

2023



Annual Comprehensive Financial Report

For the Fiscal Years Ended April 30, 2023 and 2022



A Department of the City of Kansas City, Missouri

2023



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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 30, 2023

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 517,000 residents and 320 square miles of service territory, that includes 2,858 miles of water mains and 2,752 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 (ACFR) for the fiscal year ended April 30, 2023. The ACFR 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 36th 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 9.78%, Healthcare at 3.48% and Healthcare Technology at 1.05%.

Per the Bureau of Labor Statistics, the average unemployment rate (not seasonally adjusted) for Kansas City as of April 30, 2023, was 3.0%, which is 0.4 percentage points higher than the national average unemployment rate of 3.4%.

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 \$230,624 while the median home value in Missouri is \$239,406. *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 12,242 acres of parkland, 195 miles of trails and bike ways, 222 urban parks, 18 lakes, 106 playgrounds, 126 baseball/softball diamonds, 116 basketball courts, 66 soccer/football fields, 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, Starlight Theater, T-Mobile Center, SEA LIFE Kansas City, Worlds of Fun, Country Club Plaza, River Market, and the Kemper Museum of Contemporary Art.

Kansas City was officially named a FIFA World Cup 2026 host city by FIFA, the sport’s global governing body. Kansas City was one of 16 bids selected across the United States, Mexico and Canada to host matches for the largest event in World Cup history. Hosting matches for the World Cup will bring jobs to our area, generate hundreds of millions of dollars for our region, and stress the importance Kansas City has played in strengthening soccer in America. The FIFA World Cup 2026 will feature a record 80 matches, will be the first hosted by three countries and the first with 48 participating nations. Host cities can expect up to \$620 million in incremental economic activity as a result of World Cup matches.

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 176,000 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 2023 was about 107.9 million gallons per day with a peak day demand of 156.5 million gallons, which is about 65% of the treatment plant's design capacity.

The number of employees within the Water Utility totaled 424 at year-end, April 30, 2023, which is an increase of 30 employees over the prior year (54% labor class, 46% management class).

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

	2019	2020	2021	2022	2023
Retail Customers	155,015	155,658	156,520	157,232	157,922
Commercial / Industrial	18,060	18,161	18,168	18,298	18,260
Wholesale Customers	32	32	32	34	34
Total	173,107	173,851	174,720	175,564	176,216

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, 2023:

User	Type of Business	Annual Consumption (100 cubic feet)	Percentage of Total Consumption
City of Lee's Summit	Wholesale Water	1,196,229	3.6%
City of Raymore	Wholesale Water	960,824	2.9%
City of Belton	Wholesale Water	935,867	2.8%
Dogwood Energy	Utility	784,295	2.4%
Cass No 6 PWD	Wholesale Water	702,370	2.1%
City of Blue Springs	Wholesale Water	549,056	1.7%
City of Raytown	Wholesale Water	456,301	1.4%
Niagara Bottling	Industrial	408,466	1.2%
Ford Motor Company	Industrial	367,886	1.1%
City of Platte City	Wholesale Water	364,413	1.1%

The Sewer Utility

The Sewer System serves an area of about 320 square miles. Wastewater collection and treatment services are provided to approximately 171,000 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	58.63
Westside	1977	22.50	14.50
Birmingham	1977	20.00	9.94
Todd Creek	1999	3.40	2.16
Fishing River	2000	2.00	1.15
Rocky Branch	2005	2.80	0.94
Total		155.70	87.32

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 275 at year-end, April 30, 2023. This is a decrease of 2 from the prior year (60% labor class, 40% management class).

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

	2019	2020	2021	2022	2023
Residential Customers	150,261	151,719	152,669	153,354	154,073
Commercial/Industrial	16,807	16,849	16,873	16,899	16,902
Inter-Jurisdictional	27	27	27	27	27
Total	167,095	168,595	169,569	170,280	171,002

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, 2023:

User	Type of Business	% of Total Revenue
Johnson County, KS	Inter-Jurisdictional	5.4%
North Kansas City, MO	Inter-Jurisdictional	1.6%
Gladstone, MO	Inter-Jurisdictional	1.5%
Ford Motor Company	Industrial	1.2%
Veolia – Kansas City	Industrial	1.1%
Cook Family Foods	Industrial	0.4%
Raytown, MO	Inter-Jurisdictional	0.4%
KC Parks & Recreation	Governmental	0.3%
Cargill	Industrial	0.3%
Roberts Dairy	Industrial	0.3%

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 leaf and brush removal, street sweeping, household hazardous waste disposal, 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 \$19 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 83 at year-end, April 30, 2023. This is an increase of 7 over the prior year (65% labor class, 35% management class).

Capital Improvement Projects

The Water Fund will have invested approximately \$365 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 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 \$628 million over the past five years in capital improvement projects. The majority of this amount is committed to the 30-year federally mandated OCP. The estimated total cost of OCP through the year 2040 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 Comprehensive Financial Report for the fiscal year ended April 30, 2022. This was the sixth year that KC Water submitted an ACFR 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

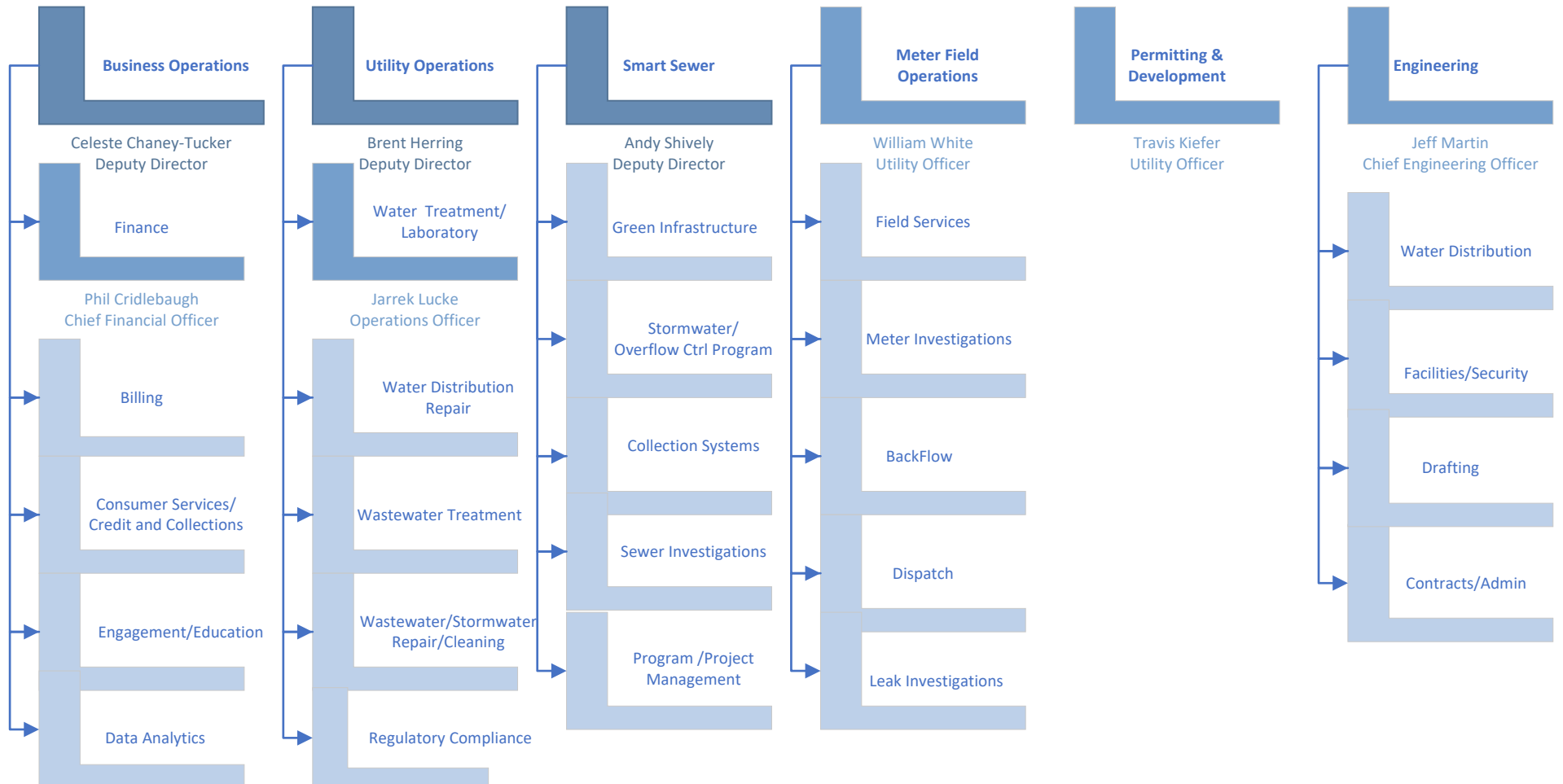
**KC Water, A Department of the City of Kansas City
Missouri**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

April 30, 2022

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 business-type activities and each major fund of the Water Services Department of Kansas City, Missouri (KC Water or Department), as of and for the years ended April 30, 2023 and 2022, 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 the business-type activities and each major fund of KC Water, as of April 30, 2023 and 2022, 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, 2023, 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 30, 2023

KC Water
A Department of the City of Kansas City, Missouri
Management's Discussion and Analysis
Years Ended April 30, 2023 and 2022

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, 2023 and 2022, with selected comparative information for the fiscal year ended April 30, 2021.

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, 2023 and 2022.

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,		
	2023	2022	2021
Assets			
Current assets - unrestricted	\$ 137,782	\$ 117,104	\$ 121,491
Current assets - restricted	91,295	30,918	58,397
Noncurrent investments - unrestricted	569,130	550,085	508,684
Noncurrent investments - restricted	201,602	136,560	168,896
Capital assets	3,031,407	2,897,259	2,703,812
Other assets	1,204	1,473	2,051
Total assets	4,032,420	3,733,399	3,563,331
Deferred Outflows of Resources			
Loss on refunding	1,056	1,171	1,509
Pension plan	19,759	8,726	29,117
Items related to OPEB plan	2,367	2,825	1,507
Total deferred outflows of resources	23,182	12,722	32,133
Total assets and deferred outflows of resources	\$ 4,055,602	\$ 3,746,121	\$ 3,595,464
Liabilities			
Current liabilities	\$ 62,819	\$ 55,913	\$ 54,958
Liabilities payable from restricted assets	71,605	66,321	68,082
Long-term liabilities	1,169,446	1,001,393	1,076,059
Total liabilities	1,303,870	1,123,627	1,199,099
Deferred Inflows of Resources	19,501	41,966	7,907
Net Position			
Net investment in capital assets	2,100,692	1,982,750	1,821,057
Restricted - expendable	89,384	88,092	89,502
Unrestricted	542,155	509,686	477,899
Total net position	2,732,231	2,580,528	2,388,458
Total liabilities, deferred inflows of resources and net position	\$ 4,055,602	\$ 3,746,121	\$ 3,595,464

The Water Fund

Within the Water Fund, in FY2023, total assets increased by \$92.6 million or 6.2% from the previous year. During FY2023, there were \$53.2 million of Water System Refunding Revenue Bonds issued. Restricted cash and investments increased by \$27.1 million or 30.3%. Unrestricted cash and investments used in daily operation decreased by \$5.4 million or 3.2%. Notes receivable also decreased by 28.2%. Capital assets increased by \$66.3 million or 5.5%, as anticipated by the ongoing capital improvement program. Total liabilities increased by \$59.5 million or 12.4%.

At the close of FY2023, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in a net position of \$1,046.7 million, of this amount, \$100.4 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 \$50.7 million or 5.1% over the previous year, indicating that the Water Fund improved its financial position. The largest portion of net position, \$907.4 million or 86.7%, 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.

Within the Water Fund, in FY2022, 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.

Sewer and Storm Funds Combined

Within the Sewer Fund, in FY2023, total assets increased by \$206.5 million or 9.2% from the prior year. During FY2023, there were \$95.9 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 increased by \$97.3 million or 125.6%. Unrestricted assets used in daily operations increased by 8.9%. Capital assets increased by \$67.8 million or 4.0%, as anticipated from the ongoing capital improvements program. Total liabilities increased by \$120.7 million or 18.7%.

At the close of FY2023, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$1,685.5 million for the Sewer Fund. Of this amount, \$441.8 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 \$101.0 million or 6.4% from the previous year indicating that the Fund improved its financial position. The largest portion of net position, \$1,193.3 million or 70.8%, 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.

Within the Sewer Fund, in FY2022, 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 FY2022, 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.

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

(In thousands)

	April 30,		
	2023	2022	2021
Operating revenues	\$ 464,550	\$ 461,715	\$ 425,698
Operating expenses	(299,517)	(299,237)	(274,335)
Operating income	165,033	162,478	151,363
Nonoperating expenses, net	(15,850)	(52,477)	(29,905)
Increase in net position before capital contributions and transfers	148,183	110,001	121,458
Payment-in-lieu of taxes	(12,356)	(8,908)	(8,121)
Capital contributions	15,891	91,368	32,787
Transfers to other funds	(1,015)	(391)	--
Change in net position	151,703	192,070	146,124
Net position, beginning of year	2,580,528	2,388,458	2,242,334
Total net position - end of year	\$ 2,732,231	\$ 2,580,528	\$ 2,388,458

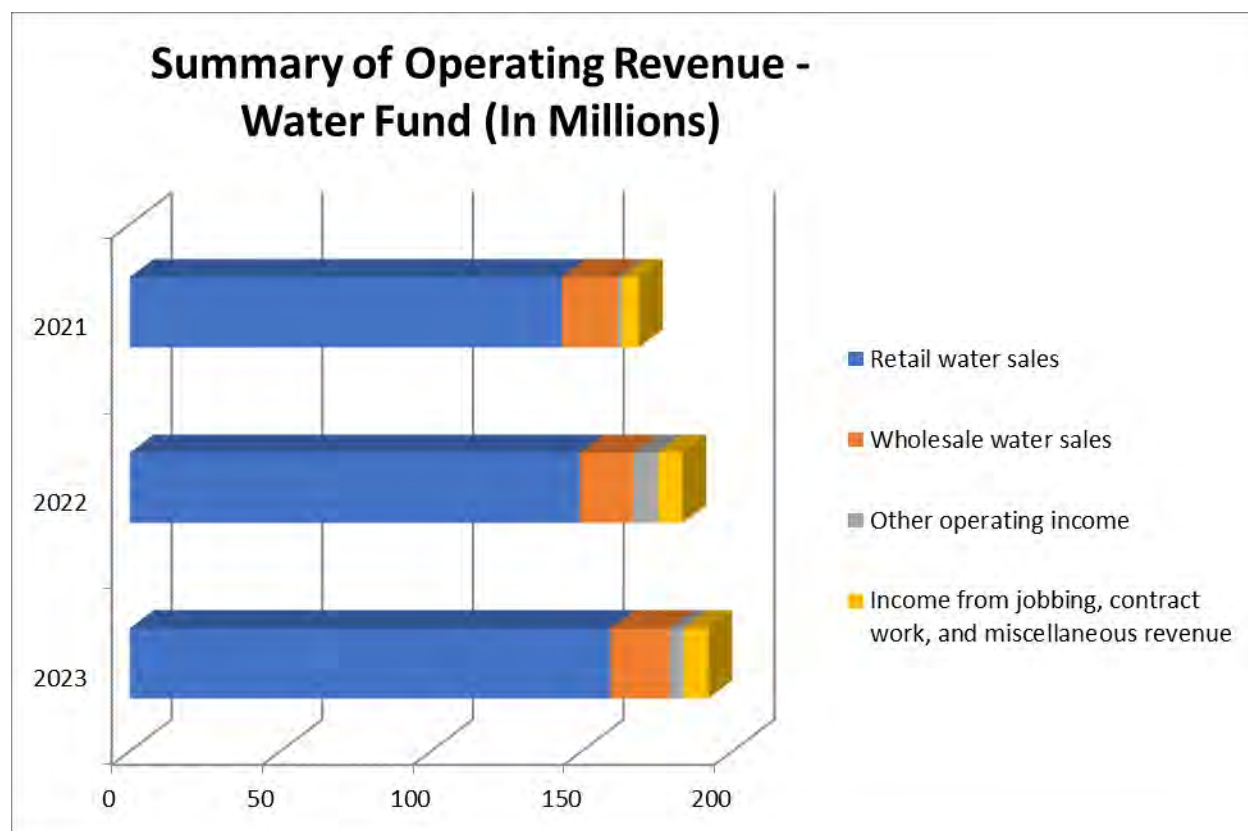
Summary of Operating Revenues

(in thousands)

