

2025

Annual

Comprehensive

Financial Report

For the Fiscal Years Ended April 30, 2025 and 2024

Prepared by KC Water Staff

2025

Annual

Comprehensive

Financial Report

For the Fiscal Years Ended April 30, 2025 and 2024

Prepared by KC Water Staff

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Years Ended April 30, 2025 and 2024

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	xi
Organizational Chart	xii
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements	
Statements of Net Position	17
Statements of Revenues, Expenses and Changes in Net Position	19
Statements of Cash Flows	21
Notes to Financial Statements	23
Required Supplementary Information (Unaudited)	
Schedule of the Department's Proportionate Share of the Net Pension Liability	65
Schedule of the Department's Contributions	66
Schedule of the Department's Proportionate Share of the Total OPEB Liability	67
Supplementary Information	
Combining Schedule of Revenues, Expenses and Changes in Net Position – Sewer Fund	68
Statistical Section	
Statistical Section Table of Contents	69
Financial Trends	
Net Position by Category	70
Changes in Net Position – Water Fund	71
Changes in Net Position – Sewer Fund	72
Revenue Capacity	
Residential Water Service Rates.....	73
Suburban Water Service Rates.....	74
Sewer and Stormwater Service Rates.....	75
Revenue Base and Revenues by Customer Class	76
Largest Users of the System – Water Fund	77
Largest Users of the System – Sewer Fund	78
Debt Capacity	
Revenue Bond Coverage Ratios – Water Fund	79
Schedule of Historical Revenue Bonds – Water Fund	80
Revenue Bond Coverage Ratios – Sewer Fund	81
Schedule of Historical Revenue Bonds – Sewer Fund	82
Ratios of Outstanding Debt	83

Demographic and Economic Information	
Demographic and Economic Statistics	84
Top 10 Principal Employers	85
Operating Information	
Operating Indicators	86
Schedule of Full-Time Equivalent Employees by Division – Water Fund	87
Schedule of Full-Time Equivalent Employees by Division – Sewer Fund	88
Schedule of Full-Time Equivalent Employees by Division – Stormwater Fund	89

Introduction Section

Annual Comprehensive
Financial Report





KC WATER

OFFICE OF THE DIRECTOR

January 9, 2026

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 five-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 515,088 residents and 320 square miles of service territory, that includes 2,872 miles of water mains and 2,800 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 3.4 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, 2025. 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 38th 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 9.04%, Healthcare at 4.75% and Automotive Assembly at 0.78%.

Per the Bureau of Labor Statistics, the average unemployment rate (not seasonally adjusted) for Kansas City as of April 30, 2025, was 4.3%, which is 0.1 percentage points higher than the national average unemployment rate of 4.2%.

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 \$245,367 while the median home value in Missouri is \$257,930. A 2025 U.S. News and World Report study ranked Kansas City in the top 20 of hottest housing market in the country.

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 12,792 acres of parkland, 158 miles of trails and bike ways, 222 urban parks, 29 lakes, 115 playgrounds, 126 baseball/softball diamonds, 116 basketball courts, 70 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.

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 177,000 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 2025 was about 106.6 million gallons per day with a peak day demand of 157.9 million gallons, which is about 66% of the treatment plant's design capacity.

The number of employees within the Water Utility totaled 445 at year-end, April 30, 2024, which is a increase of 41 employees over the prior year (59% labor class, 41% management class).

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

	2021	2022	2023	2024	2025
Retail Customers	156,520	157,232	157,922	158,366	159,020
Commercial / Industrial	18,168	18,298	18,260	18,267	18,332
Wholesale Customers	32	34	34	34	34
Total	174,720	175,564	176,216	176,667	177,386

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, 2025:

User	Type of Business	Annual Consumption (100 cubic feet)	Percentage of Total Consumption
City of Lee's Summit	Wholesale Water	1,041,138	3.2%
City of Belton	Wholesale Water	984,521	3.0%
City of Raymore	Wholesale Water	929,984	2.8%
Dogwood Energy	Utility	862,921	2.6%
Niagara Bottling	Industrial	823,395	2.5%
City of Blue Springs	Wholesale Water	579,951	1.8%
Ford Motor Company	Industrial	384,733	1.2%
Evergy	Utility	378,918	1.2%
Raytown Water	Wholesale Water	372,466	1.1%
City of Platte City	Wholesale Water	361,594	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 172,000 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	53.11
Westside	1977	22.50	14.68
Birmingham	1977	20.00	6.92
Todd Creek	1999	3.40	2.07
Fishing River	2000	2.00	1.12
Rocky Branch	2005	2.80	0.53
Total		155.70	78.43

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 284 at year-end, April 30, 2025. This is a increase of 13 from the prior year (65% labor class, 35% management class).

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

	2021	2022	2023	2024	2025
Residential Customers	152,669	153,354	154,073	154,624	155,215
Commercial/Industrial	16,873	16,899	16,902	16,964	17,012
Inter-Jurisdictional	27	27	27	27	27
Total	169,569	170,280	171,002	171,615	172,254

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, 2025:

User	Type of Business	% of Total
		Revenue
Johnson County, KS	Inter-Jurisdictional	4.2%
North Kansas City, MO	Inter-Jurisdictional	2.2%
Gladstone, MO	Inter-Jurisdictional	2.1%
Vicinity Energy Kansas City, Inc	Industrial	1.8%
Ford Motor Company	Industrial	1.2%
Roberts Dairy	Industrial	0.5%
Raytown, MO	Inter-Jurisdictional	0.5%
Cargill	Industrial	0.5%
Independence, MO	Inter-Jurisdictional	0.4%
St Lukes Hospital	Industrial	0.4%

The Stormwater Utility

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

What is Stormwater?

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

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

Issues related to Stormwater

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

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

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

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

using green infrastructure methods such as rain gardens, bio-retention, native plantings, and porous pavements to help manage stormwater where it falls.

Sewer Overflows

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

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

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

Stormwater Fees

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

Currently, the average Kansas City, Missouri resident pays a stormwater monthly charge of approximately \$2.50 based on a fee of 50 cents per 500 square feet of impervious surface. This rate has remained unchanged since 2003. This fee supports several Stormwater utility activities such as 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 88 at year-end, April 30, 2025. This is an increase of 9 over the prior year (70% labor class, 30% management class).

