00	482.00	496.00	511.00	511.00	519.00	524.19	524.19	524.19	533.26
Retail Commodity Charge	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF
First 600 cubic feet	-	3.74	-	-	-	-	-	-	-	-	-
Next 4,400 cubic feet	-	4.15	-	-	-	-	-	-	-	-	-
First 5,000 cubic feet	3.45	-	4.45	4.90	5.00	5.05	5.05	5.10	5.10	5.10	5.10
Over 5,000 cubic feet	3.07	3.25	3.50	3.90	3.98	4.05	4.05	4.09	4.09	4.09	4.09
Wholesale Customers	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF
Unrestricted	1.95	2.00	2.10	2.17	2.26	2.28	2.32	2.35	2.35	2.35	2.35
Restricted	1.89	1.94	2.04	2.10	2.18	2.20	2.24	2.27	2.27	2.27	2.27
Repumping Charge	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF	per 100 CCF
1st repumping charge	0.18	0.18	0.19	0.19	0.20	0.20	0.20	0.20	0.20	0.20	0.20
2nd repumping charge	0.25	0.25	0.26	0.26	0.27	0.27	0.28	0.28	0.28	0.28	0.28

Source: Annual Schedule of Water & Sanitary Sewer Rates, Stormwater fees, Meter Readings, Billing Practices and Bill Payment Guarantees.

KC Water
A Department of the City of Kansas City, Missouri
Sewer and Stormwater Service Rates
Last Ten Fiscal Years

	Sewer and Stormwater Rates									
	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
<u>Residential Rates</u>										
Service Charges										
Sanitary sewer - monthly	11.55	12.20	15.10	17.05	18.05	19.30	21.30	22.58	22.58	23.93
Volume charge - per 100 CCF	3.82	4.54	5.25	6.05	7.18	7.84	8.60	9.11	9.11	9.66
Residential accounts	28.65	34.05	37.00	39.75	41.00	47.04	51.60	54.66	54.66	54.66
Commercial and Industrial discharges										
Biochemical oxygen demand (per pound of excess BOD)	0.297	0.303	0.320	0.320	0.320	0.350	0.364	0.399	0.399	0.420
Suspended solids (per pound of excess SS)	0.181	0.181	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.200
Oil and grease (per pound of excess O&G)	0.131	0.131	0.140	0.140	0.140	0.140	0.160	0.178	0.178	0.190
<u>Nonresidential Users</u>										
Metered connections - per 100 CCF	2.01	2.50	2.80	2.92	3.00	3.15	3.48	3.34	3.34	3.58
Metered connections directly to treatment plant - per 100 CCF	2.13	2.13	-	-	-	-	-	-	-	-
Service charges - monthly	9.90	9.90	11.15	12.40	12.50	11.50	13.60	14.40	14.40	15.26
Unmetered connections per 100 CCF	2.79	3.21	3.55	3.70	3.85	4.53	4.69	4.97	4.97	5.27
Unmetered connections - no consumption data	30.26	34.50	37.00	39.75	41.00	45.00	46.95	49.77	49.77	52.76
Customers billed directly by KC Water										
Service charges - monthly	17.84	17.84	20.50	24.10	25.55	26.20	30.00	31.80	31.80	33.71
Volume charges	5.56	6.35	7.10	8.00	9.35	10.90	11.90	12.60	12.60	13.71
High concentration discharges										
Biochemical oxygen demand (per pound of excess BOD)	0.341	0.382	0.400	0.400	0.400	0.400	0.446	0.446	0.446	0.470
Suspended solids (per pound of excess SS)	0.205	0.205	0.215	0.215	0.215	0.220	0.220	0.220	0.220	0.230
Oil and grease (per pound of excess O&G)	0.133	0.133	0.141	0.141	0.141	0.150	0.183	0.191	0.191	0.200
<u>Stormwater Rates</u>										
Stormwater fee amount	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.
	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: Annual Schedule of: Water & Sanitary Sewer Service Rates, Stormwater Fees, Meter Readings, Billing Practices and Bill Payment Guarantees

KC Water
A Department of the City of Kansas City, Missouri
Revenue Base and Revenues by Customer Class
Last Ten Fiscal Years