	April 30,		
	2023	2022	2021
Residential and commercial sales	\$ 413,294	\$ 396,146	\$ 365,469
Intermunicipal sewer charges	33,615	43,241	46,892
Other operating revenue	9,602	14,216	7,563
Income from jobbing, contract work and miscellaneous revenue	8,039	8,112	5,774
Total operating revenues	\$ 464,550	\$ 461,715	\$ 425,698
Operating revenues - water	\$ 191,937	\$ 183,384	\$ 168,946
Operating revenues - sewer	272,613	278,331	256,752
Total operating revenues	\$ 464,550	\$ 461,715	\$ 425,698

The Water Fund

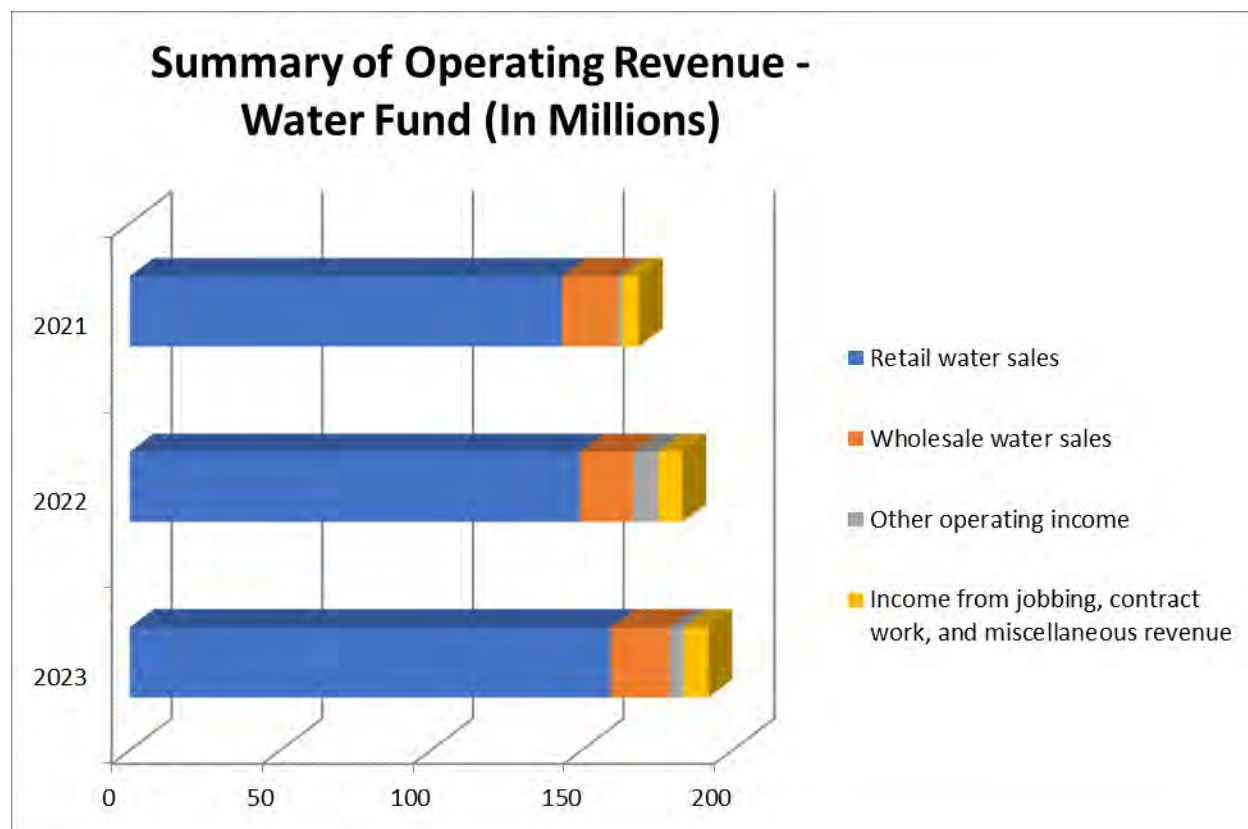
Within the Water Fund, in FY2023, total operating revenues increased by \$8.6 million or 4.7%. The scheduled 5% rate increase contributed additional revenue while water consumption increased. Overall water billed to customers increased by .3 million CCF (hundred cubic feet) or 0.7%. Other operating income decreased by \$3.5 million or 42.3%. Income from jobbing, contract work and miscellaneous revenue decreased by \$0.1 million or 0.9%, including reimbursable revenue from prorating the cost of Consumer Services to the Sewer Fund.



Within the Water Fund, in FY2022, total operating revenues decreased by \$14.4 million or 8.5%. The scheduled 2% 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.

Sewer and Storm Funds Combined

Within the Sewer Fund, in FY 2023, total operating revenues decreased by \$5.7 million or 2.1%. There was a scheduled 6% sewer rate increase in effect all year. Residential and commercial retail sewer charges increased \$5.0 million or 2.2%. Revenue from inter-jurisdictional services decreased \$9.6 million. Stormwater fees decreased 2.8% during the year. There was a 18.7% decrease in other operating revenue that consists primarily of forfeitures and penalties, and rentals of equipment, miscellaneous facilities and parking lots.



Within the Sewer Fund, in FY2022, total operating revenues increased by \$21.6 million or 8.4%. 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 a 5.4% decrease in other operating revenue that consists primarily of forfeitures and penalties, and rentals of equipment, miscellaneous facilities and parking lots.

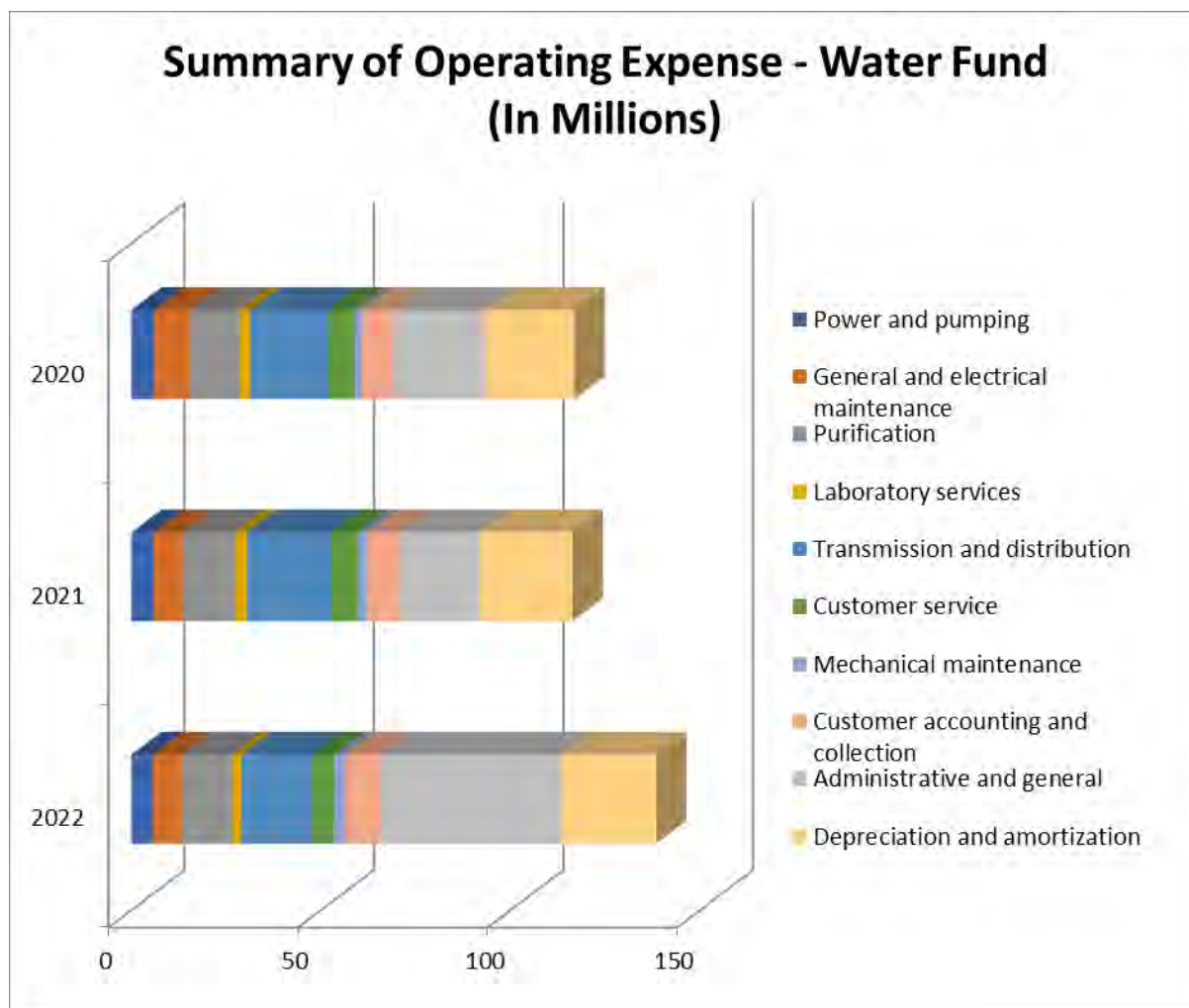
Summary of Operating Expenses - KC Water
(In thousands)

	April 30,		
	2023	2022	2021
Power and pumping	\$ 5,599	\$ 5,581	\$ 5,851
General and electrical maintenance	8,478	7,760	7,778
Purification	16,112	13,361	13,846
Laboratory services	2,721	2,318	2,956
Transmission and distribution	24,190	18,637	22,220
Customer service	9,113	5,967	7,149
Mechanical maintenance	2,870	2,752	2,400
Customer accounting and collection	9,386	9,446	8,681
Sewage treatment and pumping	45,142	43,042	38,192
Sewer maintenance	33,127	30,953	32,192
Industrial and household hazardous waste control	1,455	1,475	1,278
Administrative and general	67,089	88,532	65,063
Depreciation and amortization	74,235	69,413	65,975
	<u>\$ 299,517</u>	<u>\$ 299,237</u>	<u>\$ 274,335</u>
Total operating expenses	<u>\$ 299,517</u>	<u>\$ 299,237</u>	<u>\$ 274,335</u>
Operating expenses - water	\$ 132,663	\$ 138,166	\$ 116,375
Operating expenses - sewer	<u>166,854</u>	<u>161,071</u>	<u>157,960</u>
	<u>\$ 299,517</u>	<u>\$ 299,237</u>	<u>\$ 274,335</u>
Total operating expenses	<u>\$ 299,517</u>	<u>\$ 299,237</u>	<u>\$ 274,335</u>

The Water Fund

In FY2023, total operating expenses of the Water Fund decreased by \$5.5 million or 4.0% over the previous year. General and electrical maintenance expenses increased by \$0.7 million or 9.3%. Transmission and distribution expense increased by \$5.6 million or 29.8%. This was due to a decrease in the use of supplemental work forces for pipeline repair in FY2023.

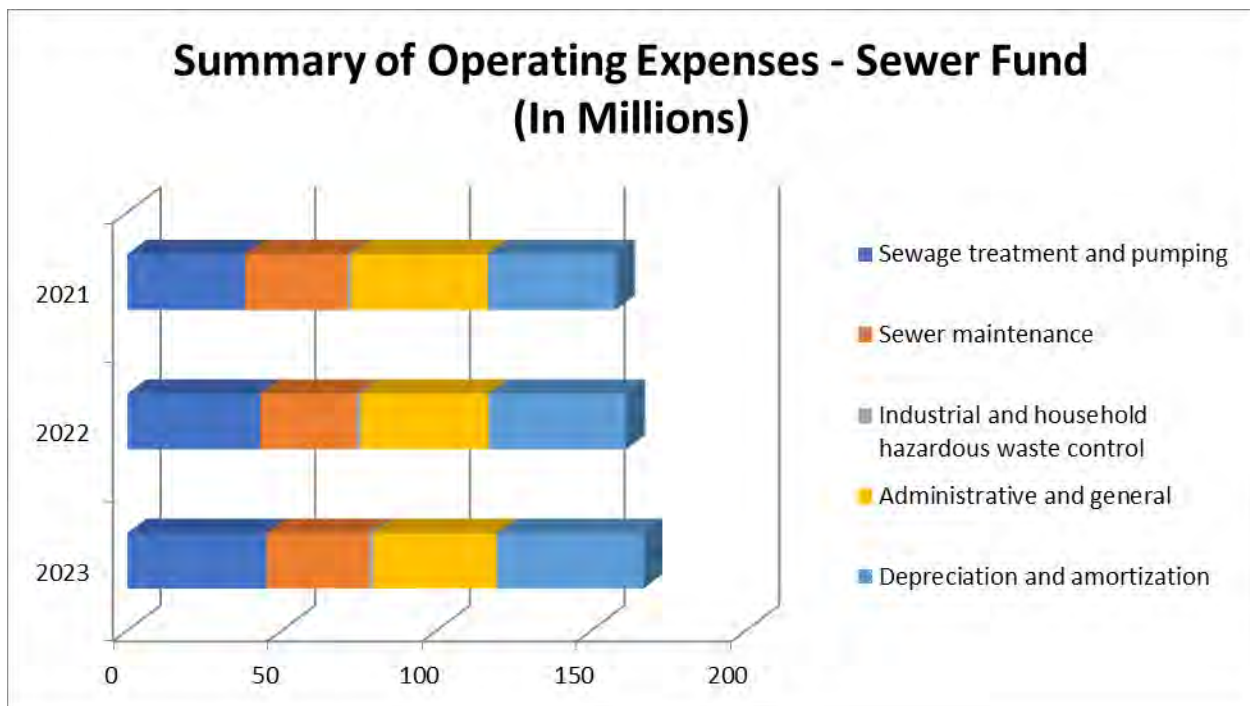
Administrative and general expenses increased by \$20.0 million or 42.3%. This was due to an decrease in legal claims. Depreciation and amortization increased by \$1.9 million or 7.5% as anticipated by the ongoing capital improvement plan.