Capital Improvement Projects

The Water Fund will have invested approximately \$295 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

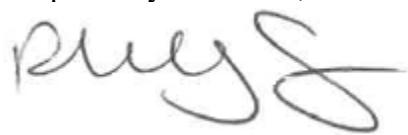
The Overflow Control Program (OCP) was developed to meet regulatory requirements set forth by the Environmental Protection Agency and the Missouri Department of Natural Resources. The regulations require minimizing overflows from the combined sewer system and preventing overflows from the separate sanitary 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 \$493 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 2035 is approximately \$2.3 billion and \$3.8 billion through the year 2040, adjusted for inflation. In addition, annual expenditures for operations and maintenance are expected to increase by approximately \$30 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, 2024. This was the eighth year that KC Water submitted an ACFR for consideration and the eighth 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

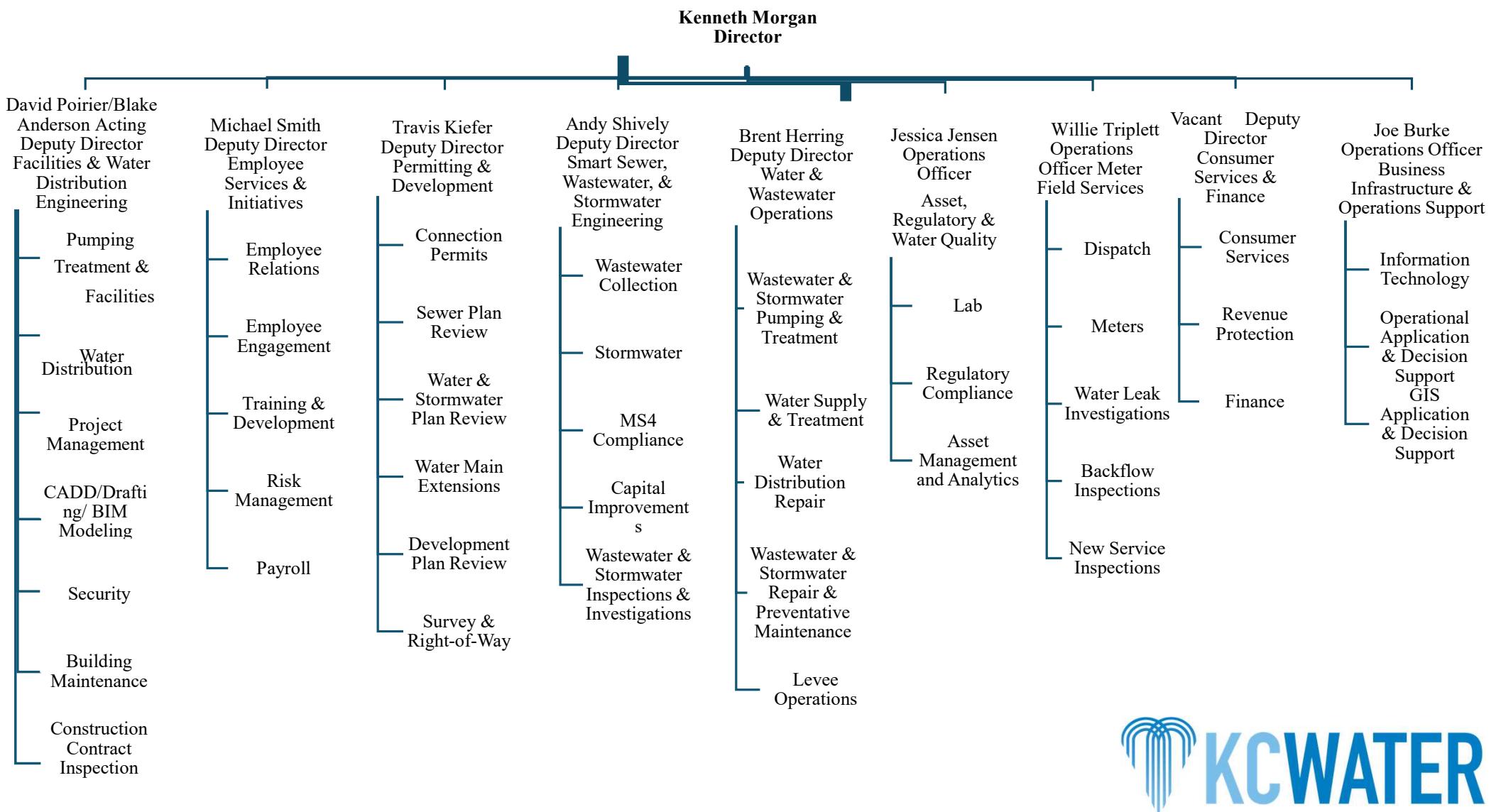
**KC Water, A Department of the City of Kansas City
Missouri**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

April 30, 2024

Christopher P. Monell

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

Report on the Audit of the Financial Statements

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 (Department), as of and for the years ended April 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table 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 the Department, as of April 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Department are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities and each major fund of the City of Kansas City, Missouri that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City of Kansas City, Missouri as of April 30, 2025 or 2024, the changes in its financial position, or, where applicable, its cash flows for the years 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Department'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.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 GAAS, 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 the Department'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

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

Overland Park, KS
January 9, 2026

KC Water
A Department of the City of Kansas City, Missouri
Management's Discussion and Analysis
Years Ended April 30, 2025 and 2024

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, 2025 and 2024, with selected comparative information for the fiscal year ended April 30, 2023.

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, 2025 and 2024.

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,		
	2025	2024	2023
Assets			
Current assets - unrestricted	\$ 136,531	\$ 161,639	\$ 137,782
Current assets - restricted	127,307	161,435	91,295
Noncurrent investments - unrestricted	765,099	612,379	569,130
Noncurrent investments - restricted	361,765	267,099	201,602
Capital assets	3,361,163	3,206,329	3,031,407
Other assets	607	923	1,204
Total assets	4,752,472	4,409,804	4,032,420
Deferred Outflows of Resources			
Loss on refunding	828	941	1,056
Pension plan	30,312	30,642	19,759
Items related to OPEB plan	2,428	2,080	2,367
Total deferred outflows of resources	33,568	33,663	23,182
Total assets and deferred outflows of resources	\$ 4,786,040	\$ 4,443,467	\$ 4,055,602
Liabilities			
Current liabilities	\$ 65,438	\$ 62,661	\$ 63,814
Liabilities payable from restricted assets	83,713	77,995	71,605
Long-term liabilities	1,487,394	1,359,760	1,168,451
Total liabilities	1,635,545	1,500,416	1,303,870
Deferred Inflows of Resources	15,202	15,907	19,501
Net Position			
Net investment in capital assets	2,319,117	2,213,421	2,100,692
Restricted - expendable	92,643	91,823	89,384
Unrestricted	722,533	621,900	542,155
Total net position	3,134,293	2,927,144	2,732,231
Total liabilities, deferred inflows of resources and net position	\$ 4,786,040	\$ 4,443,467	\$ 4,055,602

The Water Fund

Within the Water Fund, total assets increased by \$197.2 million or 11.4% from the previous year. During FY2025, there were \$145.0 million of Water System Revenue Bonds issued. Restricted cash and investments increased by \$95.5 million or 58.1%. Unrestricted cash and investments used in daily operation increased by \$30.9 million or 18.0%. Notes receivable decreased by 25.5%. Capital assets increased by \$69.8 million or 5.1%, as anticipated by the ongoing capital improvement program. Total liabilities increased by \$143.6 million or 23.2%.

At the close of FY2025, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in a net position of \$1,172 million, of this amount, \$127.0 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 \$54.0 million or 4.8% over the previous year, indicating that the Water Fund improved its financial position. The largest portion of net position, \$1,005.6 million or 85.8%, consists of investment in capital assets (e.g., land, buildings, water treatment facility, water utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to the customers of the water collection, processing and distribution systems.