	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Water Revenues										
Water sales	\$ 118,403,327	\$ 118,795,707	\$ 124,494,777	\$ 128,315,706	\$ 138,280,968	\$ 136,752,620	\$ 139,504,364	\$ 139,971,672	\$ 143,372,032	\$ 149,313,976
Wholesale water sales	20,640,916	17,849,325	17,311,125	17,072,013	17,837,424	19,365,772	19,356,461	17,207,902	18,513,214	17,676,683
Other water revenues	6,470,794	4,459,597	5,133,697	6,183,139	4,995,566	4,011,262	5,015,315	4,402,222	1,287,030	8,280,927
Income from jobbing and contract work and miscellaneous revenues	-	-	-	-	-	-	-	-	-	-
	4,128,038	3,132,691	3,363,610	3,638,548	6,859,793	7,084,205	7,069,352	7,923,187	5,774,043	8,111,840
Total operating revenues	<u>\$ 149,643,075</u>	<u>\$ 144,237,320</u>	<u>\$ 150,303,209</u>	<u>\$ 155,209,406</u>	<u>\$ 167,973,751</u>	<u>\$ 167,213,859</u>	<u>\$ 170,945,492</u>	<u>\$ 169,504,983</u>	<u>\$ 168,946,319</u>	<u>\$ 183,383,426</u>
Water Customer Served (Res. & Comm.)	167,608	167,912	151,073	170,094	171,094	172,248	173,075	173,819	174,688	175,564
Average Revenue Per Customer (Res. & Comm.)	\$ 706.43	\$ 707.49	\$ 824.07	\$ 754.38	\$ 808.22	\$ 793.93	\$ 806.03	\$ 805.27	\$ 820.73	\$ 850.48
Water Consumption (millions of gallons)	40,945	38,920	31,616	31,336	31,792	31,011	31,921	31,216	32,622	32,854
Sewer and Stormwater Revenues										
Retail Sewer Charges	\$ 93,951,330	\$ 106,689,690	\$ 119,719,601	\$ 138,557,694	\$ 158,353,580	\$ 172,044,093	\$ 188,155,692	\$ 197,790,620	\$ 189,915,943	\$ 215,163,835
Intermunicipal sewer charges	24,508,149	28,047,478	32,700,685	37,242,952	33,687,703	33,517,837	43,408,413	48,691,700	46,891,933	43,241,268
Stormwater fees	12,648,966	12,866,145	12,980,291	13,014,456	12,741,452	13,434,164	13,262,846	13,337,251	13,667,695	13,991,650
Other operating revenues	3,873,393	3,647,080	4,093,029	4,792,703	5,114,883	6,463,802	7,083,659	7,073,664	6,276,153	5,935,194
Total operating revenues	<u>134,981,838</u>	<u>151,250,393</u>	<u>169,493,606</u>	<u>193,607,805</u>	<u>209,897,618</u>	<u>225,459,897</u>	<u>251,910,611</u>	<u>266,893,236</u>	<u>256,751,724</u>	<u>278,331,947</u>
Total utility operating revenues	<u>\$ 284,624,913</u>	<u>\$ 295,487,713</u>	<u>\$ 319,796,815</u>	<u>\$ 348,817,211</u>	<u>\$ 377,871,369</u>	<u>\$ 392,673,756</u>	<u>\$ 422,856,103</u>	<u>\$ 436,398,219</u>	<u>\$ 425,698,043</u>	<u>\$ 461,715,373</u>
Sewer Customer Served (Res. & Comm.)	162,485	163,464	164,060	164,609	165,163	166,267	167,068	168,568	169,542	170,253
Average Revenue Per Customer (Res. & Comm.)	\$ 578.22	\$ 652.68	\$ 729.73	\$ 841.74	\$ 958.77	\$ 1,034.75	\$ 1,126.22	\$ 1,173.36	\$ 1,120.17	\$ 1,263.79
Average daily sewage treatment (millions of gallons)	91	72	93	111	96	72	114	122	101	93

Source: Annual Financial Report for 2017 to 2022 and historical audited financials for remaining years.

The source for the revenue base and customers served is from the Performance Management division records within KC Water.

KC Water
A Department of the City of Kansas City, Missouri
Largest Users of the System - Water Fund
Last Ten Fiscal Years

User	Type of Business	FYE 2013		FYE 2014		FYE 2015		FYE 2016		FYE 2017	
		Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)
City of Lee's Summit	Wholesale Water	1	1,390,387	1	1,337,990	1	1,158,421	1	1,085,887	1	1,299,392
Jackson County PWSD No. 1	Wholesale Water	2	1,241,662	2	1,165,515	2	1,086,747	2	993,062	2	1,091,671
City of Belton	Wholesale Water	3	960,495	3	892,774	3	756,111	3	896,335	6	551,936
City of Raymore	Wholesale Water	5	593,028	5	681,226	4	694,981	4	659,421	3	707,192
City of Blue Springs	Wholesale Water	4	902,400	4	775,864	6	539,390	10	230,650	7	528,055
Raytown Water Company	Wholesale Water	7	465,216	6	536,878	5	564,064	5	550,473	5	562,841
Evergy (KCP&L)	Utility			8	504,550	8	444,332	7	514,356		
Ford Motor Co.	Commercial			10	347,806	10	389,774	6	546,240	9	466,116
Public Water Dist No. 2 - Cass Co.	Wholesale Water	10	285,266							10	465,054
City of Platte City	Wholesale Water	9	330,140					9	428,825		
Veolia - Kansas City	Utility	8	403,892	7	525,638	7	478,288	8	504,291	4	706,133
Bayer Crop Science	Commercial			9	389,998						
Dogwood Energy Facility	Utility					9	400,258			8	518,856
Pollution Control Department	Utility	6	473,051								
Jackson County PWSD No. 2	Wholesale Water			10	354,444						

User	Type of Business	FYE 2018		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
		Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)	Rank	Consumption (100 cubic ft.)
City of Lee's Summit	Wholesale Water	1	1,255,534	1	1,290,517	1	1,425,528	1	1,540,699	1	1,006,884
Jackson County PWSD No. 1	Wholesale Water	2	1,118,992	6	599,820						
City of Belton	Wholesale Water	3	904,462	2	936,121	3	832,292	3	710,573	2	841,012
City of Raymore	Wholesale Water	4	726,905	4	683,626	5	596,816	2	812,839	3	784,409
City of Blue Springs	Wholesale Water	6	526,106	7	540,461	7	432,600	6	540,664	5	546,611
Raytown Water Company	Wholesale Water	5	526,632	5	603,273	4	613,564	5	541,882	7	423,230
Evergy (KCP&L)	Utility	9	442,137	10	417,562	10	299,739			10	335,987
Ford Motor Co.	Commercial	10	416,257	8	463,317	6	541,632	10	350,534		
Public Water Dist No. 2 - Cass Co.	Wholesale Water	7	518,291								
City of Platte City	Wholesale Water					8	326,341	7	375,179	8	371,707
Veolia - Kansas City	Utility									6	425,269
Bayer Crop Science	Commercial							9	354,591		
Dogwood Energy Facility	Utility	8	451,910	3	702,942	2	849,415	4	567,675	4	568,404
Jackson County PWSD No. 2	Wholesale Water			9	447,974						
Cass No. 2 Public Water District						9	324,670	8	363,801		
KC Parks and Recreation	Government									9	368,517

Source: Performance Management Division records within KC Water.