In FY2022, 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.

Sewer and Storm Funds Combined

In FY2023, total operating expenses of the Sewer Fund increased by \$5.8 million or 3.6% 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 \$2.1 million or 7.0%, sewer maintenance expenses increased by \$2.2 million or 7.0%, administrative and general expenses decreased by \$1.4 million or 3.4% and depreciation and amortization expenses increased by \$2.9 million or 6.6%.



In FY2022, 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%.

Capital Assets

Water Fund

Capital assets in the Water Fund totaled \$1,271.7 million (net of accumulated depreciation) and accounted for 80.4% of total assets at April 30, 2023. 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 \$74.4 million of constructed water mains and appurtenances and \$8.9 million for treatment plant and equipment upgrades. In addition to completed projects, there was \$6.5 million in assets contributed from property developers. The increases in depreciable capital assets were offset by disposals and retirements of \$23.2 million.

At year end 2022 capital assets 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.

Sewer Fund

Capital assets of the Sewer Fund totaled \$1,795.7 million (net of accumulated depreciation) and accounted for 71.8% of total assets at April 30, 2023. 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 \$48.2 million for sanitary sewer rehabilitation and replacement; \$3.9 million for storm sewer and waterways improvements; and \$14.0 million for pumping stations and equipment. In addition to completed projects, there was \$9.4 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 \$8.7 million.

At year end 2022 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.

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 \$244.2 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, of which \$654.1 million remains for the purpose of extending and improving the City's wastewater system

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, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 8,377,543	\$ 24,115,464	\$ 32,493,007
Investments	6,959,147	20,032,492	26,991,639
Accounts receivable, net	23,750,091	44,872,557	68,622,648
Accrued interest receivable	854,291	2,578,076	3,432,367
Current portion of notes receivable	268,794	--	268,794
Inventories	3,993,711	844,841	4,838,552
Prepaid expenses	--	14,827	14,827
Due from other City funds	512,679	607,269	1,119,948
Total unrestricted current assets	<u>44,716,256</u>	<u>93,065,526</u>	<u>137,781,782</u>
Restricted assets			
Cash and cash equivalents	3,319,706	3,975,728	7,295,434
Investments	35,086,649	47,336,601	82,423,250
Accrued interest receivable	614,554	961,884	1,576,438
Total restricted current assets	<u>39,020,909</u>	<u>52,274,213</u>	<u>91,295,122</u>
Total current assets	<u>83,737,165</u>	<u>145,339,739</u>	<u>229,076,904</u>
Investments	146,736,487	422,393,354	569,129,841
Restricted investments	78,184,871	123,417,090	201,601,961
Notes receivable	1,203,640	--	1,203,640
Capital assets, depreciable, net	1,203,755,286	1,599,319,570	2,803,074,856
Capital assets, nondepreciable	67,972,859	160,358,865	228,331,724
Total noncurrent assets	<u>1,497,853,143</u>	<u>2,305,488,879</u>	<u>3,803,342,022</u>
Total assets	<u>1,581,590,308</u>	<u>2,450,828,618</u>	<u>4,032,418,926</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	--	1,056,212	1,056,212
Items related to pension plan	10,772,352	8,986,944	19,759,296
Items related to OPEB plan	1,292,932	1,073,860	2,366,792
Total deferred outflows of resources	<u>12,065,284</u>	<u>11,117,016</u>	<u>23,182,300</u>
Total assets and deferred outflows of resources	<u>\$ 1,593,655,592</u>	<u>\$ 2,461,945,634</u>	<u>\$ 4,055,601,226</u>

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

STATEMENT OF NET POSITION

April 30, 2023

	Water	Sewer	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 15,169,007	\$ 26,038,746	\$ 41,207,753
Current portion of compensated absences	776,720	712,768	1,489,488
Accrued payroll and related expenses	437,847	233,466	671,313
Contracts and retainage payable	2,580,469	2,963,229	5,543,698
Other liabilities	323,002	--	323,002
Due to other City funds	66,041	97,696	163,737
Current portion of claims liability	9,397,777	4,022,204	13,419,981
Total current liabilities, less those payable from restricted assets	28,750,863	34,068,109	62,818,972
Liabilities payable from restricted assets			
Accrued interest and fiscal agent fees	6,225,986	7,741,102	13,967,088
Current portion of revenue bonds and notes payable	20,435,000	25,774,700	46,209,700
Contracts and retainage payable	2,188,825	2,770,783	4,959,608
Customer deposits	6,468,026	--	6,468,026
Total liabilities payable from restricted assets	35,317,837	36,286,585	71,604,422
Total current liabilities	64,068,700	70,354,694	134,423,394
Claims liability	29,759,626	12,736,979	42,496,605
Compensated absences	2,631,454	2,359,558	4,991,012
Net pension liability	35,633,047	28,831,457	64,464,504
Total other postemployment benefit liability	6,133,874	5,407,737	11,541,611
Revenue bonds and notes payable, net of current portion	399,989,331	645,963,458	1,045,952,789
Total noncurrent liabilities	474,147,332	695,299,189	1,169,446,521
Total liabilities	538,216,032	765,653,883	1,303,869,915
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	4,714,907	7,467,692	12,182,599
Items related to pension plan	1,065,505	888,909	1,954,414
Items related to OPEB plan	2,929,625	2,433,237	5,362,862
Total deferred inflows of resources	8,710,037	10,789,838	19,499,875
NET POSITION			
Net investment in capital assets	907,378,993	1,193,312,670	2,100,691,663
Restricted			
Capital projects	24,388,563	34,277,495	58,666,058
Debt service	14,563,819	16,154,665	30,718,484
Unrestricted	100,398,148	441,757,083	542,155,231
Total net position	1,046,729,523	1,685,501,913	2,732,231,436
Total liabilities, deferred inflows of resources and net position	\$ 1,593,655,592	\$ 2,461,945,634	\$ 4,055,601,226

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>
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
Total unrestricted current assets	<u>37,713,816</u>	<u>79,390,627</u>	<u>117,104,443</u>
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
Total restricted current assets	<u>24,730,541</u>	<u>6,186,868</u>	<u>30,917,409</u>
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
Total noncurrent assets	<u>1,426,583,665</u>	<u>2,158,793,945</u>	<u>3,585,377,610</u>
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
Total deferred outflows of resources	<u>6,158,134</u>	<u>6,562,995</u>	<u>12,721,129</u>
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>

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
	<hr/>	<hr/>	<hr/>
Total current liabilities, less those payable from restricted assets	28,623,267	27,289,759	55,913,026
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total liabilities payable from restricted assets	31,604,621	34,716,461	66,321,082
	<hr/>	<hr/>	<hr/>
Total current liabilities	60,227,888	62,006,220	122,234,108
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	418,443,406	582,949,468	1,001,392,874
	<hr/>	<hr/>	<hr/>
Total liabilities	478,671,294	644,955,688	1,123,626,982
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	20,473,317	21,492,388	41,965,705
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total net position	996,041,545	1,584,486,359	2,580,527,904
	<hr/>	<hr/>	<hr/>
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>

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, 2023

	Water	Sewer	Total
OPERATING REVENUES			
Residential and commercial sales	\$ 179,119,388	\$ 234,175,366	\$ 413,294,754
Intermunicipal sewer charges	--	33,614,745	33,614,745
Other operating revenue	4,779,063	4,822,959	9,602,022
Income from jobbing, contract work and miscellaneous revenues	8,038,565	--	8,038,565
Total operating revenues	191,937,016	272,613,070	464,550,086
OPERATING EXPENSES			
Power and pumping	5,598,545	--	5,598,545
General and electrical maintenance	8,477,882	--	8,477,882
Purification	16,111,784	--	16,111,784
Laboratory services	2,721,332	--	2,721,332
Transmission and distribution	24,189,815	--	24,189,815
Customer service	9,113,169	--	9,113,169
Mechanical maintenance	2,869,582	--	2,869,582
Customer accounting and collection	9,385,987	--	9,385,987
Sewage treatment and pumping	--	45,142,672	45,142,672
Sewer maintenance	--	33,127,012	33,127,012
Industrial and household waste control	--	1,455,468	1,455,468
Administrative and general	27,301,841	39,786,731	67,088,572
Depreciation	26,892,685	47,342,248	74,234,933
Total operating expenses	132,662,622	166,854,131	299,516,753
Operating income	59,274,394	105,758,939	165,033,333
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	4,914,563	8,906,479	13,821,042
Interest expense and fiscal agent fees	(11,705,778)	(18,402,551)	(30,108,329)
Other	125,920	311,514	437,434
Total nonoperating revenues (expenses)	(6,665,295)	(9,184,558)	(15,849,853)
Excess of revenues over expenses before capital contributions and transfers	52,609,099	96,574,381	149,183,480
Capital contributions	6,482,391	9,408,799	15,891,190
Payment-in-lieu of taxes	(7,887,482)	(4,469,543)	(12,357,025)
Payments to primary government	(516,030)	(498,083)	(1,014,113)
Increase in net position	50,687,978	101,015,554	151,703,532
Net position, beginning of year	996,041,545	1,584,486,359	2,580,527,904
Net position, end of year	\$ 1,046,729,523	\$ 1,685,501,913	\$ 2,732,231,436

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, 2022

	Water	Sewer	Total
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
Total operating revenues	<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
Total operating expenses	<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
Total nonoperating revenues (expenses)	<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)
Payments to primary government	(211,380)	(179,209)	(390,589)
Increase in net position	26,596,694	165,472,999	192,069,693
Net position, beginning of year	<u>969,444,851</u>	<u>1,419,013,360</u>	<u>2,388,458,211</u>
Net position, end of year	<u><u>\$ 996,041,545</u></u>	<u><u>\$ 1,749,959,358</u></u>	<u><u>\$ 2,580,527,904</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, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING ACTIVITIES			
Cash received from customers	\$ 185,472,886	\$ 271,300,882	\$ 456,773,768
Receipts from interfund services provided	6,399,727	519,164	6,918,891
Cash paid to employees, including benefits	(35,269,234)	(34,436,480)	(69,705,714)
Cash paid to suppliers	(51,690,995)	(79,215,268)	(130,906,263)
Cash paid for interfund services used	(26,946,983)	(17,180,338)	(44,127,321)
Net cash flow from operating activities	<u>77,965,401</u>	<u>140,987,960</u>	<u>218,953,361</u>
NONCAPITAL FINANCING ACTIVITIES			
Payment-in-lieu of taxes	(7,887,482)	(4,469,543)	(12,357,025)
Transfers to other funds	(516,030)	(498,083)	(1,014,113)
Net cash flow from non-capital financing activities	<u>(8,403,512)</u>	<u>(4,967,626)</u>	<u>(13,371,138)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(77,006,716)	(90,359,682)	(167,366,398)
Proceeds from issuance of revenue bonds	58,560,198	129,595,554	188,155,752
Principal payments on revenue bonds and notes payable	(19,310,000)	(24,701,600)	(44,011,600)
Fiscal agent fees and interest paid on revenue bonds and notes payable	(14,866,824)	(21,720,971)	(36,587,795)
Debt issuance costs	(438,552)	(687,813)	(1,126,365)
Proceeds from sale of capital assets	401,394	407,303	808,697
Proceeds from repayment of notes receivable	578,853	--	578,853
Net cash flow from capital and related financing activities	<u>(52,081,647)</u>	<u>(7,467,209)</u>	<u>(59,548,856)</u>
INVESTING ACTIVITIES			
Investment purchases	(145,038,434)	(320,495,347)	(465,533,781)
Investment maturities and sales	132,093,709	189,603,254	321,696,963
Interest received on investments	(2,361,630)	9,130,569	6,768,939
Net cash flow from investing activities	<u>(15,306,355)</u>	<u>(121,761,524)</u>	<u>(137,067,879)</u>
Net change in cash and cash equivalents	2,173,887	6,791,601	8,965,488
Cash and cash equivalents, beginning of year	<u>9,523,362</u>	<u>21,299,591</u>	<u>30,822,953</u>
Cash and cash equivalents, end of year	<u><u>\$ 11,697,249</u></u>	<u><u>\$ 28,091,192</u></u>	<u><u>\$ 39,788,441</u></u>

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

STATEMENT OF CASH FLOWS

Year Ended April 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating income	\$ 59,274,394	\$ 105,758,939	\$ 165,033,333
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	26,892,685	47,342,248	74,234,933
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources			
(Increase) decrease in:			
Accounts receivable	(2,680,900)	(864,958)	(3,545,858)
Inventories	(1,891,071)	(348,874)	(2,239,945)
Prepaid expenses	--	(14,827)	(14,827)
Due from other funds	131,882	71,934	203,816
Deferred outflows related to pension plan	(6,120,513)	(4,913,907)	(11,034,420)
Deferred outflows related to OPEB	213,363	245,022	458,385
Decrease (increase) in:			
Accounts payable	(11,155,102)	(8,847,331)	(20,002,433)
Compensated absences	391,556	203,992	595,548
Accrued payroll and related expenses	(111,409)	(252,718)	(364,127)
Other liabilities	2,876	--	2,876
Due to other funds	66,041	58,967	125,008
Claims liability	4,991,214	(1,378,707)	3,612,507
Customer deposits	2,484,615	--	2,484,615
Net pension liability	18,759,157	15,650,015	34,409,172
Total other postemployment benefit liability	(1,881,119)	(1,562,390)	(3,443,509)
Deferred inflows related to pension plan	(12,945,140)	(11,378,469)	(24,323,609)
Deferred Inflows related to OPEB	1,542,872	1,219,024	2,761,896
Total adjustments	18,691,007	35,229,021	53,920,028
Net cash flow from operating activities	<u>\$ 77,965,401</u>	<u>\$ 140,987,960</u>	<u>\$ 218,953,361</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR-END			
Unrestricted	\$ 8,377,543	\$ 24,115,464	\$ 32,493,007
Restricted	3,319,706	3,975,728	7,295,434
	<u>\$ 11,697,249</u>	<u>\$ 28,091,192</u>	<u>\$ 39,788,441</u>
NONCASH ACTIVITIES			
Contributions of capital assets	\$ 6,482,391	\$ 9,408,799	\$ 15,891,190
Change in fair value of investments	6,575,654	(2,072,597)	4,503,057
Accounts payable for purchase of capital assets	9,251,457	15,039,196	24,290,653

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 on 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 increase in cash and cash equivalents	5,793,817	13,815,062	19,608,879
Cash and cash equivalents, beginning of year	<u>3,729,545</u>	<u>7,484,529</u>	<u>11,214,074</u>
Cash and cash equivalents, end of year	<u>\$ 9,523,362</u>	<u>\$ 21,299,591</u>	<u>\$ 30,822,953</u>

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 flow from operating activities			
Depreciation and amortization	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 of resources - pensions	11,424,647	8,967,982	20,392,629
Deferred outflows of resources - 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 provided by 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

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

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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, 2023 and 2022, 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 THE 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 THE 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, 2023 and 2022, the Water Fund's deferred outflows of resources of \$12,065,284 and \$6,158,134, respectively, were comprised of deferred outflows related to pension and deferred outflows related to OPEB. As of April 30, 2023 and 2022, the Water Fund's deferred inflows of resources of \$8,710,037 and \$20,473,317, 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, 2023 and 2022, the Sewer Fund's deferred outflows of resources of \$11,117,016 and \$6,562,995, respectively, were comprised of deferred losses on bond refundings, deferred outflows related to pension, and deferred outflows related to OPEB. As of April 30, 2023 and 2022, the Sewer Fund's deferred inflows of resources of \$10,789,838 and \$21,492,388, respectively, were comprised of deferred gain on bond refundings, 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 THE 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 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 THE 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 guidance 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 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.