In FY2024, total assets of the Water Fund increased by \$143.6 million or 9.1% from the previous year. There were \$83.6 million of Water System Revenue Bonds issued. Restricted cash and investments increased by \$47.9 million or 41.1%. Unrestricted cash assets used in daily operations increased by 5.5%. Notes receivable decreased by 23.3%. Capital assets increased by \$85.5 million or 6.7%, as anticipated from the ongoing capital improvements program. Total liabilities of the Water Fund increased by \$80.4 million or 14.9%.

At the close of FY2024, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$1,118 million, of this amount, \$113.2 million is considered unrestricted. The unrestricted net position may be used to meet ongoing business activities of the Fund and may not be used to fund the City's governmental activities. Total net position increased by \$71.2 million or 6.8% over the previous year, indicating that the Fund improved its financial position. The largest portion of net position, \$965.0 million or 85.8%, consists of investment in capital assets (e.g., land, buildings, water treatment facilities, water utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to customers of the water collection, processing and distribution systems.

Sewer and Storm Funds Combined

Within the Sewer Fund, total assets increased by \$145.5 million or 5.4% from the prior year. During FY2025, there were no Sanitary Sewer Revenue Bonds issued. Cash, cash equivalents and investments that are restricted for debt service costs, construction and renewal and replacement decreased by \$36.3 million or 13.9%. Unrestricted assets used in daily operations increased by 17.4%. Capital assets increased by \$85.0 million or 4.6%, as anticipated from the ongoing capital improvements program. Total liabilities decreased by \$7.5 million or 0.9%.

At the close of the year, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$1,962.3 million for the Sewer Fund. Of this amount, \$595.5 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 \$153.2 million or 8.5% from the previous year indicating that the Fund improved its financial position. The largest portion of net position, \$1,313.6 million or 66.9%, consists of net investment in capital assets (e.g., land, buildings, wastewater treatment facilities, sewer and stormwater utility lines and improvements, machinery and equipment) less any outstanding debt related to those assets. Capital assets were used to provide services to customers of the wastewater and stormwater systems.

In FY2024, total assets of the Sewer Fund increased by \$233.8 million or 9.5% from the prior year. During the year, there were \$99.5 million of Sanitary Sewer Revenue Bonds issued. Cash, cash equivalents and investments that are restricted for debt service costs, construction and renewal and replacement increased by \$86.5 million or 49.5%. Unrestricted assets used in daily operations increased by 12.1%. Capital assets increased by \$89.4 million or 5.1%, as anticipated from the ongoing capital improvements program. Total liabilities increased by \$116.2 million or 15.2%.

At the close of FY2024, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources resulting in net position of \$1,809.2 million for the Sewer Fund. Of this amount, \$508.7 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 \$123.7 million or 7.3% from the previous year indicating that the Fund improved its financial position. The largest portion of net position, \$1,248.4 million or 66.9%, 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,		
	2025	2024	2023
Operating revenues	\$ 514,248	\$ 494,261	\$ 464,550
Operating expenses	<u>(339,724)</u>	<u>(305,668)</u>	<u>(299,517)</u>
Operating income	174,524	188,593	165,033
Nonoperating expenses, net	<u>28,604</u>	<u>(6,527)</u>	<u>(15,850)</u>
Increase in net position before capital contributions and transfers	203,128	182,066	148,183
Payment-in-lieu of taxes	(13,759)	(13,203)	(12,356)
Capital contributions	17,779	26,414	15,891
Transfers to other funds	<u>--</u>	<u>(364)</u>	<u>(1,015)</u>
Change in net position	<u>207,149</u>	<u>194,913</u>	<u>151,703</u>
Net position, beginning of year	<u>2,927,144</u>	<u>2,732,231</u>	<u>2,580,528</u>
Total net position - end of year	<u><u>\$ 3,134,293</u></u>	<u><u>\$ 2,927,144</u></u>	<u><u>\$ 2,732,231</u></u>

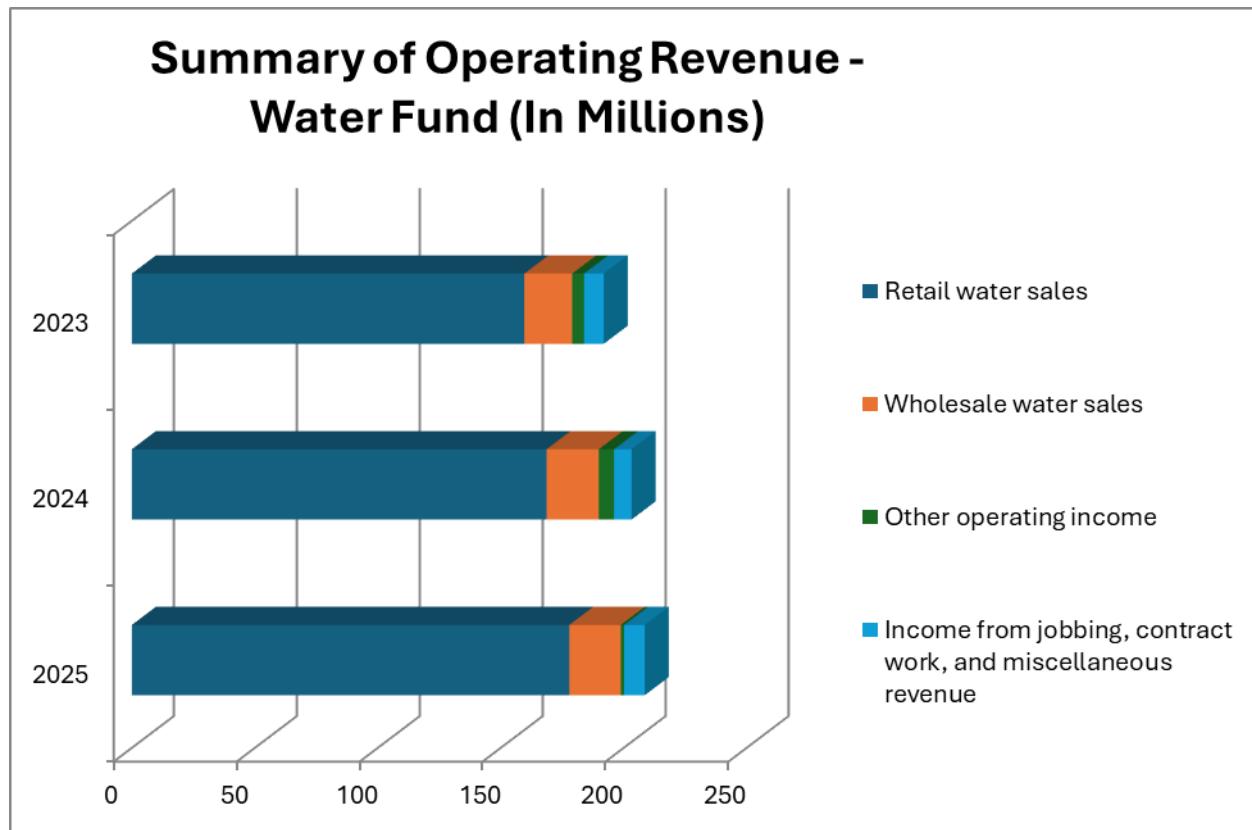
Summary of Operating Revenues

(in thousands)