KC Water
A Department of the City of Kansas City, Missouri
Largest Users of the System - Sewer Fund
Last Ten Fiscal Years

User	FYE 2013		FYE 2014		FYE 2015		FYE 2016		FYE 2017	
	% of Total		% of Total		% of Total		% of Total		% of Total	
	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue
Johnson County, KS	1	8.62%	1	8.93%	1	10.01%	1	9.94%	1	8.61%
Liberty, MO	3	2.31%	2	2.55%	2	3.00%	2	3.15%	2	3.36%
Gladstone, MO	2	2.69%	3	2.70%	3	2.71%	4	2.30%	3	2.32%
North Kansas City, MO	4	1.92%	4	1.94%	5	1.93%	5	1.65%	4	1.37%
Ford Motor Company	6	0.94%	6	0.91%	6	1.24%	3	2.54%	5	1.20%
Raytown, MO	7	0.75%	7	0.75%	8	0.70%	9	0.63%	7	0.74%
Riverside, MO										
Pleasant Valley, MO	8	0.42%								
Independence, MO	9	0.37%	9	0.48%	9	0.57%	10	0.45%	9	0.43%
Honeywell			8	0.70%	7	0.85%	8	0.66%	10	0.39%
Roberts Dairy					10	0.56%				
Veolia - Kansas City	5	1.17%	5	1.33%	4	2.10%	6	1.17%	6	1.04%
Cook Family Foods	10	0.36%	10	0.46%			7	0.77%	8	0.67%

User	FYE 2018		FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	% of Total		% of Total		% of Total		% of Total		% of Total	
	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue
Johnson County, KS	1	8.75%	1	10.92%	1	11.21%	1	11.21%	1	8.68%
Liberty, MO	5	1.03%	5	1.06%						
Gladstone, MO	2	2.30%	2	3.25%	3	2.08%	4	2.15%	3	2.18%
North Kansas City, MO	3	2.03%	3	2.61%	2	2.81%	2	2.67%	2	2.30%
Ford Motor Company	4	1.29%	4	1.36%	4	1.10%	5	1.10%	4	1.42%
Raytown, MO	7	0.73%	7	0.76%	6	0.65%	6	0.60%	6	0.57%
Independence, MO					10	0.39%			9	0.43%
Honeywell										
Roberts Dairy					9	0.61%				
Veolia - Kansas City					5	0.96%	3	2.63%	5	1.33%
Cook Family Foods	6	0.89%	6	0.86%	7	0.62%	7	0.51%	7	0.57%
Hospital Corp of America	8	0.55%	8	0.68%						
KC Parks & Rec District 3	9	0.49%	9	0.62%	8	0.61%	8	0.46%	8	0.49%
Childrens Mercy Hospital and Clinics	10	0.46%	10	0.47%						
Cargill							9	0.44%	10	0.37%
Niagara Bottling							10	44.00%		

Source: Performance Management Division records within KC Water.

Statistical Section

DEBT CAPACITY



KC Water
A Department of the City of Kansas City, Missouri
Revenue Bond Coverage Ratios
Last Ten Fiscal Years
(In Thousands)

Water Fund
All Water Revenue Bonds

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Available for Debt Service (3)	Debt Service Requirements (5)			
				Principal	Interest	Total	Coverage
2013	\$ 151,305	\$ 74,979	\$ 76,326	\$ 14,625	\$ 10,289	\$ 24,914	3.06
2014 ⁽⁷⁾	145,478	80,718	64,760	14,625	11,704	26,329	2.46
2015	152,727	75,953	76,774	15,300	12,678	27,978	2.74
2016	157,183	72,187	84,996	14,940	14,500	29,440	2.89
2017 ⁽⁷⁾	167,093	83,353	83,740	16,485	14,877	31,362	2.67
2018	169,077	84,923	84,154	19,610	16,723	36,333	2.32
2019	180,009	84,981	95,028	19,625	16,645	36,270	2.62
2020 ⁽⁹⁾	182,810	89,132	93,678	15,185	14,820	30,005	3.12
2021	170,144	87,120	83,024	21,765	14,779	36,544	2.27
2022	176,128	108,376	67,752	20,720	14,128	34,848	1.94

KC Water
A Department of the City of Kansas City, Missouri
Revenue Bond Coverage Ratios

Last Ten Fiscal Years
(In Thousands)

Water Fund
All Water Revenue Bonds and Other Water System Obligations

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Available for Debt Service (3)	Debt Service Requirements (6)			
				Principal	Interest	Total	Coverage
2013	\$ 151,305	\$ 74,979	\$ 76,326	\$ 18,100	\$ 11,294	\$ 29,394	2.60
2014 ⁽⁷⁾	145,478	80,718	64,760	18,236	12,573	30,809	2.10
2015	152,727	75,953	76,774	19,053	13,406	32,459	2.37
2016 ⁽⁸⁾	157,183	72,187	84,996	16,872	14,808	31,680	2.68
2017 ⁽⁷⁾	167,093	83,353	83,740	16,485	14,877	31,362	2.67
2018	169,077	84,923	84,154	19,610	16,723	36,333	2.32
2019	180,009	84,981	95,028	19,625	16,645	36,270	2.62
2020 ⁽⁹⁾	182,810	89,132	93,678	15,185	14,820	30,005	3.12
2021	170,144	87,120	83,024	21,765	14,779	36,544	2.27
2022	176,128	108,376	67,752	20,720	14,128	34,848	1.94