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

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

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

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 Turnpike'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 38.34% and 43.90% as of April 30, 2023 and 2022, respectively. As of April 30, 2023 and 2022, the carrying amount (book value) of the City's deposits, including certificates of deposit and the collateralized money market account was \$47,805,158 and \$26,024,854, 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 \$106,563,658 and \$71,957,180, respectively at April 30, 2023 and 2022, respectively. The Department's allocation of cash and cash equivalents was \$39,223,591 and \$28,901,654 at April 30, 2023 and 2022, 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).
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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

- 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.
 - 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

- 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

As of April 30, 2023, 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	\$ 9,852	\$ 9,852	\$ --	\$ --	\$ --	0.30
U.S. Treasury notes/bonds	361,238	165,044	65,383	73,123	57,688	1.62
Municipal securities	47,087	8,412	2,812	25,237	10,626	2.43
U.S. Agency discounts	24,654	24,654	--	--	--	0.27
U.S. Agencies- noncallable	1,070,163	320,036	287,202	257,116	205,809	1.36
U.S. Agencies- callable	441,009	32,476	101,670	143,562	163,301	2.63
U.S. Agencies- MBS	15,772	--	--	7,855	7,917	2.82
Total pooled	1,969,775	560,474	457,067	506,893	445,341	2.05
Non-pooled investments						
U.S. Treasury bills	34,696	34,696	--	--	--	0.33
U.S. Treasury notes/bonds	22,748	14,633	8,115	--	--	0.41
U.S. Agency discounts	89,106	89,106	--	--	--	0.27
U.S. Agencies- noncallable	97,134	44,934	52,200	--	--	0.82
U.S. Agencies- callable	5,101	--	2,809	2,292	--	1.57
Total non-pooled	248,785	183,369	63,124	2,292	--	0.67
	<u>\$ 2,218,560</u>	<u>\$ 743,843</u>	<u>\$ 520,191</u>	<u>\$ 509,185</u>	<u>\$ 445,341</u>	<u>1.90</u>

The Department's allocation of pooled investments at April 30, 2023 was \$729,964,591. The Department's non-pooled investments at April 30, 2023 were \$150,182,100.

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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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 \$564,850 and \$1,921,299 at April 30, 2023 and 2022, 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, 2023 and 2022, the total fair value of the City's callable bond portfolio (pooled and non-pooled) is \$446,110,350 and \$413,927,135, 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, 2023, 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	\$ 1,653,833	Aaa/AA+
Municipal obligations	47,087	Aaa/AA+
	<u>\$ 1,700,920</u>	

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	19,412	Aaa/AA+
	<u>\$ 1,301,769</u>	

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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, 2023 and 2022, 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, 2023, 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, 2023, 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 20%, 44%, 7% and 5%, respectively, of the City's total investments.

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.

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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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, 2023 and 2022:

	2023		
	Water	Sewer	Total
Cash and cash equivalents	\$ 11,697,249	\$ 27,526,342	\$ 39,223,591
Pooled investments	214,599,454	515,365,137	729,964,591
Non-pooled investments	52,367,700	97,814,400	150,182,100
Cash and cash equivalents - trustee accounts	--	564,850	564,850
	<u>\$ 278,664,403</u>	<u>\$ 641,270,729</u>	<u>\$ 919,935,132</u>
	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>

KC WATER**A Department of the City of Kansas City, Missouri****NOTES TO THE FINANCIAL STATEMENTS****2. DEPOSITS AND INVESTMENTS (CONTINUED)**

The deposits and investments of KC Water at April 30, 2023 and 2022 are reflected in the statements of net position as follows:

	2023		
	Water	Sewer	Total
Current assets			
Unrestricted			
Cash and cash equivalents	\$ 8,377,543	\$ 24,115,464	\$ 32,493,007
Investments	6,959,147	20,032,492	26,991,639
Restricted			
Cash and cash equivalents	3,319,706	3,975,728	7,295,434
Investments	35,086,649	47,336,601	82,423,250
Non-current assets			
Investments	146,736,487	422,393,354	569,129,841
Restricted investments	78,184,871	123,417,090	201,601,961
	<u>\$ 278,664,403</u>	<u>\$ 641,270,729</u>	<u>\$ 919,935,132</u>
	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>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

3. ACCOUNTS RECEIVABLE

A summary of accounts receivable at April 30, 2023 and 2022 is as follows:

	2023		
	Water	Sewer	Total
Residential and commercial customers	\$ 25,352,104	\$ 38,534,183	\$ 63,886,287
Unbilled utility revenue	11,438,809	15,845,456	27,284,265
Intermunicipal sewer customers	--	7,411,373	7,411,373
Other accounts receivable	2,359	44,117	46,476
	<u>36,793,272</u>	<u>61,835,129</u>	<u>98,628,401</u>
Allowance for doubtful accounts	<u>(13,043,181)</u>	<u>(16,962,572)</u>	<u>(30,005,753)</u>
Net accounts receivable	<u>\$ 23,750,091</u>	<u>\$ 44,872,557</u>	<u>\$ 68,622,648</u>
	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	(20,690)	(5,488)
	<u>33,434,262</u>	<u>60,457,604</u>	<u>93,891,866</u>
Allowance for doubtful accounts	<u>(12,365,076)</u>	<u>(16,450,005)</u>	<u>(28,815,081)</u>
Net accounts receivable	<u>\$ 21,069,186</u>	<u>\$ 44,007,599</u>	<u>\$ 65,076,785</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, 2023 and 2022:

Customer	Interest Rates	Loan Completion Date	2023	2022
Dogwood Energy	5.565%	February 2023	\$ --	\$ 321,161
Platte County PWSD #2	4.126%	April 2026	87,928	114,905
Lee's Summit	4.238%	March 2028	1,039,161	1,225,331
Cass County PWSD #10	4.238%	November 2029	1,472,434	389,890
			<u>1,472,434</u>	<u>2,051,287</u>
Current portion			<u>(268,794)</u>	<u>(578,851)</u>
Non-current portion			<u>\$ 1,203,640</u>	<u>\$ 1,472,436</u>

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A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2023 is as follows:

Water Fund	May 1, 2022	Additions	Retirements / Adjustments	April 30, 2023
Depreciable assets				
Buildings	\$ 190,785,946	\$ 18,079,333	\$ (7,139,341)	\$ 201,725,938
Utility lines and improvements	1,094,263,760	74,661,315	(13,972,159)	1,154,952,916
Machinery and equipment	106,297,823	14,261,365	(2,076,062)	118,483,126
Land improvements	8,461	--	---	8,461
Total depreciable assets	<u>1,391,355,990</u>	<u>107,002,013</u>	<u>(23,187,562)</u>	<u>1,475,170,441</u>
Accumulated depreciation				
Buildings	(80,673,407)	(3,736,134)	7,139,343	(77,270,198)
Utility lines and improvements	(149,194,711)	(16,671,202)	13,972,161	(151,893,752)
Machinery and equipment	(37,565,770)	(6,484,926)	1,800,584	(42,250,112)
Land improvements	(670)	(423)	---	(1,093)
Total accumulated depreciation	<u>(267,434,558)</u>	<u>(26,892,685)</u>	<u>22,912,088</u>	<u>(271,415,155)</u>
Total depreciable assets, net	<u>1,123,921,432</u>	<u>80,109,328</u>	<u>(275,474)</u>	<u>1,203,755,286</u>
Nondepreciable assets				
Land and permanent right of ways	10,329,550	91,445	---	10,420,995
Construction in process	71,170,918	83,200,988	(96,820,042)	57,551,864
Total nondepreciable assets	<u>81,500,468</u>	<u>83,292,433</u>	<u>(96,820,042)</u>	<u>67,972,859</u>
Capital assets, net	<u>\$ 1,205,421,900</u>	<u>\$ 163,401,761</u>	<u>\$ (97,095,516)</u>	<u>\$ 1,271,728,145</u>
Sewer Fund	May 1, 2022	Additions	Retirements / Adjustments	April 30, 2023
Depreciable assets				
Sewage treatment plant and other facilities	\$ 366,725,050	\$ 19,399,592	\$ (4,435,837)	\$ 381,688,805
Sewer lines	1,392,567,650	53,671,689	(1,307,788)	1,444,931,551
Equipment	205,786,273	17,039,395	(2,948,750)	219,876,918
Land improvements	51,778,317	1,271,121	--	53,049,438
Green infrastructure	30,196,363	1,401,935	--	31,598,298
Total depreciable assets	<u>2,047,053,653</u>	<u>92,783,732</u>	<u>(8,692,375)</u>	<u>2,131,145,010</u>
Accumulated depreciation				
Sewage treatment plant and other facilities	(225,965,030)	(10,088,162)	4,396,884	(231,656,308)
Sewer lines	(193,537,436)	(22,315,031)	1,307,788	(214,544,679)
Equipment	(69,822,830)	(13,131,283)	2,852,961	(80,101,152)
Land improvements	(2,329,446)	(1,256,058)	--	(3,585,504)
Green infrastructure	(1,386,084)	(551,713)	--	(1,937,797)
Total accumulated depreciation	<u>(493,040,826)</u>	<u>(47,342,247)</u>	<u>8,557,633</u>	<u>(531,825,440)</u>
Total depreciable assets, net	<u>1,554,012,827</u>	<u>45,441,485</u>	<u>(134,742)</u>	<u>1,599,319,570</u>
Nondepreciable assets				
Land and permanent right of ways	15,000,580	435,792	--	15,436,372
Construction in process	122,824,179	96,895,897	(74,797,583)	144,922,493
Total nondepreciable assets	<u>137,824,759</u>	<u>97,331,689</u>	<u>(74,797,583)</u>	<u>160,358,865</u>
Capital assets, net	<u>\$ 1,691,837,586</u>	<u>\$ 142,773,174</u>	<u>\$ (74,932,325)</u>	<u>\$ 1,759,678,435</u>
Total Department capital assets, net	<u>\$ 2,897,259,486</u>	<u>\$ 306,174,935</u>	<u>\$ (172,027,841)</u>	<u>\$ 3,031,406,580</u>

KC WATER

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NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

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>

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NOTES TO THE FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS AND RESTRICTED ASSETS

Revenue bonds and notes payable outstanding consist of the following issues at April 30, 2023 and 2022:

Issue	Interest Rates	Maturities Through	2023	2022
Water Fund				
Series 2014A	2.00 - 5.00%	December 2038	\$ 41,575,000	\$ 43,435,000
Series 2015A	3.25 - 5.00%	December 2039	50,195,000	52,225,000
Series 2017A	3.13 - 5.00%	December 2041	66,145,000	68,245,000
Series 2019A	2.00 - 5.00%	December 2032	40,115,000	49,130,000
Series 2020A	4.00 - 5.00%	December 2044	58,855,000	60,370,000
Series 2021A	3.00 - 5.00%	December 2037	60,340,000	63,130,000
Series 2023A	3.75 - 5.00%	December 2047	53,165,000	-
Sewer Fund				
State Series 2001B	3.00% - 5.375%	July 2022	-	1,060,000
State Series 2002J	2.00% - 5.50%	July 2022	-	635,000
State Series 2004H	3.00% - 5.25%	January 2025	1,295,000	1,915,000
Stormwater 2007	1.40%	June 2027	117,000	139,000
State Series 2009B	1.48%	July 2030	5,780,500	6,535,100
Series 2016A	2.00% - 5.00%	January 2040	137,705,000	144,835,000
Series 2018A	3.125% - 5.00%	January 2042	143,075,000	147,665,000
Series 2018B	4.00% - 5.25%	January 2034	33,285,000	35,645,000
Series 2019A	3.00% - 5.00%	January 2044	55,305,000	56,855,000
State Series 2021A	0.79%	January 2044	50,530,482	26,902,403
Series 2021B	3.00% - 5.00%	January 2037	88,445,000	93,795,000
Series 2023A	4.00% - 5.00%	January 2048	95,910,000	-
			<u>981,837,982</u>	<u>852,516,503</u>
Unamortized premiums			111,728,052	104,061,174
Unamortized discounts			<u>(1,403,545)</u>	<u>(1,000,411)</u>
Net revenue bonds and notes payable			1,092,162,489	955,577,266
Less current portion			<u>(46,209,700)</u>	<u>(43,381,600)</u>
Noncurrent portion of revenue bonds and notes payable			<u>\$ 1,045,952,789</u>	<u>\$ 912,195,666</u>

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NOTES TO THE FINANCIAL STATEMENTS

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

Changes in long-term obligations during the year ended April 30, 2023 are as follows:

	May 1, 2022	Additions	Reductions	April 30, 2023	Due Within One Year
Water Fund					
Revenue bonds	\$ 336,535,000	\$ 53,165,000	\$ (19,310,000)	\$ 370,390,000	\$ 20,435,000
Unamortized bond premium	48,401,977	4,975,988	(3,035,994)	50,341,971	--
Unamortized bond discount	(305,256)	(19,148)	16,764	(307,640)	--
Net pension liability	16,873,890	24,160,400	(5,401,243)	35,633,047	--
Total other post-employment benefit liability	8,014,993	458,579	(2,339,698)	6,133,874	--
Compensated absences	3,016,618	724,132	(332,576)	3,408,174	776,720
Claims payable	34,166,189	11,911,547	(6,920,333)	39,157,403	9,397,777
Total Water Fund	446,703,411	95,376,498	(37,323,080)	504,756,829	30,609,497
Sewer Fund					
Revenue bonds	478,795,000	95,910,000	(20,980,000)	553,725,000	24,363,000
Revenue bonds - private placement	37,186,503	23,628,079	(3,091,600)	57,722,982	1,411,700
Unamortized bond premium	55,659,197	9,181,438	(3,454,554)	61,386,081	--
Unamortized bond discount	(695,155)	(441,776)	41,026	(1,095,905)	--
Net pension liability	13,181,442	20,156,059	(4,506,044)	28,831,457	--
Total other post-employment benefit liability	6,970,127	380,878	(1,943,268)	5,407,737	--
Compensated absences	2,868,334	630,020	(426,028)	3,072,326	712,768
Claims payable	18,137,890	--	(1,378,707)	16,759,183	4,022,204
Total Sewer Fund	612,103,338	149,444,698	(35,739,175)	725,808,861	30,509,672
Total Department	\$ 1,058,806,749	\$ 244,821,196	\$ (73,062,255)	\$ 1,230,565,690	\$ 61,119,169

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NOTES TO THE 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	519,075,000	102,765,000	(143,045,000)	478,795,000	20,980,000
Revenue bonds - private placement	14,238,600	26,293,903	(3,346,000)	37,186,503	3,091,600
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

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NOTES TO THE 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, 2023 are as follows:

Current Year:

Year Ending April 30	Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2024	\$ 20,435,000	\$ 15,505,524	\$ 24,340,000	\$ 23,602,237
2025	18,750,000	14,963,874	23,900,000	22,835,431
2026	15,735,000	14,092,575	23,955,000	21,717,581
2027	16,450,000	13,347,725	25,130,000	20,519,831
2028	17,235,000	12,568,325	26,395,000	19,263,499
2029-2033	99,055,000	49,865,788	149,335,000	75,764,456
2034-2038	99,335,000	28,382,082	149,965,000	42,166,806
2039-2043	59,985,000	10,821,613	98,625,000	15,924,750
2044-2048	23,410,000	2,391,200	32,080,000	3,608,300
	<u>\$ 370,390,000</u>	<u>\$ 161,938,706</u>	<u>\$ 553,725,000</u>	<u>\$ 245,402,891</u>

Year Ending April 30	Sewer Fund - Private Placement		Total	
	Principal	Interest	Principal	Interest
2024	\$ 1,434,700	\$ 392,555	\$ 46,209,700	\$ 39,500,316
2025	2,607,473	501,048	45,257,473	38,300,353
2026	3,134,385	455,004	42,824,385	36,265,160
2027	3,183,003	424,529	44,763,003	34,292,085
2028	3,231,327	393,536	46,861,327	32,225,360
2029-2033	14,045,739	1,539,015	262,435,739	127,169,259
2034-2038	13,137,925	1,009,258	262,437,925	71,558,146
2039-2043	14,030,798	478,137	172,640,798	27,224,500
2044-2048	2,917,632	28,758	58,407,632	6,028,258
	<u>\$ 57,722,982</u>	<u>\$ 5,221,840</u>	<u>\$ 981,837,982</u>	<u>\$ 412,563,437</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS

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

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 \$75,320,383 and \$66,362,162 at April 30, 2023, and 2022, respectively. As of April 30, 2023 and 2022, 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.