	April 30,		
	2025	2024	2023
Residential and commercial sales	\$ 465,829	\$ 440,143	\$ 413,294
Intermunicipal sewer charges	32,643	34,407	33,615
Other operating revenue	7,375	12,561	9,602
Income from jobbing, contract work and miscellaneous revenue	8,401	7,150	8,039
Total operating revenues	<u>\$ 514,248</u>	<u>\$ 494,261</u>	<u>\$ 464,550</u>
Operating revenues - water	\$ 208,621	\$ 203,280	\$ 191,937
Operating revenues - sewer	<u>305,627</u>	<u>290,981</u>	<u>272,613</u>
Total operating revenues	<u><u>\$ 514,248</u></u>	<u><u>\$ 494,261</u></u>	<u><u>\$ 464,550</u></u>

The Water Fund

Within the Water Fund, in FY2025, total operating revenues increased by \$5.3 million or 2.6%. The scheduled 5% rate increase contributed additional revenue while water consumption decreased. Overall water billed to customers decreased by 1.8 million CCF (hundred cubic feet) or 3.5%. Other operating income decreased by \$4.8 million or 77.8%. Income from jobbing, contract work and miscellaneous revenue increased by \$1.3 million or 17.5%, including reimbursable revenue from prorating the cost of Consumer Services to the Sewer Fund.

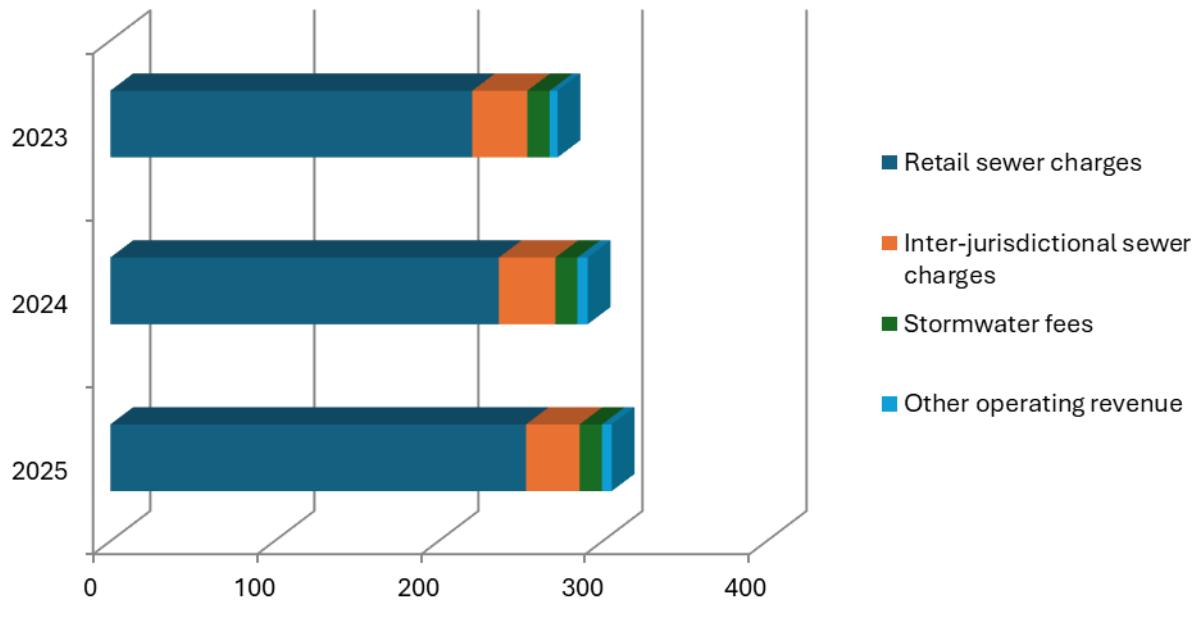


Within the Water Fund, in FY2024, total operating revenues increased by \$11.3 million or 5.9%. The scheduled 5% rate increase contributed additional revenue while water consumption increased. Overall water billed to customers increased by 0.9 million CCF (hundred cubic feet) or 2.8%. Other operating income increased by \$1.4 million or 30.3%. Income from jobbing, contract work and miscellaneous revenue decreased by \$0.9 million or 11.1%, including reimbursable revenue from prorating the cost of Consumer Services to the Sewer Fund.

Sewer and Storm Funds Combined

Within the Sewer Fund, total operating revenues increased by \$14.6 million or 5.0% in FY2025. There was a scheduled 6% sewer rate increase in effect all year. Residential and commercial retail sewer charges increased \$16.7 million or 6.7%. Revenue from inter-jurisdictional services decreased \$1.8 million. Stormwater fees increased 1.4% during the year. There was a 5.3% decrease in other operating revenue that consists primarily of forfeitures and penalties, and rentals of equipment, miscellaneous facilities and parking lots.

Summary of Operating Revenues - Sewer Fund (In Millions)



At the close of FY2024, the Sewer Fund total operating revenues increased by \$18.4 million or 6.7%. There was a scheduled 6% sewer rate increase in effect all year. In FY2024, residential and commercial retail sewer charges increased \$16.2 million or 7.4%. Revenue from inter-jurisdictional services increased \$0.8 million. Stormwater fees decreased 1.4% during the year. There was a 31.3% increase in other operating revenue that consists primarily of forfeitures and penalties, and rentals of equipment, miscellaneous facilities and parking lots