- (1) Operating revenues includes all income and revenues derived and accrued by the City from the operation of the water system, including capital repayments and interest on investments.
- (2) Operating expenses means all reasonable and necessary expenses of operating and maintaining the water system but, excluding administrative services fees, capital lease payments, depreciation and amortization charges, interest paid on water revenue bonds, any non-cash OPEB obligations and other items listed in Section 4.3 (a)(2)-(11) of the master bond ordinance.
- (3) Net operating revenues are adjusted to exclude revenues or expenses resulting from gain or loss, or mark-to-market change to any hedge agreements.
- (4) Debt service includes senior bonds only.
- (5) Debt service includes all water revenue bonds.
- (6) Debt service includes all water revenue bonds and other water system obligations.
- (7) Restated.
- (8) Debt Service on all Water Obligations includes AMR obligations. On October 25, 2015, \$14,612,688 in remaining principal on AMR obligations were paid off. Debt Service-All Water Obligations does not reflect this final un-scheduled payment. This year has been restated to reflect only the scheduled AMR obligation payments for 2016.
- (9) On April 1, 2020 the City wired \$18,807,677.33 in cash to the paying agent of the subordinate Series 2008A bonds to defease and redeem \$18,520,000 par value of bonds and \$287,677.33 of accrued interest. The bonds were privately placed and held by Bank of America.

KC Water
A Department of the City of Kansas City, Missouri
Schedule of Historical Revenue Bonds and Capital Leases - Water Fund
Last Ten Fiscal Years

Issue	Maturity Through	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
2008 Series A	December 2027	\$ 29,995,000	\$ 28,570,000	\$ 27,080,000	\$ 25,520,000	\$ 23,885,000	\$ 22,175,000	\$ 20,390,000	\$ -	\$ -	\$ -
2009 Series A	December 2032	153,125,000	141,205,000	128,715,000	118,525,000	107,905,000	97,625,000	87,375,000	-	-	-
2012 Series A	December 2036	46,060,000	44,780,000	43,460,000	42,100,000	40,700,000	39,255,000	37,770,000	36,255,000	34,710,000	-
2013 Series A	December 2037	54,000,000	54,000,000	54,000,000	53,350,000	52,655,000	51,090,000	49,335,000	47,525,000	45,640,000	-
2014 Series A	December 2038	-	-	54,365,000	53,185,000	51,975,000	50,280,000	48,645,000	46,960,000	45,225,000	43,435,000
2015 Series A	December 2039	-	-	59,790,000	59,790,000	58,865,000	58,380,000	57,395,000	55,815,000	54,180,000	52,225,000
2017 Series A	December 2041	-	-	-	-	78,130,000	75,700,000	73,970,000	72,155,000	70,250,000	68,245,000
2019 Series A	December 2032	-	-	-	-	-	-	-	67,955,000	57,800,000	49,130,000
2020 Series A	December 2044	-	-	-	-	-	-	-	-	61,815,000	60,370,000
2021 Series A	December 2037	-	-	-	-	-	-	-	-	-	63,130,000
AMR Capital Lease - 2008	December 2017	6,261,137	5,002,639	3,700,159	-	-	-	-	-	-	-
AMR Capital Lease - 2009	December 2019	17,646,456	15,293,661	12,843,545	-	-	-	-	-	-	-
		<u>307,087,593</u>	<u>288,851,300</u>	<u>383,953,704</u>	<u>352,470,000</u>	<u>414,115,000</u>	<u>394,505,000</u>	<u>374,880,000</u>	<u>326,665,000</u>	<u>369,620,000</u>	<u>336,535,000</u>
Add premium:		17,013,854	16,232,815	23,716,521	22,596,586	28,765,488	27,349,058	25,932,628	30,291,151	42,676,940	48,401,978
Less:											
Current portion		(18,236,293)	(19,052,596)	(18,839,461)	(16,485,000)	(19,610,000)	(19,625,000)	(20,425,000)	(18,860,000)	(18,412,518)	(19,310,000)
Discount		<u>(143,702)</u>	<u>(137,725)</u>	<u>(380,431)</u>	<u>(364,233)</u>	<u>(508,869)</u>	<u>(486,129)</u>	<u>(463,390)</u>	<u>(440,650)</u>	<u>(417,909)</u>	<u>(305,257)</u>
Noncurrent revenue bonds and capital leases payable		<u>\$ 305,721,452</u>	<u>\$ 285,893,794</u>	<u>\$ 388,450,333</u>	<u>\$ 358,217,353</u>	<u>\$ 422,761,619</u>	<u>\$ 401,742,929</u>	<u>\$ 379,924,238</u>	<u>\$ 337,655,501</u>	<u>\$ 393,466,513</u>	<u>\$ 365,321,721</u>

Source: Annual Financial Report for 2017 to 2022 and historical audited financials for remaining years.