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NOTES TO THE 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 2023 and 2022 as follows:

	April 30, 2023		
	Water	Sewer	Total
Principal and interest	\$ 14,640,585	\$ 16,252,689	\$ 30,893,274
Construction	65,904,945	118,230,943	184,135,888
Renewal and replacement	30,158,130	41,248,786	71,406,916
Retention pond maintenance	--	57,210	57,210
Customer deposits	6,502,120	--	6,502,120
	<u>\$ 117,205,780</u>	<u>\$ 175,789,628</u>	<u>\$ 292,995,408</u>

	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	30,089,696	41,137,143	71,226,839
Retention pond maintenance	--	56,224	56,224
Customer deposits	3,995,322	--	3,995,322
	<u>\$ 89,771,765</u>	<u>\$ 77,706,028</u>	<u>\$ 167,477,793</u>

7. PLEDGED REVENUES

Water Fund – The City has pledged revenues of the Water Fund, net of specified operating expenses, to repay \$370,390,000 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 23% of net revenues on average over the next 25 years. The total principal and interest remaining to be paid on the bonds is \$532,328,706. Principal and interest paid for the year ended April 30, 2023 and total net revenues available for debt service were \$33,726,763 and \$92,652,528 respectively.

Sewer Fund – The City has pledged revenues of the Sewer Fund, net of specified operating expenses, to repay \$611,447,982 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.

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NOTES TO THE 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 \$862,072,545 and is expected to require approximately 22% of net sewer revenues over the next 25 years. The stormwater loans are payable from stormwater revenues. Total principal and interest on those loans is \$117,000 and is expected to require approximately 1% of net stormwater revenues over the next 5 years. Principal and interest paid for the year ended April 30, 2023 and net revenues available for debt service for the Sewer Fund were \$45,141,821 and \$158,361,096, respectively.

8. DUE TO/FROM OTHER CITY FUNDS

Amounts due to/from other City funds at April 30, 2023 were as follows:

Payables	Receivables			Total
	Water	Sewer	General	
Water Fund	\$ --	\$ 66,041	\$ --	\$ 66,041
Sewer Fund	58,968	--	38,728	97,696
Flood Control Fund	--	--	--	--
General Fund	453,711	541,228	--	994,939
	<u>\$ 512,679</u>	<u>\$ 607,269</u>	<u>\$ 38,728</u>	<u>\$ 1,158,676</u>

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 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 THE 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, 2023 and 2022, total payments for administrative and general expenses and transfers for PILOT's are as follows:

	<u>2023</u>	<u>2022</u>
Water Fund		
Administrative, data processing and accounting	\$ 5,117,053	\$ 5,482,672
Overhead allocation for self-insured claims	5,773,242	12,985,321
PILOT	7,887,482	5,743,569
Sewer Fund		
Administrative, data processing and accounting	4,200,016	5,091,878
Overhead allocation for self-insured claims	(667,774)	1,871,823
PILOT	4,469,543	3,164,800
	<u>\$ 26,779,562</u>	<u>\$ 34,340,063</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 \$5,987,443 for these services for the years ended April 30, 2023 and 2022, 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 THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

The Board of Trustees of the Plan shall consist of ten 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 THE 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, 2022 and 2021, both the Water and Sewer Funds contributed 14.61% and 17.95% 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 THE 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, 2023 and 2022, employees within the Water Fund contributed \$1,108,014 and \$1,011,233, respectively, and the Water Fund contributed \$3,779,362 and \$4,019,390, respectively, to the Plan. For the years ended April 30, 2023 and 2022, employees within the Sewer Fund contributed \$924,372 and \$885,411, respectively, and the Sewer Fund contributed \$3,152,971 and \$3,519,279, 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, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Water Fund		
Net pension liability	\$ 35,633,047	\$ 16,873,890
Proportion	12.89%	13.12%
Sewer Fund		
Net pension liability	\$ 28,831,457	\$ 13,181,444
Proportion	10.76%	11.47%

The net pension liability was measured as of April 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2021 and 2020 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, 2022 and 2021.

For the years ended April 30, 2023 and 2022, the Water Fund recognized pension expense of \$3,633,447 and \$946,871, respectively. For the years ended April 30, 2023 and 2022, the Sewer Fund recognized pension expense of \$3,031,240 and \$829,057, respectively.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

At April 30, 2023 and 2022, KC Water reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	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	\$ --	\$ 1,065,505	\$ --	\$ 12,517,314
Changes in assumptions	414,398	--	632,449	--
Differences between expected and actual experience	6,578,592	--	--	1,493,331
Fund contributions made subsequent to the measurement date of the net pension liability	3,779,362	--	4,019,390	--
	<u>10,772,352</u>	<u>1,065,505</u>	<u>4,651,839</u>	<u>14,010,645</u>
Sewer Fund				
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 888,909	\$ --	\$ 10,959,854
Changes in assumptions	345,716	--	553,758	--
Differences between expected and actual experience	5,488,257	--	--	1,307,524
Fund contributions made subsequent to the measurement date of the net pension liability	3,152,971	--	3,519,279	--
	<u>8,986,944</u>	<u>888,909</u>	<u>4,073,037</u>	<u>12,267,378</u>
Total Department	<u>\$ 19,759,296</u>	<u>\$ 1,954,414</u>	<u>\$ 8,724,876</u>	<u>\$ 26,278,023</u>

At April 30, 2023 and 2022, the Water Fund reported \$3,779,362 and \$4,019,390, respectively, and the Sewer Fund reported \$3,152,971 and \$3,519,279, 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, 2023, related to pensions, will be recognized in pension expense as follows:

	Water	Sewer	Total
2023	\$ 1,618,930	\$ 1,350,608	\$ 2,969,538
2024	1,613,251	1,345,871	2,959,122
2025	(1,428,919)	(1,192,090)	(2,621,009)
2026	4,124,222	3,440,675	7,564,898
	<u>\$ 5,927,485</u>	<u>\$ 4,945,064</u>	<u>\$ 10,872,549</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions

The total pension liability in the April 30, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Inflation	3.0%	2.5%
Salary increases	Ranges from 3.75% to 5.0%	Ranges from 2.75% to 5.0%
Ad hoc cost-of-living adjustments	3.0%, simple for Tier I Members 2.5% simple deferred to age 62 for Tier II Members	3.0%, simple for Tier I Members 1.9% simple deferred to age 62 for Tier II Members
Investment rate of return	7.00%	7.00%

Mortality rates for the April 30, 2022 and 2021 valuations were based on the 2010 Public General Amount-Weighted Mortality Table for Healthy Employees projected using Scale MP-2020 on a generational basis.

The actuarial assumptions used in the April 30, 2022 and 2021 valuations were based on the results of actuarial experience studies for the periods 2015 - 2020 and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The 2022 and 2021 investment return assumptions of 7.00% 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 2022 and 2021 inflation assumptions of 2.5% 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 2022 and 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
US equity	17.00%	4.30%
Emerging manager of managers	4.00%	4.30%
Non-US equity	12.00%	6.00%
Emerging markets equity	5.00%	8.75%
Global equity	8.00%	5.35%
Fixed income		
Core fixed income	17.00%	1.50%
Non-core fixed income	15.00%	4.25%
Real assets		
Real estate	8.00%	3.25%
Infrastructure	3.00%	4.75%
Opportunistic	10.00%	3.63%
Cash	1.00%	0.00%

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 2119.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate:

	April 30, 2023		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Water fund net pension liability	\$ 57,022,015	\$ 35,633,047	\$ 16,537,000
Sewer fund net pension liability	47,571,194	28,831,457	13,796,160
Total Department	<u>\$ 104,593,209</u>	<u>\$ 64,464,504</u>	<u>\$ 30,333,160</u>
	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>

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, 2023 and 2022, the Water Fund reported a payable of \$75,000 and \$74,000, respectively, for the outstanding amount of contributions to the pension plan. At April 30, 2023 and 2022, the Sewer Fund reported a payable of \$63,000 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 THE 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 No. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Water Fund		
Total other postemployment benefit liability	\$ 6,133,874	\$ 8,014,993
Proportion	6.57%	6.90%
Sewer Fund		
Total other postemployment benefit liability	\$ 5,407,737	\$ 6,970,127
Proportion	5.46%	6.04%

The total OPEB liability was measured as of April 30, 2023 and 2022 and was determined by an actuarial valuation as of April 30, 2022 and 2021, 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, 2022.

For the years ended April 30, 2023 and 2022, the Water Fund recognized OPEB expense of \$132,559 and \$388,138 and the Sewer Fund recognized OPEB expense of \$110,099 and \$339,846, respectively.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

At April 30, 2023 and 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water Fund				
Changes in assumptions	\$ 791,006	\$ 1,518,491	\$ 984,001	\$ 485,201
Differences between expected and actual experience	--	1,411,134	--	901,552
Contributions (benefit payments) made subsequent to the measurement date	501,926	--	522,294	--
	<u>1,292,932</u>	<u>2,929,625</u>	<u>1,506,295</u>	<u>1,386,753</u>
Sewer Fund				
Changes in assumptions	\$ 656,979	\$ 1,261,202	\$ 861,572	\$ 424,832
Differences between expected and actual experience	--	1,172,035	--	789,381
Contributions (benefit payments) made subsequent to the measurement date	416,881	--	457,310	--
	<u>1,073,860</u>	<u>2,433,237</u>	<u>1,318,882</u>	<u>1,214,213</u>
Total Department	<u>\$ 2,366,792</u>	<u>\$ 5,362,862</u>	<u>\$ 2,825,177</u>	<u>\$ 2,600,966</u>

At April 30, 2023 and 2022, the Water Fund reported \$501,926 and \$522,294, respectively and the Sewer Fund reported \$416,881 and \$457,310, 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, 2023, related to OPEB, will be recognized in OPEB expense as follows:

	Water	Sewer	Total
2024	\$ (326,019)	\$ (270,779)	\$ (596,798)
2025	(326,019)	(270,779)	(596,798)
2026	(326,116)	(270,860)	(596,976)
2027	(331,042)	(274,951)	(605,993)
2028	(374,970)	(311,436)	(686,406)
Thereafter	<u>(454,453)</u>	<u>(377,453)</u>	<u>(831,906)</u>
	<u>\$ (2,138,619)</u>	<u>\$ (1,776,258)</u>	<u>\$ (3,914,877)</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability in the April 30, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

	2022	2021
Salary increases	Service based rates from 3.60% to 6.50%	Service based rates from 3.75% to 5.0%
Discount rate	3.42% as of measurement date	2.12% as of measurement date
Health care trend rates	Initial rate of 6.60% declining to an ultimate rate of 4.25% after 12 years	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years

The discount rate for the April 30, 2022 and 2021 valuations were based on the Fidelity 20-Year Municipal GO AA Index

Mortality rates for the April 30, 2022 valuation were based on the RP-2000 Employee Mortality Table projected to 2017 using Scale AA for active members set forward one year. The RP-2000 Healthy Annuitant Mortality Table projected to 2017 using Scale AA is used for healthy retirees and is set forward one year. The RP-2000 Healthy Annuitant Mortality Table projected to 2017 using Scale AA set forward 5 years is applied to disabled retirees. Future mortality improvements were modeled using the ultimate projection scale of MP-2017 also with any applicable set forwards.

Mortality rates for the April 30, 2021 valuation 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, 2022 and 2021 valuations 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2023 and 2022 has been calculated using a discount rate of 3.42% and 2.12%, respectively. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current rate:

	April 30, 2023		
	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
Water Fund total OPEB liability	\$ 7,017,946	\$ 6,133,874	\$ 5,416,614
Sewer Fund total OPEB liability	6,187,187	5,407,737	4,775,415
Total Department	<u>\$ 13,205,133</u>	<u>\$ 11,541,611</u>	<u>\$ 10,192,029</u>

	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 THE FINANCIAL STATEMENTS

11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2023 and 2022 has been calculated using a healthcare cost trend rate of 6.60 decreasing to 4.25 and 7.00% decreasing to 4.15%, respectively. The following presents the total OPEB liability using a healthcare cost trend rate 1% higher and 1% lower than the current rate:

	April 30, 2023		
	1% Decrease (5.60% decreasing to 3.25%)	Current Discount Rate (6.60% decreasing to 4.25%)	1% Increase (7.60% decreasing to 5.25%)
Water fund total OPEB liability	\$ 5,676,175	\$ 6,133,874	\$ 6,720,330
Sewer fund total OPEB liability	5,004,249	5,407,737	5,924,802
Total Department	<u>\$ 10,680,424</u>	<u>\$ 11,541,611</u>	<u>\$ 12,645,132</u>
	April 30, 2022		
	1% Decrease (6.00% decreasing to 3.15%)	Current Discount Rate (7.00% decreasing to 4.15%)	1% Increase (8.00% 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>

12. COMMITMENTS

At April 30, 2023 and 2022, the City had made purchase commitments primarily for additions to utility lines and improvements on behalf of the Water Fund of approximately \$86,834,525 and \$102,557,593, respectively. These commitments will be funded by a combination of existing resources and future debt issuances.