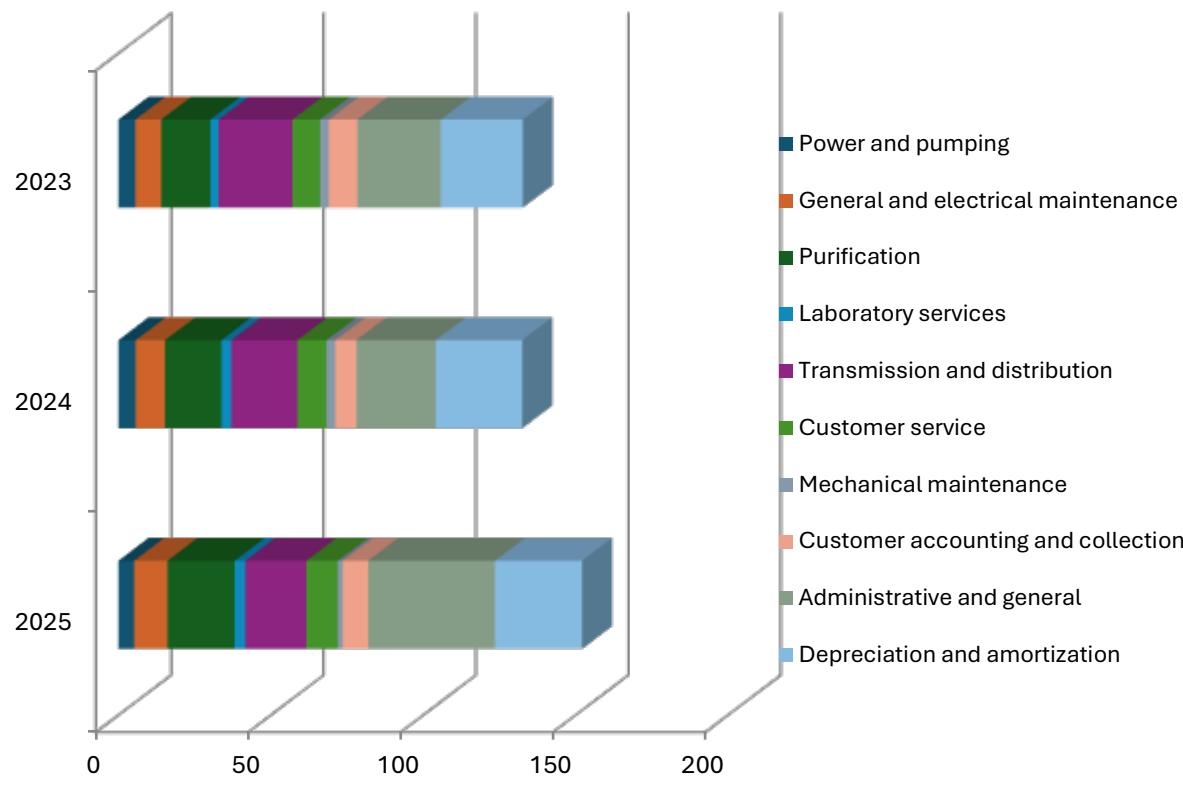
Summary of Operating Expenses - KC Water
(In thousands)

	<u>April 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Power and pumping	\$ 5,194	\$ 5,697	\$ 5,599
General and electrical maintenance	10,929	9,651	8,478
Purification	22,051	18,432	16,112
Laboratory services	3,467	3,273	2,721
Transmission and distribution	20,067	21,683	24,190
Customer service	10,328	9,615	9,113
Mechanical maintenance	1,625	2,823	2,870
Customer accounting and collection	8,310	6,922	9,386
Sewage treatment and pumping	50,033	46,860	45,142
Sewer maintenance	40,021	35,660	33,127
Industrial and household hazardous waste control	1,818	1,680	1,455
Administrative and general	87,445	66,148	67,089
Depreciation and amortization	<u>78,436</u>	<u>77,224</u>	<u>74,235</u>
 Total operating expenses	 <u>\$ 339,724</u>	 <u>\$ 305,668</u>	 <u>\$ 299,517</u>
 Operating expenses - water	 <u>\$ 152,185</u>	 <u>\$ 135,525</u>	 <u>\$ 132,663</u>
Operating expenses - sewer	<u>187,539</u>	<u>173,143</u>	<u>166,854</u>
 Total operating expenses	 <u>\$ 339,724</u>	 <u>\$ 305,668</u>	 <u>\$ 299,517</u>

The Water Fund

Total operating expenses of the Water Fund increased by \$19.7 million or 14.8% over the previous year. General and electrical maintenance expenses increased by \$1.3 million or 13.2%. Transmission and distribution expense decreased by \$1.6 million or 7.5%. This was due to a decrease in the use of supplemental work forces for pipeline repair in FY2025. Administrative and general expenses increased by \$15.5 million or 59.6%, driven primarily by a significant increase in general liability insurance expense. Depreciation and amortization increased by \$0.3 million or 1.0% as anticipated by the ongoing capital improvement plan.

Summary of Operating Expense - Water Fund (In Millions)

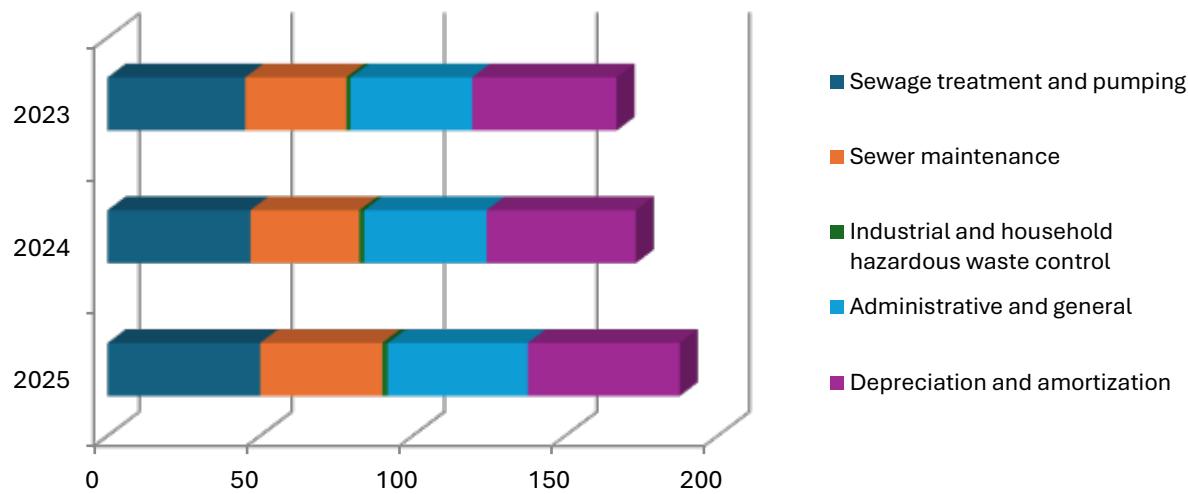


In FY2024, total operating expenses of the Water Fund decreased by \$0.1 million or 0.1% over the previous year. General and electrical maintenance expenses increased by \$1.2 million or 13.8%. Transmission and distribution expense decreased by \$2.5 million or 10.4%. This was due to a decrease in the use of supplemental work forces for pipeline repair in FY2024. Administrative and general expenses decreased by \$1.3 million or 4.6%. Depreciation and amortization increased by \$1.5 million or 5.6% as anticipated by the ongoing capital improvement plan.

Sewer and Storm Funds Combined

Total operating expenses of the Sewer Fund increased by \$14.4 million or 8.3% 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 \$3.2 million or 6.8%, sewer maintenance expenses increased by \$4.3 million or 12.2%, administrative and general expenses increased by \$5.8 million or 14.4% and depreciation and amortization expenses increased by \$0.9 million or 1.9%.

Summary of Operating Expenses - Sewer Fund (In Millions)



In FY2024, total operating expenses of the Sewer Fund increased by \$6.3 million or 3.8% 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 \$1.7 million or 3.8%, sewer maintenance expenses increased by \$2.5 million or 7.6%, administrative and general expenses increased by \$0.3 million or 0.8% and depreciation and amortization expenses increased by \$1.5 million or 3.1%.