KC Water
A Department of the City of Kansas City, Missouri
Revenue Bond Coverage Ratios
Last Ten Fiscal Years
(In Thousands)

Sewer Fund (1)									
Fiscal Year	Gross Revenues (2)	Direct Operating Expenses (3)	Available for Debt Service	Debt Service requirements (4)				Gross Coverage	Net Coverage (5)
				Principal	Interest	Total	SRF subsidy		
2013	\$ 123,522	\$ 60,414	\$ 63,108	\$ 16,045	\$ 13,166	\$ 29,211	\$ 2,245	2.16	2.34
2014 ⁽⁶⁾	139,231	62,525	76,706	18,425	14,954	33,379	1,947	2.30	2.44
2015	158,252	71,588	86,664	18,726	14,194	32,920	1,585	2.63	2.77
2016	181,742	82,623	99,119	17,886	13,351	31,237	1,240	3.17	3.30
2017 ⁽⁶⁾	198,493	88,017	110,476	21,090	17,040	38,130	963	2.90	2.97
2018	212,613	110,507	102,106	19,550	17,035	36,585	746	2.79	2.85
2019	253,406	103,314	150,092	22,430	21,958	44,388	594	3.38	3.43
2020	277,445	116,554	160,891	23,596	23,456	47,052	425	3.42	3.45
2021	245,977	101,781	144,196	25,477	23,617	49,094	301	2.94	2.96
2022	247,688	106,890	140,798	26,923	20,576	47,499	163	2.96	2.97

- (1) The gross revenues and direct operating expenses only reflect that of the sewer fund and do not include the stormwater fund.
- (2) Generally, the gross revenues include retail sewer charges, intermunicipal sewer charges, other operating revenues and interest income on investments derived from the sewer system.
- (3) Generally, direct operating expenses include sewage treatment and pumping, sewer maintenance, administrative and general, and industrial waste control. Excluded from direct operating expenses are depreciation and amortization.
- (4) The numbers reflect the total annual fiscal year's debt service requirements on all the outstanding senior and junior sewer revenue bonds.
- (5) The Sewer Parity Bond ordinance allows the interest earnings subsidy received under the Revolving Fund Agreement to reduce debt service requirements for the purpose of calculating annual debt service coverage.
- (6) Restated.

Storm Water Fund

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Available for Debt Service	Debt Service Requirements (3)			
				Principal	Interest	Total	Coverage
2013	\$ 13,263	\$ 9,955	\$ 3,308	\$ 463	\$ 66	\$ 529	6.25
2014	13,093	10,750	2,343	383	60	443	5.29
2015	13,854	11,703	2,151	390	53	443	4.86
2016	13,918	11,812	2,106	397	47	444	4.74
2017 ⁽⁴⁾	13,571	13,391	180	403	41	444	0.41
2018	14,302	14,381	(79)	410	34	444	(0.18)
2019	14,113	13,504	609	416	28	444	1.37
2020	14,460	12,012	2,448	423	21	444	5.51
2021	13,886	14,786	(900)	429	14	443	(2.03)
2022	13,984	9,774	4,210	348	7	355	11.86

- (1) Generally, the gross revenues include storm water fees and other operating revenues.
- (2) Generally, direct operating expenses include sewage treatment and pumping, sewer maintenance and administrative and general expenses.
- (3) Excluded from direct expenses are depreciation and amortization.
- (4) Restated.

KC Water
A Department of the City of Kansas City, Missouri
Schedule of Historical Revenue Bonds and Capital Leases - Sewer Fund
Last Ten Fiscal Years