At April 30, 2023 and 2022, the City had made purchase commitments, primarily for additions to plant on behalf of the Sewer Fund of approximately \$208,438,374 and \$230,451,562, respectively. These commitments will be funded by a combination of existing resources and future debt issuances.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

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 purchased 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

Activity in the Water and Sewer Fund's claims liability for the years ended April 30, 2023, 2022 and 2021 is summarized as follows:

	2023	2022	2021
Water			
Balance, beginning of the year	\$ 34,166,189	\$ 21,831,776	\$ 21,154,924
Current year claims incurred and changes in estimates for claims incurred in prior years	11,911,547	30,453,709	3,841,575
Claims and expenses paid	<u>(6,920,333)</u>	<u>(18,119,296)</u>	<u>(3,164,723)</u>
Balance, end of the year	39,157,403	34,166,189	21,831,776
Less current portion	<u>(9,397,777)</u>	<u>(8,199,885)</u>	<u>(5,084,805)</u>
Noncurrent portion	<u>\$ 29,759,626</u>	<u>\$ 25,966,304</u>	<u>\$ 16,746,971</u>
Sewer			
Balance, beginning of the year	\$ 18,137,890	\$ 16,867,443	\$ 14,997,680
Current year claims incurred and changes in estimates for claims incurred in prior years	(539,276)	4,919,642	4,887,788
Claims and expenses paid	<u>(839,431)</u>	<u>(3,649,195)</u>	<u>(3,018,025)</u>
Balance, end of the year	16,759,183	18,137,890	16,867,443
Less current portion	<u>(4,022,204)</u>	<u>(4,353,094)</u>	<u>(3,926,929)</u>
Noncurrent portion	<u>\$ 12,736,979</u>	<u>\$ 13,784,796</u>	<u>\$ 12,940,514</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

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.

The City has the following recurring fair value measurements as of April 30, 2023 and 2022:

- U.S. Treasury Bills, U.S. Treasury Notes/Bonds, Municipal Securities and Federal agencies of approximately \$2,218,560 and \$1,735,227 as of April 30, 2023 and 2022, 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, 2023 and 2022 is comprised of the following:

	April 30, 2023		
	Water	Sewer	Total
Capital Related Assets			
Land	\$ 10,420,995	\$ 15,436,372	\$ 25,857,367
Construction in progress	57,551,864	144,922,493	202,474,357
Buildings	201,725,938	--	201,725,938
Treatment plant and other facilities	--	381,688,805	381,688,805
Utility line and improvements	1,154,952,916	1,444,931,551	2,599,884,467
Land improvements	8,461	53,049,438	53,057,899
Green infrastructure	--	31,598,298	31,598,298
Machinery and equipment	118,483,126	219,876,918	338,360,044
	<u>1,543,143,300</u>	<u>2,291,503,875</u>	<u>3,834,647,175</u>
Less accumulated depreciation	<u>(271,415,155)</u>	<u>(531,825,440)</u>	<u>(803,240,595)</u>
Capital assets, net	<u>1,271,728,145</u>	<u>1,759,678,435</u>	<u>3,031,406,580</u>
Deferred amount on refunding	<u>(4,714,907)</u>	<u>(6,411,480)</u>	<u>(11,126,387)</u>
Less Related Liabilities			
Current portion, bonds payable	20,435,000	25,774,700	46,209,700
Bonds and notes payable, net of premium, discount and unspent proceeds	334,429,951	528,445,573	862,875,524
Contracts and retainages payable	<u>4,769,294</u>	<u>5,734,012</u>	<u>10,503,306</u>
Total capital related liabilities	<u>359,634,245</u>	<u>559,954,285</u>	<u>919,588,530</u>
Net investment in capital assets	<u>\$ 907,378,993</u>	<u>\$ 1,193,312,670</u>	<u>\$ 2,100,691,663</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

15. NET POSITION (CONTINUED)

	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
	<u>1,472,856,458</u>	<u>2,184,878,412</u>	<u>3,657,734,870</u>
Less accumulated depreciation	<u>(267,434,558)</u>	<u>(493,040,826)</u>	<u>(760,475,384)</u>
Capital assets, net	<u>1,205,421,900</u>	<u>1,691,837,586</u>	<u>2,897,259,486</u>
Deferred amount on refunding	<u>(5,075,919)</u>	<u>(6,839,721)</u>	<u>(11,915,640)</u>
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	<u>4,035,454</u>	<u>5,262,803</u>	<u>9,298,257</u>
Total capital related liabilities	<u>346,998,833</u>	<u>555,595,408</u>	<u>902,564,241</u>
Net investment in capital assets	<u>\$ 853,347,148</u>	<u>\$ 1,129,402,457</u>	<u>\$ 1,982,749,605</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

15. NET POSITION (CONTINUED)

Restricted net position as of April 30, 2023 and 2022 is comprised of the following:

	April 30, 2023		
	Water	Sewer	Total
Restricted assets			
Cash and cash equivalents	\$ 3,319,706	\$ 3,975,728	\$ 7,295,434
Investments	113,271,520	170,753,691	284,025,211
Interest receivable	614,554	961,884	1,674,763
	<u>117,205,780</u>	<u>175,691,303</u>	<u>292,995,408</u>
Less liabilities payable from restricted assets			
Debt related to unspent bond proceeds	65,559,381	117,518,041	183,077,264
Accrued interest and fiscal agent fees	6,225,986	7,741,102	13,967,088
Customer deposits	6,468,026	--	6,468,026
	<u>78,253,393</u>	<u>125,259,143</u>	<u>203,512,378</u>
Restricted Net Position	<u>\$ 38,952,387</u>	<u>\$ 50,432,160</u>	<u>\$ 89,483,030</u>

	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>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE 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 (OCP). Creation of OCP 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. OCP 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 OCP, 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 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 OCP 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 OCP team members worked with the 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

KC WATER

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NOTES TO THE FINANCIAL STATEMENTS

16. CITY SEWER OVERFLOW CONTROL PLAN (CONTINUED)

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 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 OCP implementation and to meet other compliance obligations.

The current estimated capital cost of the OCP is projected to be approximately \$2.3 billion (on an inflation adjusted basis) at the end of the 30-year timeframe. In addition, there is expected to be an approximately \$30 million increase in annual expenditures for operation and maintenance related to the OCP. It is anticipated that the OCP 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 OCP. As implementation of OCP 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 OCP has invested more than \$1 billion over the past 13 years to reduce sewer overflows and improve water quality in our local streams and rivers. The City has met all deadlines and requirements of our Federal Consent Decree with the Environmental Protection Agency including completing 66 projects with 14 more projects currently underway. The program is on budget and on schedule to be completed by 2040.

17. SUBSEQUENT EVENTS

The Department evaluated subsequent events through October 30, 2023, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to, or disclosure in the financial statements.

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Financial Section

Required Supplementary Information



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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

	2023	2022	2021	2020	2019	2018	2017	2016
Water Fund								
Proportion of the net pension liability	12.89%	13.12%	13.56%	13.08%	13.15%	13.07%	12.54%	12.54%
Proportionate share of the net pension liability	\$ 35,633,045	\$ 16,873,890	\$ 42,746,714	\$ 29,639,215	\$ 26,886,735	\$ 29,029,374	\$ 30,723,968	\$ 13,380,125
Covered payroll	\$ 38,985,826	\$ 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	91.40%	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	74.00%	91.39%	77.24%	83.75%	84.84%	83.10%	80.69%	91.05%
	2023	2022	2021	2020	2019	2018	2017	2016
Sewer Fund								
Proportion of the net pension liability	10.76%	11.47%	11.00%	11.02%	11.27%	11.16%	10.58%	10.58%
Proportionate share of the net pension liability	\$ 28,831,459	\$ 13,181,444	\$ 35,835,055	\$ 25,202,429	\$ 22,882,403	\$ 24,792,427	\$ 25,927,891	\$ 11,291,459
Covered payroll	\$ 31,544,266	\$ 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	91.40%	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	74.00%	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>2023</u>	<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	\$ 3,842,997	\$ 4,158,149	\$ 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>3,779,362</u>	<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>\$ 63,635</u>	<u>\$ 147,759</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	\$ 21,328,228	\$ 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	17.72%	18.54%	15.89%	15.89%	15.16%	14.62%	14.44%	14.73%
Sewer Fund								
Contractually required contribution	\$ 3,222,025	\$ 3,373,129	\$ 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>3,152,971</u>	<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>\$ 69,054</u>	<u>\$ (146,150)</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	\$ 17,793,290	\$ 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	17.72%	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

	2023	2022	2021	2020	2019
Water Fund					
Proportion of the collective total OPEB liability	6.57%	6.90%	6.98%	7.12%	7.12%
Proportionate share of the collective total OPEB liability	\$ 6,133,874	\$ 8,014,993	\$ 6,796,709	\$ 8,510,917	\$ 7,812,575
Covered employee payroll	\$ 18,266,450	\$ 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	33.58%	40.93%	36.48%	45.89%	43.46%
	2023	2022	2021	2020	2019
Sewer Fund					
Proportion of the OPEB liability	5.46%	6.04%	5.66%	6.01%	6.36%
Proportionate share of the OPEB liability	\$ 5,407,737	\$ 6,970,127	\$ 6,061,027	\$ 7,305,537	\$ 6,716,068
Covered employee payroll	\$ 16,104,041	\$ 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	33.58%	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.

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, 2023

	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
OPERATING REVENUES			
Residential and commercial sales	\$ 220,574,690	\$ 13,600,676	\$ 234,175,366
Intermunicipal sewer charges	33,614,745	-	33,614,745
Other operating revenue	4,614,769	208,190	4,822,959
	<u>258,804,204</u>	<u>13,808,866</u>	<u>272,613,070</u>
OPERATING EXPENSES			
Sewage treatment and pumping	45,088,161	54,511	45,142,672
Sewer maintenance	25,440,984	7,686,028	33,127,012
Industrial and household waste control	1,455,468	--	1,455,468
Administrative and general	36,640,966	3,145,765	39,786,731
Depreciation	38,683,619	8,658,629	47,342,248
	<u>147,309,198</u>	<u>19,544,933</u>	<u>166,854,131</u>
Operating income (loss)	<u>111,495,006</u>	<u>(5,736,067)</u>	<u>105,758,939</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	8,735,145	171,334	8,906,479
Interest expense and fiscal agent fees	(18,399,392)	(3,159)	(18,402,551)
Other	249,423	62,091	311,514
	<u>(9,414,824)</u>	<u>230,266</u>	<u>(9,184,558)</u>
Excess of revenues over expenses before capital contributions and transfers	102,080,182	(5,505,801)	96,574,381
Capital contributions	2,475,320	6,933,479	9,408,799
Payment-in-lieu of taxes	(4,469,543)	-	(4,469,543)
Payments to primary government	(397,697)	(100,386)	(498,083)
	<u>99,688,262</u>	<u>1,327,292</u>	<u>101,015,554</u>
Net position, beginning of year	1,311,862,802	272,623,557	1,584,486,359
Net position, end of year	<u>\$ 1,411,551,064</u>	<u>\$ 273,950,849</u>	<u>\$ 1,685,501,913</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.

	<u>Page</u>
Financial Trends	69
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	71
These schedules contain information to help the reader assess the Department's most significant local revenue source.	
Debt Capacity	78
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	83
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	85
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

Water Fund	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Net investment in capital assets	\$ 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	\$ 907,378,993
Restricted - expendable	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	38,952,382
Unrestricted	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	100,398,148
Total net position	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	1,046,729,523
Sewer Fund										
Net investment in capital assets	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	1,193,312,670
Restricted - expendable	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	50,432,160
Unrestricted	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	441,757,083
Total net position	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	1,685,501,913
Total Department										
Net investment in capital assets	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	2,100,691,663
Restricted - expendable	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	89,384,542
Unrestricted	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	542,155,231
Total net position	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	2,732,231,436

Source: Annual Financial Report for 2017 to 2023 and historical audited financials for remaining years

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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Operating Revenues										
Water sales	\$ 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	\$ 179,119,388
Other water revenue	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	4,779,063
Income from jobbing and contract work and miscellaneous revenues	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	8,038,565
Total operating revenues	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	191,937,016
Operating Expenses										
Power and pumping	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	5,598,545
General and electrical maintenance	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	8,477,882
Purification	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	16,111,784
Laboratory services	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	2,721,332
Transmission and distribution	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	24,189,815
Customer service	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	9,113,169
Mechanical maintenance	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	2,869,582
Customer accounting and collection	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	9,385,987
Administrative and general	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	27,301,841
Depreciation and amortization	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	26,892,685
Total operating expenses	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	132,662,622
Operating Income	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	59,274,394
Non-Operating Revenues (expenses)										
Interest income	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)	4,914,563
Interest expense and fiscal agent fees	(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)	(11,705,778)
Other	(7,312)	78,478	(113,555)	(3,961)	53,426	(156,198)	52,848	102,777	293,390	125,920
Total nonoperating expenses, net	(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)	(6,665,295)
Excess of Revenues Over Expenses Before Capital Contributions	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	52,609,099
Capital Contributions	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	6,482,391
Payment-in-lieu of taxes	-	-	-	(1,372,416)	(1,893,742)	(2,793,824)	(4,201,253)	(4,238,057)	(5,743,569)	(7,887,482)
Transfers to other funds	-	-	-	-	-	-	-	-	(211,380)	(516,030)
Increase in Net Position	\$ 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	\$ 50,687,978

Source: Annual Financial Report for 2017 to 2023 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

Operating Revenues	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Retail sewer charges	\$ 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	\$ 220,574,689
Intermunicipal sewer charges	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	33,614,745
Stormwater fees	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	13,600,677
Other operating revenues	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	4,822,959
Total operating revenues	<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>	<u>272,613,070</u>
Operating Expenses										
Sewerage treatment and pumping	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	45,142,672
Sewer maintenance	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	33,127,012
Industrial and household hazardous waste control	1,277,181	1,322,689	1,339,268	1,409,208	1,470,939	1,593,859	1,607,746	1,278,419	1,475,246	1,455,468
Administrative and general	23,205,978	27,192,886	32,340,109	39,753,428	50,906,139	44,667,120	55,669,992	44,150,308	41,193,098	39,786,731
Depreciation and amortization	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	47,342,248
Total operating expenses	<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>	<u>166,854,131</u>
Operating Income	<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>	<u>105,758,939</u>
Non-Operating Revenues (expenses)										
Interest income	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)	8,906,479
Interest expense and fiscal agent fees	(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)	(18,402,551)
Other	244,250	(38,763)	(28,187)	(59,551)	29,550	(73,735)	66,004	314,423	593,497	311,514
Total non-operating expenses, net	<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>	<u>(9,184,558)</u>
Excess of Revenues Over Expenses Before										
Capital Contributions	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	96,574,381
Capital Contributions	<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>	<u>9,408,799</u>
Payment-in-lieu of taxes	<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>	<u>(4,469,543)</u>
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,209)</u>	<u>(498,083)</u>
Increase in Net Position	<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>	<u>\$ 101,015,554</u>