Capital Assets

Water Fund

Capital assets in the Water Fund totaled \$1,427.0 million (net of accumulated depreciation) and accounted for 74.2% of total assets at April 30, 2025. 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 \$17.8 million of constructed water mains and appurtenances and \$4.7 million for treatment plant and equipment upgrades. In addition to completed projects, there was \$1.9 million in assets contributed from property developers. The increases in depreciable capital assets were offset by disposals and retirements of \$2.0 million.

At year end 2024 capital assets totaled \$1,357.2 million (net of accumulated depreciation) and accounted for 78.7% of total assets. Construction activities are ongoing to replace older and undersized water mains throughout the City, upgrade and improve water treatment plant operations, and modernize infrastructure. Capital asset additions included \$43.1 million of constructed water mains and appurtenances and \$4.0 million for treatment plant and equipment upgrades. In addition to completed projects, there was \$14.0 million in assets contributed from property developers. The increases in depreciable capital assets were offset by disposals and retirements of \$6.8 million.

Sewer Fund

Capital assets of the Sewer Fund totaled \$1,934.1 million (net of accumulated depreciation) and accounted for 68.3% of total assets at April 30, 2025. 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 \$13.7 million for sanitary sewer rehabilitation and replacement; \$6.7 million for storm sewer and waterways improvements; and \$3.7 million for pumping stations and equipment. In addition to completed projects, there was \$15.9 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 \$2.8 million.

At year end 2024 capital assets of the Sewer Fund totaled \$1,849.1 million (net of accumulated depreciation) and accounted for 68.9% of total assets. Construction activities are ongoing to repair and improve the City's wastewater system and comply with the Federal Consent Decree to reduce pollutants discharged into streams and waterways. See additional discussion of the Overflow Control Program (OCP) in Note 16: City Sewer Overflow Control Plan. Capital asset additions included \$23.6 million for sanitary sewer rehabilitation and replacement; \$7.2 million for storm sewer and waterways improvements; and \$15.6 million for pumping stations and equipment. In addition to completed projects, there was \$12.5 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 \$6.1 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 \$15.6 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 \$554.6 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 Cridlebaugh
 Chief Financial Officer
 KC Water
 4800 East 63rd Street
 Kansas City, Missouri 64130

Financial Section

- **Basic Financial Statements**

Required Supplementary Information

Supplementary Information



This page intentionally left blank.

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

STATEMENT OF NET POSITION

April 30, 2025

	Water	Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 8,463,612	\$ 27,934,654	\$ 36,398,266
Investments	3,621,828	10,982,762	14,604,590
Accounts receivable, net	23,505,372	50,511,547	74,016,919
Accrued interest receivable	775,380	3,367,703	4,143,083
Current portion of notes receivable	290,030	--	290,030
Inventories	5,853,948	515,911	6,369,859
Due from other City funds	522,520	185,722	708,242
Total unrestricted current assets	<u>43,032,690</u>	<u>93,498,299</u>	<u>136,530,989</u>
Restricted assets			
Cash and cash equivalents	20,362,441	9,586,430	29,948,871
Investments	52,386,597	40,936,029	93,322,626
Accrued interest receivable	1,956,230	2,079,644	4,035,874
Total restricted current assets	<u>74,705,268</u>	<u>52,602,103</u>	<u>127,307,371</u>
Total current assets	<u>117,737,958</u>	<u>146,100,402</u>	<u>263,838,360</u>
Noncurrent assets			
Investments	189,738,700	575,360,060	765,098,760
Restricted investments	187,308,919	174,456,548	361,765,467
Notes receivable	606,527	--	606,527
Capital assets, depreciable, net	1,220,118,197	1,579,762,008	2,799,880,205
Capital assets, nondepreciable	206,896,652	354,386,027	561,282,679
Total noncurrent assets	<u>1,804,668,995</u>	<u>2,683,964,643</u>	<u>4,488,633,638</u>
Total assets	<u>1,922,406,953</u>	<u>2,830,065,045</u>	<u>4,752,471,998</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	--	827,648	827,648
Items related to pension plan	17,123,355	13,188,511	30,311,866
Items related to OPEB plan	1,371,550	1,056,779	2,428,329
Total deferred outflows of resources	<u>18,494,905</u>	<u>15,072,938</u>	<u>33,567,843</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,940,901,858</u></u>	<u><u>\$ 2,845,137,983</u></u>	<u><u>\$ 4,786,039,841</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 NET POSITION

April 30, 2025

	Water	Sewer	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 17,724,531	\$ 25,077,723	\$ 42,802,254
Current portion of compensated absences	878,249	871,155	1,749,404
Accrued payroll and related expenses	1,471,031	1,181,425	2,652,456
Contracts and retainage payable	1,746,709	2,240,370	3,987,079
Other liabilities	274,780	--	274,780
Due to other City funds	208,798	814,208	1,023,006
Current portion of claims liability	9,222,302	2,603,316	11,825,618
Current portion of other postemployment benefit liability	634,591	488,952	1,123,543
Total current liabilities, less those payable from restricted assets	<u>32,160,991</u>	<u>33,277,149</u>	<u>65,438,140</u>
Liabilities payable from restricted assets			
Accrued interest and fiscal agent fees	7,562,115	8,910,089	16,472,204
Current portion of revenue bonds and notes payable	23,020,000	31,489,662	54,509,662
Contracts and retainage payable	3,725,701	5,392,998	9,118,699
Customer deposits	3,612,148	--	3,612,148
Total liabilities payable from restricted assets	<u>37,919,964</u>	<u>45,792,749</u>	<u>83,712,713</u>
Total current liabilities	<u>70,080,955</u>	<u>79,069,898</u>	<u>149,150,853</u>
Claims liability	29,203,958	8,243,833	37,447,791
Compensated absences	3,017,424	2,914,124	5,931,548
Net pension liability	50,991,651	40,862,508	91,854,159
Other postemployment benefit liability	11,291,942	9,379,974	20,671,916
Revenue bonds and notes payable, net of current portion	597,647,240	733,841,821	1,331,489,061
Total noncurrent liabilities	<u>692,152,215</u>	<u>795,242,260</u>	<u>1,487,394,475</u>
Total liabilities	<u>762,233,170</u>	<u>874,312,158</u>	<u>1,636,545,328</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	3,992,882	6,381,482	10,374,364
Items related to pension plan	111,810	86,117	197,927
Items related to OPEB plan	2,614,837	2,014,730	4,629,567
Total deferred inflows of resources	<u>6,719,529</u>	<u>8,482,329</u>	<u>15,201,858</u>
NET POSITION			
Net investment in capital assets	1,005,553,884	1,313,562,770	2,319,116,654
Restricted			
Capital projects	24,394,115	34,229,565	58,623,680
Debt service	14,957,645	19,062,239	34,019,884
Unrestricted	127,043,515	595,488,922	722,532,437
Total net position	<u>1,171,949,159</u>	<u>1,962,343,496</u>	<u>3,134,292,655</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,940,901,858</u>	<u>\$ 2,845,137,983</u>	<u>\$ 4,786,039,841</u>