Issue	Maturity Through	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
State Series 1992B	July 2013	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Series 1995B	January 2015	2,890,000	1,460,000	-	-	-	-	-	-	-	-
State Series 1996A	January 2016	5,510,000	3,775,000	1,940,000	-	-	-	-	-	-	-
State Series 1997A	January 2017	5,265,000	3,995,000	2,695,000	1,365,000	-	-	-	-	-	-
State Series 1998A	January 2019	3,710,000	3,165,000	2,590,000	1,990,000	1,360,000	695,000	-	-	-	-
State Series 1999A	January 2020	2,705,000	2,375,000	2,025,000	1,660,000	1,275,000	870,000	445,000	-	-	-
State Series 2000A	July 2020	5,835,000	5,165,000	4,480,000	3,775,000	3,055,000	2,320,000	1,565,000	790,000	-	-
State Series 2000B	July 2020	5,265,000	4,660,000	4,040,000	3,405,000	2,755,000	2,090,000	1,410,000	715,000	-	-
Stormwater 2000	December 2020	561,200	495,000	427,700	359,200	289,600	218,800	146,800	73,600	-	-
Stormwater 2001 & 2002	December 2021	2,858,000	2,559,000	2,255,000	1,946,000	1,632,000	1,313,000	989,000	660,000	326,000	-
State Series 2001B	July 2022	9,485,000	8,645,000	7,780,000	6,895,000	5,985,000	5,050,000	4,090,000	3,105,000	2,095,000	1,060,000
State Series 2002J	July 2022	5,640,000	5,145,000	4,635,000	4,110,000	3,570,000	3,015,000	2,445,000	1,860,000	1,255,000	635,000
Series 2004A	January 2024	940,000	-	-	-	-	-	-	-	-	-
Series 2004H	January 2025	6,795,000	6,305,000	5,810,000	5,300,000	4,775,000	4,235,000	3,680,000	3,110,000	2,520,000	1,915,000
Series 2005B	January 2025	10,750,000	10,040,000	9,300,000	-	-	-	-	-	-	-
Stormwater 2007	June 2027	319,000	301,000	282,000	263,000	243,000	223,000	203,000	182,000	161,000	139,000
Series 2007A	January 2032	34,575,000	33,355,000	32,085,000	-	-	-	-	-	-	-
Series 2009A	January 2034	63,820,000	61,820,000	59,755,000	57,615,000	55,400,000	53,105,000	-	-	-	-
Series 2009B	July 2030	9,036,996	12,002,958	11,371,600	10,726,000	10,065,900	9,390,900	8,700,600	7,994,800	7,273,100	6,535,100
Series 2011A	January 2037	86,625,000	84,140,000	81,555,000	78,865,000	76,060,000	73,135,000	70,090,000	66,910,000	63,565,000	-
Series 2012A	January 2037	78,650,000	76,795,000	74,055,000	71,230,000	68,295,000	65,245,000	62,130,000	58,905,000	55,555,000	-
Series 2016A	January 2040	-	-	-	183,740,000	176,990,000	170,885,000	164,660,000	158,305,000	151,700,000	144,835,000
Series 2018A	January 2042	-	-	-	-	-	165,000,000	160,285,000	156,240,000	152,035,000	147,665,000
Series 2018B	January 2034	-	-	-	-	-	-	42,055,000	40,025,000	37,890,000	35,645,000
Series 2019A	January 2044	-	-	-	-	-	-	-	59,735,000	58,330,000	56,855,000
State Series 2021A	January 2044	-	-	-	-	-	-	-	-	608,500	26,902,403
Series 2021B	January 2037	-	-	-	-	-	-	-	-	-	93,795,000
		<u>341,340,196</u>	<u>326,197,958</u>	<u>307,081,300</u>	<u>433,244,200</u>	<u>411,750,500</u>	<u>556,790,700</u>	<u>522,894,400</u>	<u>558,610,400</u>	<u>533,313,600</u>	<u>515,981,503</u>
Add premium:		19,342,019	18,690,589	17,567,955	34,437,602	32,819,893	47,663,807	49,935,360	53,170,309	50,308,511	55,659,196
Less:											
Current portion		(18,621,354)	(19,116,658)	(18,282,100)	(21,493,700)	(19,961,818)	(25,236,300)	(24,019,000)	(25,905,300)	(26,800,373)	(24,071,600)
Discount		<u>(634,829)</u>	<u>(607,837)</u>	<u>(566,990)</u>	<u>(804,562)</u>	<u>(764,785)</u>	<u>(989,296)</u>	<u>(898,963)</u>	<u>(1,002,208)</u>	<u>(951,588)</u>	<u>(695,154)</u>
Noncurrent revenue bonds and capital leases payable		<u>\$ 341,426,032</u>	<u>\$ 325,164,052</u>	<u>\$ 305,800,165</u>	<u>\$ 445,383,540</u>	<u>\$ 423,843,790</u>	<u>\$ 578,228,911</u>	<u>\$ 547,911,797</u>	<u>\$ 584,873,201</u>	<u>\$ 555,870,150</u>	<u>\$ 546,873,945</u>

Source: Annual Financial Report for 2017 to 2022 and historical audited financials for remaining years.

KC Water
A Department of the City of Kansas City, Missouri
Ratios of Outstanding Debt
Last Ten Calendar Years
(In thousands)

Year	Water Fund Debt	Sewer Fund Debt	Total Debt	Percentage of Personal Income¹	Per Capita²
2013 ⁽³⁾	\$ 323,957	\$ 360,047	\$ 684,004	5.59%	1,472
2014 ⁽³⁾	304,946	344,281	649,227	5.11%	1,390
2015 ⁽³⁾	407,290	324,083	731,373	5.26%	1,554
2016 ⁽³⁾	374,702	466,877	841,579	5.88%	1,771
2017 ⁽³⁾	442,372	443,806	886,178	5.71%	1,840
2018 ⁽³⁾	421,368	603,465	1,024,833	6.48%	2,099
2019 ⁽³⁾	400,349	571,931	972,280	6.02%	1,976
2020 ⁽³⁾	356,514	610,778	967,292	5.62%	1,953
2021 ⁽³⁾	411,879	582,670	994,549	5.37%	1,993
2022 ⁽³⁾	384,632	570,946	955,578	4.92%	1,881

Source: Annual Financial Report

¹ The percentage of personal income is a ratio of total primary government debt to total personal income.

Statistical Section

DEMOGRAPHIC AND ECONOMIC INFORMATION



KC Water
A Department of the City of Kansas City, Missouri
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income ⁽⁴⁾ (in Thousands)	Per Capita Personal Income ⁽⁵⁾	School Enrollment	Unemployment Rate ⁽⁷⁾
2012	464,595 ⁽¹⁾	\$ 12,110,133 ⁽⁹⁾	\$ 26,066	57,549	7.4 ⁽⁹⁾
2013	467,213 ⁽¹⁾	12,241,915 ⁽⁹⁾	26,202	57,042	6.7 ⁽⁹⁾
2014	470,629 ⁽¹⁾	12,706,042 ⁽⁹⁾	26,998	55,360	5.6 ⁽⁹⁾
2015	475,073 ⁽¹⁾	13,901,111 ⁽⁹⁾	29,261	55,077	4.5 ⁽⁹⁾
2016	481,670 ⁽¹⁾	14,220,825 ⁽⁹⁾	29,524	55,039	4.2 ⁽⁹⁾
2017	488,329 ⁽¹⁾	15,512,747 ⁽⁹⁾	31,767	56,711	3.7 ⁽⁹⁾
2018	492,012 ⁽¹⁾	15,797,521 ⁽⁹⁾	32,108 ⁽⁹⁾	61,855 ⁽⁶⁾	3.2 ⁽⁹⁾
2019	495,327 ⁽¹⁾	16,106,548 ⁽⁹⁾	32,517 ⁽⁵⁾⁽⁹⁾	62,958 ⁽⁶⁾	3.5 ⁽⁹⁾
2020	499,059 ⁽²⁾	16,434,013	32,930 ⁽⁵⁾	62,354 ⁽⁶⁾	7.2 ⁽⁸⁾
2021	503,443	16,732,432	33,236 ⁽⁵⁾	63,333 ⁽⁶⁾	5.7 ⁽⁸⁾