Source: Annual Financial Report for 2017 to 2023 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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Residential Rates											
Service Charges - Meter size (inches)	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
5/8	11.90	13.09	13.50	13.90	13.90	14.10	14.38	14.38	14.67	15.40	
3/4	12.80	14.08	14.50	14.95	14.95	15.20	15.50	15.50	15.81	16.60	
1	15.65	17.22	17.75	18.30	18.30	18.60	18.97	18.97	19.35	20.32	
1 1/2	19.50	21.45	22.10	22.08	22.08	22.40	22.85	22.85	23.31	2447.00	
2	30.00	33.00	34.00	35.00	35.00	35.50	36.21	36.21	36.93	38.78	
3	102.50	112.75	116.00	119.50	119.50	121.50	123.93	123.93	126.41	132.73	
4	129.00	141.90	146.00	150.50	150.50	153.00	156.06	156.06	159.18	167.14	
6	192.00	211.20	217.50	224.00	224.00	227.50	232.05	232.05	236.69	248.53	
8	278.00	305.80	315.00	324.00	324.00	329.00	335.58	335.58	342.29	359.41	
10	365.00	401.50	414.00	426.00	426.00	433.00	441.66	441.66	450.49	473.02	
12	430.00	473.00	487.00	502.00	502.00	510.00	520.20	520.20	530.60	557.13	
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	4.02	4.45	4.60	4.60	4.63	4.70	4.80	4.80	4.90	5.14	
Next 4,400 cubic feet	4.50	4.75	4.85	5.09	5.14	5.22	5.33	5.33	5.44	5.71	
Next 995,000 cubic feet	3.65	4.00	4.10	4.29	4.40	4.47	4.56	4.56	4.65	4.88	
Over 1,000,000 cubic feet	2.50	2.75	2.90	3.03	3.05	3.10	3.16	3.16	3.22	3.38	
Seasonal off-peak commodity charges	2.48	2.65	2.80	2.93	2.95	2.95	3.01	3.01	3.07	3.22	
Fire Protection - Size of Connection	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually	Annually
4 inch or less	100.00	107.00	110.00	116.00	116.00	116.00	118.32	118.32	120.87	126.91	
6 inch	293.00	315.00	323.00	341.00	341.00	341.00	347.82	347.82	355.32	373.09	
8 inch	625.00	670.00	688.00	726.00	726.00	726.00	740.52	740.52	756.49	794.31	
10 inch	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	1,428.89	
12 inch	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	2,308.55	
16 inch	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	4,919.08	

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 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018					
Suburban Rate										
Service Charges - Meter size (inches)	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
5/8	13.25	14.25	14.70	15.15	15.15	15.40	15.55	15.55	15.55	16.33
3/4	14.30	15.35	15.80	16.25	16.25	16.50	16.67	16.67	16.67	17.50
1	17.45	18.75	19.30	19.90	19.90	20.20	20.40	20.40	20.40	21.42
1 1/2	21.70	23.30	24.00	24.70	24.70	25.10	25.35	25.35	25.35	26.62
2	33.30	35.80	36.90	38.00	38.00	38.60	38.99	38.99	38.99	40.94
3	105.00	113.00	116.50	120.00	120.00	122.00	123.22	123.22	127.04	133.39
4	133.50	143.50	148.00	152.50	152.50	155.00	156.55	156.55	159.98	167.98
6	198.00	213.00	219.50	226.00	226.00	229.50	231.80	231.80	237.87	249.77
8	285.00	306.00	315.00	324.00	324.00	329.00	332.29	332.29	344.00	361.20
10	381.00	410.00	422.00	435.00	435.00	442.00	446.42	446.42	452.75	475.38
12	448.00	482.00	496.00	511.00	511.00	519.00	524.19	524.19	533.26	559.92
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
First 600 cubic feet	3.74	-	-	-	-	-	-	-	-	-
Next 4,400 cubic feet	4.15	-	-	-	-	-	-	-	-	-
First 5,000 cubic feet	-	4.45	4.90	5.00	5.05	5.05	5.10	5.10	5.10	5.36
Over 5,000 cubic feet	3.25	3.50	3.90	3.98	4.05	4.05	4.09	4.09	4.09	4.29
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
Unrestricted	2.00	2.10	2.17	2.26	2.28	2.32	2.35	2.35	2.35	2.47
Restricted	1.94	2.04	2.10	2.18	2.20	2.24	2.27	2.27	2.27	2.38
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
1st repumping charge	0.18	0.19	0.19	0.20	0.20	0.20	0.20	0.20	0.20	0.21
2nd repumping charge	0.25	0.26	0.26	0.27	0.27	0.28	0.28	0.28	0.28	0.29

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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
<u>Residential Rates</u>										
Service Charges										
Sanitary sewer - monthly	12.20	15.10	17.05	18.05	19.30	21.30	22.58	22.58	23.93	25.37
Volume charge - per 100 CCF	4.54	5.25	6.05	7.18	7.84	8.60	9.11	9.11	9.66	10.24
Residential accounts	34.05	37.00	39.75	41.00	47.04	51.60	54.66	54.66	54.66	61.44
Commercial and Industrial discharges										
Biochemical oxygen demand (per pound of excess BOD)	0.303	0.320	0.320	0.320	0.350	0.364	0.399	0.399	0.420	0.445
Suspended solids (per pound of excess SS)	0.181	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.200	0.212
Oil and grease (per pound of excess O&G)	0.131	0.140	0.140	0.140	0.140	0.160	0.178	0.178	0.190	0.201
<u>Nonresidential Users</u>										
Metered connections - per 100 CCF	2.50	2.80	2.92	3.00	3.15	3.48	3.34	3.34	3.58	3.79
Metered connections directly to treatment plant - per 100 CCF	2.13	-	-	-	-	-	-	-	-	-
Service charges - monthly	9.90	11.15	12.40	12.50	11.50	13.60	14.40	14.40	15.26	16.18
Unmetered connections per 100 CCF	3.21	3.55	3.70	3.85	4.53	4.69	4.97	4.97	5.27	5.59
Unmetered connections - no consumption data	34.50	37.00	39.75	41.00	45.00	46.95	49.77	49.77	52.76	55.93
Customers billed directly by KC Water										
Service charges - monthly	17.84	20.50	24.10	25.55	26.20	30.00	31.80	31.80	33.71	35.30
Volume charges	6.35	7.10	8.00	9.35	10.90	11.90	12.60	12.60	13.71	14.16
High concentration discharges										
Biochemical oxygen demand (per pound of excess BOD)	0.382	0.400	0.400	0.400	0.400	0.446	0.446	0.446	0.470	0.498
Suspended solids (per pound of excess SS)	0.205	0.215	0.215	0.215	0.220	0.220	0.220	0.220	0.230	0.244
Oil and grease (per pound of excess O&G)	0.133	0.141	0.141	0.141	0.150	0.183	0.191	0.191	0.200	0.212
<u>Stormwater Rates</u>										
	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.
Stormwater fee amount	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
Revenues Base and Revenues by Customer Class
Last Ten Fiscal Years

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Water Revenues										
Water sales	\$ 118,795,707	\$ 124,494,777	\$ 128,315,706	\$ 135,664,964	\$ 136,752,620	\$ 139,504,364	\$ 139,971,672	\$ 143,372,032	\$ 149,313,976	\$ 159,621,082
Wholesale water sales	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	19,498,306
Other water revenues	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	4,779,063
Income from jobbing and contract work and miscellaneous revenues	-	-	-	-	-	-	-	-	-	-
	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	8,038,565
Total operating revenues	<u>\$ 144,237,320</u>	<u>\$ 150,303,209</u>	<u>\$ 155,209,406</u>	<u>\$ 165,357,747</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>	<u>\$ 191,937,016</u>
Water Customer Served (Res. & Comm.)	167,912	151,073	170,094	171,094	172,248	173,075	173,819	174,688	175,496	176,182
Average Revenue Per Customer (Res. & Comm.)	\$ 707.49	\$ 824.07	\$ 754.38	\$ 792.93	\$ 793.93	\$ 806.03	\$ 805.27	\$ 820.73	\$ 850.81	\$ 906.00
Water Consumption (millions of gallons)	38,920	31,616	31,336	31,792	31,011	31,921	31,216	32,622	32,854	33,096
Sewer and Stormwater Revenues										
Retail Sewer Charges	\$ 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	\$ 220,574,689
Intermunicipal sewer charges	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	33,614,745
Stormwater fees	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	13,600,677
Other operating revenues	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	4,822,959
Total operating revenues	<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>	<u>272,613,070</u>
Total utility operating revenues	<u>\$ 295,487,713</u>	<u>\$ 319,796,815</u>	<u>\$ 348,817,211</u>	<u>\$ 375,255,365</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>	<u>\$ 464,550,086</u>
Sewer Customer Served (Res. & Comm.)	163,464	164,060	164,609	165,163	166,267	167,068	168,568	169,542	170,253	170,975
Average Revenue Per Customer (Res. & Comm.)	\$ 652.68	\$ 729.73	\$ 841.74	\$ 958.77	\$ 1,034.75	\$ 1,126.22	\$ 1,173.36	\$ 1,120.17	\$ 1,263.79	\$ 1,290.10
Average daily sewage treatment (millions of gallons)	72	93	111	96	72	114	122	101	93	87

Source: Annual Financial Report for 2017 to 2023 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 2014		FYE 2015		FYE 2016		FYE 2017		FYE 2018	
		Consumption		Consumption		Consumption		Consumption		Consumption	
		Rank	(100 cubic ft.)	Rank	(100 cubic ft.)	Rank	(100 cubic ft.)	Rank	(100 cubic ft.)	Rank	(100 cubic ft.)
City of Lee's Summit	Wholesale Water	1	1,337,990	1	1,158,421	1	1,085,887	1	1,299,392	1	1,255,534
Jackson County PWSD No. 1	Wholesale Water	2	1,165,515	2	1,086,747	2	993,062	2	1,091,671	2	1,118,992
City of Belton	Wholesale Water	3	892,774	3	756,111	3	896,335	6	551,936	3	904,462
City of Raymore	Wholesale Water	5	681,226	4	694,981	4	659,421	3	707,192	4	726,905
City of Blue Springs	Wholesale Water	4	775,864	6	539,390	10	230,650	7	528,055	6	526,106
Raytown Water Company	Wholesale Water	6	536,878	5	564,064	5	550,473	5	562,841	5	526,632
Evergy (KCP&L)	Utility	8	504,550	8	444,332	7	514,356			9	442,137
Ford Motor Co.	Commercial	10	347,806	10	389,774	6	546,240	9	466,116	10	416,257
Public Water Dist No. 2 - Cass Co.	Wholesale Water							10	465,054	7	518,291
City of Platte City	Wholesale Water					9	428,825				
Veolia - Kansas City	Utility	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	8	451,910
Jackson County PWSD No. 2	Wholesale Water	10	354,444								

User	Type of Business	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023	
		Consumption		Consumption		Consumption		Consumption		Consumption	
		Rank	(100 cubic ft.)	Rank	(100 cubic ft.)	Rank	(100 cubic ft.)	Rank	(100 cubic ft.)	Rank	(100 cubic ft.)
City of Lee's Summit	Wholesale Water	1	1,290,517	1	1,425,528	1	1,540,699	1	1,006,884	1	1,196,229
Jackson County PWSD No. 1	Wholesale Water	6	599,820								
City of Belton	Wholesale Water	2	936,121	3	832,292	3	710,573	2	841,012	3	935,867
City of Raymore	Wholesale Water	4	683,626	5	596,816	2	812,839	3	784,409	2	960,824
City of Blue Springs	Wholesale Water	7	540,461	7	432,600	6	540,664	5	546,611	6	549,056
Raytown Water Company	Wholesale Water	5	603,273	4	613,564	5	541,882	7	423,230	7	456,301
Evergy (KCP&L)	Utility	10	417,562	10	299,739			10	335,987		
Ford Motor Co.	Commercial	8	463,317	6	541,632	10	350,534			9	367,886
Public Water Dist No. 2 - Cass Co.	Wholesale Water										
City of Platte City	Wholesale Water			8	326,341	7	375,179	8	371,707	10	364,413
Veolia - Kansas City	Utility							6	425,269		
Bayer Crop Science	Commercial					9	354,591				
Dogwood Energy Facility	Utility	3	702,942	2	849,415	4	567,675	4	568,404	4	784,295
Jackson County PWSD No. 2	Wholesale Water	9	447,974								
Cass No. 2 Public Water District	Wholesale Water			9	324,670	8	363,801				
KC Parks and Recreation	Government							9	368,517		
Cass No. 6 Public Water District	Wholesale Water									5	702,370
Niagara Bottling	Commercial									8	408,466

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 2014		FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	% of Total		% of Total		% of Total		% of Total		% of Total	
	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue
Johnson County, KS	1	8.93%	1	10.01%	1	9.94%	1	8.61%	1	8.75%
Liberty, MO	2	2.55%	2	3.00%	2	3.15%	2	3.36%	5	1.03%
Gladstone, MO	3	2.70%	3	2.71%	4	2.30%	3	2.32%	2	2.30%
North Kansas City, MO	4	1.94%	5	1.93%	5	1.65%	4	1.37%	3	2.03%
Ford Motor Company	6	0.91%	6	1.24%	3	2.54%	5	1.20%	4	1.29%
Raytown, MO	7	0.75%	8	0.70%	9	0.63%	7	0.74%	7	0.73%
Independence, MO	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%					6	0.89%
Veolia - Kansas City	5	1.33%	4	2.10%	6	1.17%	6	1.04%	8	0.55%
Cook Family Foods	10	0.46%			7	0.77%	8	0.67%	9	0.49%
Hospital Corp of America									10	0.46%

User	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	% of Total		% of Total		% of Total		% of Total		% of Total	
	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue	Rank	Revenue
Johnson County, KS	1	10.92%	1	11.21%	1	11.21%	1	8.68%	1	5.35%
Liberty, MO	5	1.06%								
Gladstone, MO	2	3.25%	3	2.08%	4	2.15%	3	2.18%	3	1.48%
North Kansas City, MO	3	2.61%	2	2.81%	2	2.67%	2	2.30%	2	1.59%
Ford Motor Company	4	1.36%	4	1.10%	5	1.10%	4	1.42%	4	1.19%
Raytown, MO	7	0.76%	6	0.65%	6	0.60%	6	0.57%	7	0.38%
Independence, MO			10	0.39%			9	0.43%		
Honeywell										
Roberts Dairy			9	0.61%					10	0.25%
Veolia - Kansas City			5	0.96%	3	2.63%	5	1.33%	5	1.05%
Cook Family Foods	6	0.86%	7	0.62%	7	0.51%	7	0.57%	6	0.39%
Hospital Corp of America	8	0.68%								
KC Parks & Rec District 3	9	0.62%	8	0.61%	8	0.46%	8	0.49%	8	0.32%
Childrens Mercy Hospital and Clinics	10	0.47%								
Cargill					9	0.44%	10	0.37%	9	0.28%
Niagara Bottling					10	0.44%				

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
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
2023	197,430	102,614	94,816	19,310	14,417	33,727	2.81

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
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
2023	197,430	102,614	94,816	19,310	14,417	33,727	2.81

- (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.