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

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

STATEMENT OF NET POSITION

April 30, 2024

	Water	Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,497,322	\$ 36,232,829	\$ 47,730,151
Investments	8,395,530	25,634,981	34,030,511
Accounts receivable, net	23,522,373	45,226,501	68,748,874
Accrued interest receivable	1,086,183	3,366,235	4,452,418
Current portion of notes receivable	280,377	--	280,377
Inventories	5,543,919	580,788	6,124,707
Due from other City funds	105,566	166,498	272,064
	<hr/>	<hr/>	<hr/>
Total unrestricted current assets	50,431,270	111,207,832	161,639,102
	<hr/>	<hr/>	<hr/>
Restricted assets			
Cash and cash equivalents	1,707,821	4,052,467	5,760,288
Investments	57,589,880	95,330,139	152,920,019
Accrued interest receivable	1,063,667	1,690,487	2,754,154
	<hr/>	<hr/>	<hr/>
Total restricted current assets	60,361,368	101,073,093	161,434,461
	<hr/>	<hr/>	<hr/>
Total current assets	110,792,638	212,280,925	323,073,563
	<hr/>	<hr/>	<hr/>
Investments	151,077,474	461,301,205	612,378,679
Restricted investments	105,221,996	161,876,990	267,098,986
Notes receivable	923,263	--	923,263
Capital assets, depreciable, net	1,224,804,821	1,596,774,535	2,821,579,356
Capital assets, nondepreciable	132,398,797	252,350,599	384,749,396
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	1,614,426,351	2,472,303,329	4,086,729,680
	<hr/>	<hr/>	<hr/>
Total assets	1,725,218,989	2,684,584,254	4,409,803,243
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	--	941,348	941,348
Items related to pension plan	17,132,159	13,510,082	30,642,241
Items related to OPEB plan	1,163,300	916,703	2,080,003
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	18,295,459	15,368,133	33,663,592
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 1,743,514,448	\$ 2,699,952,387	\$ 4,443,466,835

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, 2024

	Water	Sewer	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 21,609,116	\$ 19,822,493	\$ 41,431,609
Current portion of compensated absences	792,919	740,083	1,533,002
Accrued payroll and related expenses	1,145,389	1,043,542	2,188,931
Contracts and retainage payable	1,673,391	3,341,561	5,014,952
Other liabilities	314,940	--	314,940
Due to other City funds	12,398	97,441	109,839
Current portion of claims liability	8,113,281	3,055,020	11,168,301
Current portion of other postemployment benefit liability	502,890	396,287	899,177
Total current liabilities, less those payable from restricted assets	<u>34,164,324</u>	<u>28,496,427</u>	<u>62,660,751</u>
Liabilities payable from restricted assets			
Accrued interest and fiscal agent fees	7,236,227	8,733,540	15,969,767
Current portion of revenue bonds and notes payable	21,205,000	29,821,678	51,026,678
Contracts and retainage payable	2,517,688	4,731,910	7,249,598
Customer deposits	3,749,491	--	3,749,491
Total liabilities payable from restricted assets	<u>34,708,406</u>	<u>43,287,128</u>	<u>77,995,534</u>
Total current liabilities	<u>68,872,730</u>	<u>71,783,555</u>	<u>140,656,285</u>
Claims liability	25,692,057	9,674,234	35,366,291
Compensated absences	2,605,820	2,375,714	4,981,534
Net pension liability	46,613,703	37,490,585	84,104,288
Other postemployment benefit liability	5,513,866	4,919,160	10,433,026
Revenue bonds and notes payable, net of current portion	469,308,858	755,566,139	1,224,874,997
Total noncurrent liabilities	<u>549,734,304</u>	<u>810,025,832</u>	<u>1,359,760,136</u>
Total liabilities	<u>618,607,034</u>	<u>881,809,387</u>	<u>1,500,416,421</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	4,353,895	6,924,587	11,278,482
Items related to OPEB plan	<u>2,588,222</u>	<u>2,039,568</u>	<u>4,627,790</u>
Total deferred inflows of resources	<u>6,942,117</u>	<u>8,964,155</u>	<u>15,906,272</u>
NET POSITION			
Net investment in capital assets	965,047,093	1,248,373,878	2,213,420,971
Restricted			
Capital projects	23,827,440	34,015,153	57,842,593
Debt service	15,864,091	18,116,814	33,980,905
Unrestricted	<u>113,226,673</u>	<u>508,673,000</u>	<u>621,899,673</u>
Total net position	<u>1,117,965,297</u>	<u>1,809,178,845</u>	<u>2,927,144,142</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,743,514,448</u>	<u>\$ 2,699,952,387</u>	<u>\$ 4,443,466,835</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, 2025

	Water	Sewer	Total
OPERATING REVENUES			
Residential and commercial sales	\$ 198,841,016	\$ 266,988,198	\$ 465,829,214
Intermunicipal sewer charges	--	32,643,175	32,643,175
Other operating revenue	1,379,669	5,995,662	7,375,331
Income from jobbing, contract work and miscellaneous revenues	<u>8,400,695</u>	--	<u>8,400,695</u>
Total operating revenues	<u>208,621,380</u>	<u>305,627,035</u>	<u>514,248,415</u>
OPERATING EXPENSES			
Power and pumping	5,193,591	--	5,193,591
General and electrical maintenance	10,928,836	--	10,928,836
Purification	22,050,666	--	22,050,666
Laboratory services	3,467,084	--	3,467,084
Transmission and distribution	20,066,485	--	20,066,485
Customer service	10,328,213	--	10,328,213
Mechanical maintenance	1,625,474	--	1,625,474
Customer accounting and collection	8,309,918	--	8,309,918
Sewage treatment and pumping	--	50,033,459	50,033,459
Sewer maintenance	--	40,021,298	40,021,298
Industrial and household waste control	--	1,818,242	1,818,242
Administrative and general	41,549,395	45,895,786	87,445,181
Depreciation	<u>28,665,673</u>	<u>49,770,471</u>	<u>78,436,144</u>
Total operating expenses	<u>152,185,335</u>	<u>187,539,256</u>	<u>339,724,591</u>
Operating income	<u>56,436,045</u>	<u>118,087,779</u>	<u>174,523,824</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	19,930,793	48,154,647	68,085,440
Interest expense and fiscal agent fees	(15,698,331)	(23,928,233)	(39,626,564)
Other	<u>97,262</u>	<u>48,296</u>	<u>145,558</u>
Total nonoperating revenues (expenses)	<u>4,329,724</u>	<u>24,274,710</u>	<u>28,604,434</u>
Excess of revenues over expenses before capital contributions and transfers	60,765,769	142,362,489	203,128,258
Capital contributions	1,886,474	15,892,661	17,779,135
Payment-in-lieu of taxes	<u>(8,668,381)</u>	<u>(5,090,499)</u>	<u>(13,758,880)</u>
Increase in net position	53,983,862	153,164,651	207,148,513
Net position, beginning of year	1,117,965,297	1,809,178,845	2,927,144,142
Net position, end of year	<u>\$ 1,171,949,159</u>	<u>\$ 1,962,343,496</u>	<u>\$ 3,134,292,655</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, 2024