Sources:

- ¹ Census Bureau's 2011 to 2019 Population Estimates Program. The 2011 through 2019 numbers have been restated.
- ² The Calendar Year 2020 estimates were provided by the City Planning and Development Department using the Census Bureau's 2010 to 2019 figures.
- ³ Derived from population and per capita income, provided by City Planning and Development Department
- ⁴ Fiscal Year 2011-2019 American Community Survey.
- ⁵ For 2019 and 2020 the estimates are based upon averaging two figures: (1) the 2018 American Community Survey adjusted for CPI change from 2018 to 2019 and (2) City Planning and Development Department extrapolation of the change from 2017 to 2018, forward to 2019 and 2020.
- ⁶ niche.com was used for schools in Kansas City.
- ⁷ Kansas City, MO (city not MSA) Bureau of Labor Statistics Rpt: LAUCT293800000000003, not seasonally adjusted.
- ⁸ Kansas City, MO (city not MSA) Bureau of Labor Statistics Rpt: LAUCT293800000000003, not seasonally adjusted average monthly rates from January 2020 through May 2020.
- ⁹ Restated from prior years

KC WATER
A Department of the City of Kansas City, Missouri
Top 10 Principal Employers
Current Year and Ten Years Ago

Employer ⁽¹⁾	2022		Employer	2013	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Public School System ⁽³⁾	44,234	4.07%	State/County/City Government ⁽²⁾	28,065	2.81%
Federal Government	31,986	2.94%	Federal Government	27,500	2.75%
State/County/City Government ⁽²⁾	26,017	2.39%	Public School System ⁽³⁾	26,528	2.65%
Cerner Corp.	11,900	1.09%	HCA Midwest Health System	9,367	0.94%
The University of Kansas Hospital	11,255	1.04%	Cerner Corp.	8,300	0.83%
HCA Midwest Health System	10,202	0.94%	Sprint Nextel Corp.	7,600	0.76%
Saint Luke's Health System	9,724	0.89%	Saint Luke's Health System	7,080	0.71%
Children's Mercy	7,322	0.67%	Children's Mercy Hospitals and Clinics	5,423	0.54%
Ford Motor Co. Kansas City Assembly Plant	7,100	0.65%	The University of Kansas Hospital	5,369	0.54%
Amazon	5,875	0.54%	DST Systems, Inc.	4,402	0.44%
Total employment Kansas City MSA ⁽⁴⁾	1,087,400	15.23%		999,500	12.97%

Sources:

⁽¹⁾ Size as determined by full-time equivalents (FTE), not number of employees

⁽²⁾ The number of local employees for the State/County/City Government is made up of eleven (11) employers for 2022.

⁽³⁾ The number of local employees for the public school systems is made up of thirty (30) public school systems and school districts for 2022 and sixteen (16) for 2013.

⁽⁴⁾ Data was taken from U.S Bureau of Labor Statistics Non-farm Employment Kansas City MSA - July 2022

****** The information presented in this table speaks only as of the date indicated in the source. Layoffs or developments after this date are not presented, and they can render some information in the table to be inaccurate. In general, job losses have occurred across most major industry sectors.

Statistical Section

OPERATING INFORMATION



KC Water
A Department of the City of Kansas City, Missouri
Operating Indicators
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Customer Service										
Call Center Calls	307,571	281,205	304,849	319,744	311,724	305,756	312,961	272,050	201,342	187,773
Average customer service call per day	1,230	1,120	1,219	1,279	1,247	1,218	1,247	1,082	799	782
Average speed of answer (seconds)	64	27	54	86	100	99	133	91	36	78
Percent of time answering calls in < 30 seconds	58.3%	73.3%	64.7%	57.7%	52.5%	53.5%	43.7%	55.5%	74.7%	59.3%
Abandonment Rate	3.6%	5.0%	2.8%	12.1%	5.4%	5.8%	6.9%	7.0%	2.3%	6.2%
Water										
Water main breaks	1,846	1,375	852	815	686	723	964	729	939	742
Water Customers Served	168,603	168,000	168,000	171,500	172,000	172,280	173,107	173,851	174,720	175,564
Water Consumption (millions of gallons)	40,945	38,920	31,616	31,336	31,792	31,011	31,921	31,216	32,622	32,854
Average daily production (thousands of gallons)	112,000	113,000	96,270	95,200	113,000	94,417	99,800	97,200	98,900	90,011
Peak daily production (thousands of gallons)	197,000	240,000	146,600	141,000	159,000	147,630	158,100	141,900	152,000	141,326
Water mains (miles)	2,797	2,800	2,800	2,806	2,824	2,833	2,824	2,832	2,837	2,837
Fire Hydrants	23,662	23,000	23,801	24,252	24,348	24,777	24,750	25,038	25,314	25,314
Storage capacity (thousands of gallons)	120,000	141,000	141,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Sewer										
Sanitary sewer (miles)	2,543	2,800	2,800	2,800	2,974	2,709	2,551	2,552	2,635	2,740
Sewer customers served	162,513	163,492	164,088	164,637	165,191	166,295	167,095	168,595	169,569	170,280
Average daily sewage treatment (millions of gallons)	91	72	93	111	96	72	114	122	101	93
Treatment capacity (millions of gallons)	155	155	155	155	150	155	155	155	155	155

Source: Performance Management division records within KC Water.