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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
2008 Series A	December 2027	28,570,000	27,080,000	25,520,000	23,885,000	22,175,000	20,390,000	-	-	-	-
2009 Series A	December 2032	141,205,000	128,715,000	118,525,000	107,905,000	97,625,000	87,375,000	-	-	-	-
2012 Series A	December 2036	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	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	41,575,000
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	50,195,000
2017 Series A	December 2041	-	-	-	78,130,000	75,700,000	73,970,000	72,155,000	70,250,000	68,245,000	66,145,000
2019 Series A	December 2032	-	-	-	-	-	-	67,955,000	57,800,000	49,130,000	40,115,000
2020 Series A	December 2044	-	-	-	-	-	-	-	61,815,000	60,370,000	58,855,000
2021 Series A	December 2037	-	-	-	-	-	-	-	-	63,130,000	60,340,000
2023 Series A	December 2047	-	-	-	-	-	-	-	-	-	53,165,000
AMR Capital Lease - 2008	December 2017	5,002,639	3,700,159	-	-	-	-	-	-	-	-
AMR Capital Lease - 2009	December 2019	15,293,661	12,843,545	-	-	-	-	-	-	-	-
		<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>	<u>370,390,000</u>
Add premium:		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	50,341,972
Less:											
Current portion		(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)	(20,435,000)
Discount		<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>	<u>(307,641)</u>
Noncurrent revenue bonds and capital leases payable		<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>393,466,512</u>	<u>365,321,721</u>	<u>399,989,331</u>

Source: Annual Financial Report for 2017 to 2023 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		
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
2023	267,539	108,626	158,913	24,050	21,049	45,099	96	3.52	3.53

- (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
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
2023	13,980	10,886	3,094	22	2	24	128.92

- (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 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
State Series 1995B	January 2015	1,460,000	-	-	-	-	-	-	-	-	-
State Series 1996A	January 2016	3,775,000	1,940,000	-	-	-	-	-	-	-	-
State Series 1997A	January 2017	3,995,000	2,695,000	1,365,000	-	-	-	-	-	-	-
State Series 1998A	January 2019	3,165,000	2,590,000	1,990,000	1,360,000	695,000	-	-	-	-	-
State Series 1999A	January 2020	2,375,000	2,025,000	1,660,000	1,275,000	870,000	445,000	-	-	-	-
State Series 2000A	July 2020	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	4,660,000	4,040,000	3,405,000	2,755,000	2,090,000	1,410,000	715,000	-	-	-
Stormwater 2000	December 2020	495,000	427,700	359,200	289,600	218,800	146,800	73,600	-	-	-
Stormwater 2001 & 2002	December 2021	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	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	5,145,000	4,635,000	4,110,000	3,570,000	3,015,000	2,445,000	1,860,000	1,255,000	635,000	-
Series 2004H	January 2025	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	1,295,000
Series 2005B	January 2025	10,040,000	9,300,000	-	-	-	-	-	-	-	-
Stormwater 2007	June 2027	301,000	282,000	263,000	243,000	223,000	203,000	182,000	161,000	139,000	117,000
Series 2007A	January 2032	33,355,000	32,085,000	-	-	-	-	-	-	-	-
Series 2009A	January 2034	61,820,000	59,755,000	57,615,000	55,400,000	53,105,000	-	-	-	-	-
Series 2009B	July 2030	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	5,780,500
Series 2011A	January 2037	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	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	137,705,000
Series 2018A	January 2042	-	-	-	-	165,000,000	160,285,000	156,240,000	152,035,000	147,665,000	143,075,000
Series 2018B	January 2034	-	-	-	-	-	42,055,000	40,025,000	37,890,000	35,645,000	33,285,000
Series 2019A	January 2044	-	-	-	-	-	-	59,735,000	58,330,000	56,855,000	55,305,000
State Series 2021A	January 2044	-	-	-	-	-	-	-	608,500	26,902,403	50,530,482
Series 2021B	January 2037	-	-	-	-	-	-	-	-	93,795,000	88,445,000
Series 2023A	January 2048	-	-	-	-	-	-	-	-	-	95,910,000
		326,197,958	307,081,300	433,244,200	411,750,500	556,790,700	522,894,400	558,610,400	533,313,600	515,981,503	611,447,982
Add premium:		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	61,386,080
Less:											
Current portion		(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)	(25,774,700)
Discount		(607,837)	(566,990)	(804,562)	(764,785)	(989,296)	(898,963)	(1,002,208)	(951,588)	(695,154)	(1,095,904)
Noncurrent revenue bonds and capital leases payable		325,164,052	305,800,165	445,383,540	423,843,790	578,228,911	547,911,797	584,873,201	555,870,150	546,873,945	645,963,458

Source: Annual Financial Report for 2017 to 2023 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	Personal Income	Percentage of Personal Income¹	Per Capita²	Population
2014 ⁽³⁾	304,946	344,281	649,227	12,712,278	5.11%	1,379	470,860
2015 ⁽³⁾	407,290	324,083	731,373	13,909,743	5.26%	1,539	475,368
2016 ⁽³⁾	374,702	466,877	841,579	14,320,952	5.88%	1,746	482,013
2017 ⁽³⁾	442,372	443,806	886,178	15,527,614	5.71%	1,813	488,797
2018 ⁽³⁾	421,368	603,465	1,024,833	15,821,378	6.48%	2,080	492,755
2019 ⁽³⁾	400,349	571,931	972,280	16,138,155	6.02%	1,959	496,299
2020 ⁽³⁾	356,514	610,778	967,292	17,206,197	5.62%	1,904	507,932
2021 ⁽³⁾	411,879	582,670	994,549	18,534,012	5.37%	1,956	508,394
2022 ⁽³⁾	384,632	570,946	955,578	19,429,567	4.92%	1,864	512,667
2023 ⁽³⁾	420,424	671,738	1,092,162	21,695,527	5.03%	2,109	517,793

Source: Annual Financial Report

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

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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 ⁽³⁾ (in Thousands)	Per Capita Personal Income	School Enrollment	Unemployment Rate ⁽⁷⁾	
2014	470,860 ⁽¹⁾	12,712,278	26,998 ⁽⁴⁾	55,360	7.0	
2015	475,368 ⁽¹⁾	13,909,743	29,261 ⁽⁴⁾	55,077	5.8	
2016	482,013 ⁽¹⁾	14,230,952	29,524 ⁽⁴⁾	55,039	4.9	
2017	488,797 ⁽¹⁾	15,527,614	31,767 ⁽⁴⁾	56,711	4.3	
2018	492,755 ⁽¹⁾	15,821,378	32,108 ⁽⁴⁾	61,855 ⁽⁶⁾	3.5	
2019	496,299 ⁽¹⁾	16,138,155	32,517 ⁽⁴⁾	62,958 ⁽⁶⁾	3.4	⁽⁹⁾
2020	507,932 ⁽¹⁾	17,206,197	33,875 ⁽⁵⁾	62,354 ⁽⁶⁾	7.3	
2021	508,394 ⁽¹⁾	18,534,012	36,456 ⁽⁴⁾	63,333 ⁽⁶⁾	5.4	
2022	512,667 ⁽¹⁾	19,429,567	37,899 ⁽⁵⁾	63,587 ⁽⁶⁾	2.8	
2023	517,793 ⁽²⁾	21,695,529	41,900 ⁽⁵⁾	64,505 ⁽⁶⁾	3.0	⁽⁸⁾

Sources:

- ⁽¹⁾ Census Bureau's 2014 to 2022 Population Estimates Program.
- ⁽²⁾ Fiscal Year 2023 is an estimation from the Census Bureau's 2014 to 2022
- ⁽³⁾ Derived from population and per capita income, provided by City Planning and Development Department
- ⁽⁴⁾ Fiscal Year 2014 thru 2019 and 2021 American Community Survey.
- ⁽⁵⁾ For 2020, 2022 and 2023 the estimates are based upon averaging two figures: (1) the American Community Survey adjusted for CPI change and (2) City Planning and Development Department extrapolation of the change.
- ⁽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 2023 through July 2023.
- ⁽⁹⁾ Restated from prior years

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

Employer ⁽¹⁾	2023		Employer	2014	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Public School System ⁽³⁾	44,172	3.88%	Public School System3	#	2.93%
Federal Government	38,665	3.40%	Federal Government	#	2.71%
State/County/City Government ⁽⁴⁾	28,409	2.50%	State/County/City Government2	#	2.47%
Cerner Corp.	11,900	1.05%	Cerner Corp.	#	0.98%
The University of Kansas Hospital	11,905	1.05%	HCA Midwest Health System	#	0.93%
HCA Midwest Health System	10,051	0.88%	Saint Luke's Health System	#	0.88%
Saint Luke's Health System	9,976	0.88%	Sprint Corp.	#	0.74%
Children's Mercy	7,607	0.67%	The University of Kansas Hospital	#	0.59%
Ford Motor Co. Kansas City Assembly Plant	7,250	0.64%	Children's Mercy Hospitals and Clinics	#	0.59%
Honeywell Federal Manufacturing	6,243	0.55%	Ford Motor Co. Kansas City Assembly Plant	#	0.49%
Total employment Kansas City MSA ⁽⁴⁾	1,137,400	15.49%	Total employment	#	13.31%

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 2023.

⁽³⁾ The number of local employees for the public school systems is made up of thirty (30) public school systems and school districts for 2023 and sixteen (16) for 2014.

⁽⁴⁾ The number of local employees for the State/County/City Government is made up of (57) employers.

⁽⁵⁾ Data was taken from U.S Bureau of Labor Statistics Non-farm Employment Kansas City MSA - April 2023

** The sources of information presented in this table comes from KC's Biggest Public-Sector Employers, Kansas City Business Journal, February 10, 2023, and KC's Biggest Private Sector Employers, Kansas City Business Journal, July 29, 2023. The data is self reported.

Statistical Section

Operating Information



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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Customer Service										
Call Center Calls	281,205	304,849	319,744	311,724	305,756	312,961	272,050	201,342	187,773	191,076
Average customer service call per day	1,120	1,219	1,279	1,247	1,218	1,247	1,082	799	782	781
Average speed of answer (seconds)	27	54	86	100	99	133	91	36	78	118
Percent of time answering calls in < 30 seconds	73.3%	64.7%	57.7%	52.5%	53.5%	43.7%	55.5%	74.7%	59.3%	48.4%
Abandonment Rate	5.0%	2.8%	12.1%	5.4%	5.8%	6.9%	7.0%	2.3%	6.2%	14.3%
Water										
Water main breaks	1,375	852	815	686	723	964	729	939	742	1,091
Water Customers Served	168,000	168,000	171,500	172,000	172,280	173,107	173,851	174,720	175,564	176,216
Water Consumption (millions of gallons)	38,920	31,616	31,336	31,792	31,011	31,921	31,216	32,622	32,854	33,096
Average daily production (thousands of gallons)	113,000	96,270	95,200	113,000	94,417	99,800	97,200	98,900	90,011	107,850
Peak daily production (thousands of gallons)	240,000	146,600	141,000	159,000	147,630	158,100	141,900	152,000	141,326	156,500
Water mains (miles)	2,800	2,800	2,806	2,824	2,833	2,824	2,832	2,837	2,837	2,858
Fire Hydrants	23,000	23,801	24,252	24,348	24,777	24,750	25,038	25,314	25,314	25,726
Storage capacity (thousands of gallons)	141,000	141,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Sewer										
Sanitary sewer (miles)	2,800	2,800	2,800	2,974	2,709	2,551	2,552	2,635	2,740	2,752
Sewer customers served	163,492	164,088	164,637	165,191	166,295	167,095	168,595	169,569	170,280	171,002
Average daily sewage treatment (millions of gallons)	72	93	111	96	72	114	122	101	93	87
Treatment capacity (millions of gallons)	155	155	155	150	155	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
Last Ten Fiscal Years

Division	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Directors Office	9	7	7	9	9	8	7	8	8	9
Finance & Administration	29	29	29	30	30	31	31	30	30	28
Revenue Protection	6	7	7	7	7	7	8	8	8	8
Human Resources	7	10	11	12	12	12	11	11	11	8
Communications	4	5	5	6	6	6	5	5	-	-
Consumer Services	69	72	72	75	75	76	76	78	76	73
Information Technology	12	13	13	13	13	14	14	15	15	9
Laboratory Services	28	28	29	30	30	31	31	32	32	29
Engineering - Facilities	7	8	8	9	9	8	9	10	11	10
Engineering - General Services	-	1	1	1	1	1	3	6	5	7
Safety Management	3	3	3	4	4	4	4	3	3	3
Engineering - Distribution System	33	32	32	34	34	32	32	23	38	37
Engineering - Planning	10	10	10	10	10	11	11	9	18	23
Building Operations	5	5	5	5	5	5	5	5	5	6
Line Maintenance - General Services	7	7	7	7	7	7	8	6	6	4
Line Maintenance - Pipeline	107	109	122	131	131	131	131	130	129	118
Water Supply - General Services	12	12	12	13	13	12	8	9	11	13
Water Supply - Operations	39	39	39	39	39	39	38	38	40	39
Water Supply - Maintenance	55	55	56	56	56	56	56	56	54	56
Industrial Waste Control	-	-	-	1	1	-	-	-	-	-
Reading & Services - Water Services	85	87	75	72	72	72	72	73	74	98
Reading & Services - Meter Reading	9	9	7	7	7	7	5	5	5	4
Waterways	-	-	-	1	1	-	-	-	-	-
Storeroom	6	6	6	6	6	6	9	9	9	10
Security Operations	5	4	4	3	3	3	4	4	4	4
Brush Creek Improvements	8	1	1	-	-	-	-	-	-	-
	555	559	561	581	581	579	578	573	592	596

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

Division	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Directors Office	7	6	6	6	6	7	7	7	7	5
Contract Administration	5	5	5	7	7	8	8	8	8	9
Human Resources	-	-	-	-	-	-	-	-	2	2
Laboratory Services	6	6	5	5	5	5	5	5	4	4
Engineering - Facilities	3	3	3	5	5	5	7	9	8	9
Engineering - General Services	1	1	1	1	1	1	3	8	4	3
Overflow Control Program	6	7	7	9	9	12	15	14	16	15
Safety Management	2	2	2	2	2	2	2	2	2	2
Engineering - Distribution System	19	19	19	25	25	25	24	18	6	4
Engineering - Planning	9	10	10	10	10	11	11	8	9	8
Building Operations	5	5	5	6	6	5	5	5	5	5
Line Maintenance - Sewer Repair	125	126	127	124	124	101	71	70	71	69
Line Maintenance - Sewer Cleaning	-	-	-	-	-	27	56	56	55	55
Line Maintenance - General Services	11	10	10	10	10	9	7	6	6	5
Line Maintenance - Inspections	29	29	29	29	29	28	30	32	32	32
Wastewater Treatment-Maintenance	70	69	70	72	72	71	70	70	70	70
Wastewater Treatment-Operations	52	52	52	54	54	59	57	57	57	57
Industrial Waste Control	8	13	12	14	14	16	15	15	16	14
Storeroom	4	4	3	3	3	3	3	3	3	3
Security Operations	-	-	-	-	-	1	1	-	-	-
Household Hazardous Waste	2	1	1	-	-	-	-	1	1	1
	<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>	<u>372</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

Division	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Directors Office	1	-	-	-	-	-	-	-	-	-
Engineering - Planning	5	5	5	5	5	5	6	6	7	8
Engineering - Distribution System	-	-	-	-	-	-	1	2	1	0
Catch Basin Cleaning & Repair	82	85	85	85	85	56	36	36	36	37
Storm Preventative Maintenance							49	49	49	49
Stormwater Services	14	14	14	15	15	12	10	9	9	6
Stormwater Flood Monitoring	1	2	2	2	2	2	1	1	1	1
Engineering Stormwater Design	-	-	-	-	-	-	-	-	-	-
Waterways	-	5	5	5	5	6	5	3	5	3
Discharge Permit Programs	3	3	3	3	3	3	3	3	2	2
Household Hazardous Waste	-	1	1	1	1	1	-	-	-	-
	<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>	<u>106</u>

Source: Performance Management Division records within KC Water



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