Water main breaks calculation change due to systems updates 2014-2019

KC Water
A Department of the City of Kansas City, Missouri
Schedule of Full-Time Equivalent Employees by Division - Water Fund
Last Ten Fiscal Years

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>	<u>FYE 2018</u>	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>
Division										
Directors Office	11	9	7	7	9	9	8	7	8	8
Finance & Administration	21	29	29	29	30	30	31	31	30	30
Revenue Protection	6	6	7	7	7	7	7	8	8	8
Budget and Finance	1	-	-	-	-	-	-	-	-	-
Human Resources	7	7	10	11	12	12	12	11	11	11
Communications	4	4	5	5	6	6	6	5	5	-
Consumer Services	76	69	72	72	75	75	76	76	78	76
Information Technology	12	12	13	13	13	13	14	14	15	15
Laboratory Services	28	28	28	29	30	30	31	31	32	32
Engineering - Facilities	7	7	8	8	9	9	8	9	10	11
Engineering - General Services	-	-	1	1	1	1	1	3	6	5
Safety Management	3	3	3	3	4	4	4	4	3	3
Engineering - Distribution System	33	33	32	32	34	34	32	32	23	38
Engineering - Planning	10	10	10	10	10	10	11	11	9	18
Building Operations	5	5	5	5	5	5	5	5	5	5
Line Maintenance - General Services	7	7	7	7	7	7	7	8	6	6
Line Maintenance - Pipeline	108	107	109	122	131	131	131	131	130	129
Water Supply - General Services	12	12	12	12	13	13	12	8	9	11
Water Supply - Operations	39	39	39	39	39	39	39	38	38	40
Water Supply - Maintenance	55	55	55	56	56	56	56	56	56	54
Industrial Waste Control	-	-	-	-	1	1	-	-	-	-
Reading & Services - Water Services	84	85	87	75	72	72	72	72	73	74
Reading & Services - Meter Reading	9	9	9	7	7	7	7	5	5	5
Waterways	-	-	-	-	1	1	-	-	-	-
Storeroom	6	6	6	6	6	6	6	9	9	9
Security Operations	5	5	4	4	3	3	3	4	4	4
Brush Creek Improvements	8	8	1	1	-	-	-	-	-	-
	557	555	559	561	581	581	579	578	573	592

Source: Performance Management division records within KC Water.

KC Water
A Department of the City of Kansas City, Missouri
Schedule of Full-Time Equivalent Employees by Division - Sewer Fund
Last Ten Fiscal Years

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>	<u>FYE 2018</u>	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>
Division										
Directors Office	6	7	6	6	6	6	7	7	7	7
Contract Administration	5	5	5	5	7	7	8	8	8	8
Human Resources	-	-	-	-	-	-	-	-	-	2
Laboratory Services	6	6	6	5	5	5	5	5	5	4
Engineering - Facilities	3	3	3	3	5	5	5	7	9	8
Engineering - General Services	2	1	1	1	1	1	1	3	8	4
Overflow Control Program	6	6	7	7	9	9	12	15	14	16
Safety Management	2	2	2	2	2	2	2	2	2	2
Engineering - Distribution System	19	19	19	19	25	25	25	24	18	6
Engineering - Planning	9	9	10	10	10	10	11	11	8	9
Building Operations	4	5	5	5	6	6	5	5	5	5
Line Maintenance - Sewer Repair	123	125	126	127	124	124	101	71	70	71
Line Maintenance - Sewer Cleaning	-	-	-	-	-	-	27	56	56	55
Line Maintenance - General Services	11	11	10	10	10	10	9	7	6	6
Line Maintenance - Inspections	29	29	29	29	29	29	28	30	32	32
Wastewater Treatment-Maintenance	69	70	69	70	72	72	71	70	70	70
Wastewater Treatment-Operations	52	52	52	52	54	54	59	57	57	57
Industrial Waste Control	8	8	13	12	14	14	16	15	15	16
Storeroom	4	4	4	3	3	3	3	3	3	3
Security Operations	-	-	-	-	-	-	1	1	-	-
Household Hazardous Waste	2	2	1	1	-	-	-	-	1	1
	<u>360</u>	<u>364</u>	<u>368</u>	<u>367</u>	<u>382</u>	<u>382</u>	<u>396</u>	<u>397</u>	<u>394</u>	<u>382</u>

Source: Performance Management Division records within KC Water

KC Water
A Department of the City of Kansas City, Missouri
Schedule of Full-Time Equivalent Employees by Division - Stormwater Fund
Last Ten Fiscal Years

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>	<u>FYE 2018</u>	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>
Division										
Directors Office	1	1	-	-	-	-	-	-	-	-
Engineering - Planning	5	5	5	5	5	5	5	6	6	7
Engineering - Distribution System	-	-	-	-	-	-	-	1	2	1
Catch Basin Cleaning & Repair	80	82	85	85	85	85	56	36	36	36
Storm Preventatice Maintenance								49	49	49
Stormwater Services	18	14	14	14	15	15	12	10	9	9
Stormwater Flood Monitoring	-	1	2	2	2	2	2	1	1	1
Engineering Stormwater Design	-	-	-	-	-	-	-	-	-	-
Waterways	-	-	5	5	5	5	6	5	3	5
Discharge Permit Programs	-	3	3	3	3	3	3	3	3	2
Household Hazardous Waste	-	-	1	1	1	1	1	-	-	-
	<u>104</u>	<u>106</u>	<u>115</u>	<u>115</u>	<u>116</u>	<u>116</u>	<u>85</u>	<u>111</u>	<u>109</u>	<u>110</u>

Source: Performance Management Division records within KC Water



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