	Water	Sewer	Total
OPERATING REVENUES			
Residential and commercial sales	\$ 189,901,920	\$ 250,241,214	\$ 440,143,134
Intermunicipal sewer charges	--	34,407,435	34,407,435
Other operating revenue	6,227,839	6,332,701	12,560,540
Income from jobbing, contract work and miscellaneous revenues	<u>7,149,946</u>	<u>--</u>	<u>7,149,946</u>
 Total operating revenues	 <u>203,279,705</u>	 <u>290,981,350</u>	 <u>494,261,055</u>
OPERATING EXPENSES			
Power and pumping	5,697,452	--	5,697,452
General and electrical maintenance	9,651,106	--	9,651,106
Purification	18,432,333	--	18,432,333
Laboratory services	3,272,924	--	3,272,924
Transmission and distribution	21,683,134	--	21,683,134
Customer service	9,614,954	--	9,614,954
Mechanical maintenance	2,822,581	--	2,822,581
Customer accounting and collection	6,921,716	--	6,921,716
Sewage treatment and pumping	--	46,859,945	46,859,945
Sewer maintenance	--	35,659,662	35,659,662
Industrial and household waste control	--	1,679,986	1,679,986
Administrative and general	26,037,273	40,110,777	66,148,050
Depreciation	<u>28,391,282</u>	<u>48,833,163</u>	<u>77,224,445</u>
 Total operating expenses	 <u>132,524,755</u>	 <u>173,143,533</u>	 <u>305,668,288</u>
 Operating income	 <u>70,754,950</u>	 <u>117,837,817</u>	 <u>188,592,767</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	8,668,177	20,094,707	28,762,884
Interest expense and fiscal agent fees	(13,574,938)	(21,709,890)	(35,284,828)
Other	<u>44,420</u>	<u>(50,072)</u>	<u>(5,652)</u>
 Total nonoperating revenues (expenses)	 <u>(4,862,341)</u>	 <u>(1,665,255)</u>	 <u>(6,527,596)</u>
 Excess of revenues over expenses before capital contributions and transfers	 65,892,609	 116,172,562	 182,065,171
 Capital contributions	 13,962,895	 12,451,382	 26,414,277
Payment-in-lieu of taxes	(8,434,705)	(4,768,418)	(13,203,123)
Transfers to other funds	<u>(185,030)</u>	<u>(178,594)</u>	<u>(363,624)</u>
 Increase in net position	 71,235,769	 123,676,932	 194,912,701
 Net position, beginning of year	 <u>1,046,729,528</u>	 <u>1,685,501,913</u>	 <u>2,732,231,441</u>
 Net position, end of year	 <u>\$ 1,117,965,297</u>	 <u>\$ 1,809,178,845</u>	 <u>\$ 2,927,144,142</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, 2025

	Water	Sewer	Total
OPERATING ACTIVITIES			
Cash received from customers	\$ 201,072,029	\$ 298,152,535	\$ 499,224,564
Receipts from interfund services provided	7,012,055	2,170,230	9,182,285
Cash paid to employees, including benefits	(41,825,891)	(37,946,590)	(79,772,481)
Cash paid to suppliers	(50,776,507)	(79,946,291)	(130,722,798)
Cash paid for interfund services used	(22,102,032)	(13,668,932)	(35,770,964)
Net cash flow from operating activities	<u>93,379,654</u>	<u>168,760,952</u>	<u>262,140,606</u>
NONCAPITAL FINANCING ACTIVITIES			
Payment-in-lieu of taxes	<u>(8,668,381)</u>	<u>(5,090,499)</u>	<u>(13,758,880)</u>
Net cash flow from noncapital financing activities	<u>(8,668,381)</u>	<u>(5,090,499)</u>	<u>(13,758,880)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(92,492,496)	(112,426,172)	(204,918,668)
Proceeds from issuance of revenue bonds	155,876,881	14,086,210	169,963,091
Principal payments on revenue bonds and notes payable	(21,205,000)	(30,144,000)	(51,349,000)
Fiscal agent fees and interest paid on revenue bonds and notes payable	(19,329,062)	(28,179,633)	(47,508,695)
Debt issuance costs	(922,893)	--	(922,893)
Proceeds from sale of capital assets	97,255	56,992	154,247
Proceeds from repayment of notes receivable	<u>307,083</u>	<u>--</u>	<u>307,083</u>
Net cash flow from capital and related financing activities	<u>22,331,768</u>	<u>(156,606,603)</u>	<u>(134,274,835)</u>
INVESTING ACTIVITIES			
Investment purchases	(266,950,079)	(368,768,255)	(635,718,334)
Investment maturities and sales	162,237,441	329,876,007	492,113,448
Interest received on investments	<u>13,290,507</u>	<u>29,064,186</u>	<u>42,354,693</u>
Net cash flow from investing activities	<u>(91,422,131)</u>	<u>(9,828,062)</u>	<u>(101,250,193)</u>
Net change in cash and cash equivalents	15,620,910	(2,764,212)	12,856,698
Cash and cash equivalents, beginning of year	13,205,143	40,285,296	53,490,439
Cash and cash equivalents, end of year	<u>\$ 28,826,053</u>	<u>\$ 37,521,084</u>	<u>\$ 66,347,137</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, 2025

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating income	\$ 56,436,045	\$ 118,087,779	\$ 174,523,824
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	28,665,673	49,770,471	78,436,144
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources			
(Increase) decrease in:			
Accounts receivable	17,001	(5,285,046)	(5,268,045)
Inventories	(310,029)	64,877	(245,152)
Due from other funds	(416,954)	(19,224)	(436,178)
Deferred outflows related to pension plan	8,804	321,571	330,375
Deferred outflows related to OPEB	(208,250)	(140,076)	(348,326)
Decrease (increase) in:			
Accounts payable	(6,701,181)	(1,668,108)	(8,369,289)
Compensated absences	496,934	669,482	1,166,416
Accrued payroll and related expenses	325,642	137,883	463,525
Other liabilities	(40,160)	--	(40,160)
Due to other funds	196,400	716,767	913,167
Claims liability	4,620,922	(1,882,105)	2,738,817
Customer deposits	(137,343)	--	(137,343)
Net pension liability	4,377,948	3,371,923	7,749,871
Total other postemployment benefit liability	5,909,777	4,553,479	10,463,256
Deferred inflows related to pension plan	111,810	86,117	197,927
Deferred Inflows related to OPEB	26,615	(24,838)	1,777
Total adjustments	<u>36,943,609</u>	<u>50,673,173</u>	<u>87,616,782</u>
Net cash flow from operating activities	<u>\$ 93,379,654</u>	<u>\$ 168,760,952</u>	<u>\$ 262,140,606</u>

COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR-END

Unrestricted	\$ 8,463,612	\$ 27,934,654	\$ 36,398,266
Restricted	<u>20,362,441</u>	<u>9,586,430</u>	<u>29,948,871</u>
	<u>\$ 28,826,053</u>	<u>\$ 37,521,084</u>	<u>\$ 66,347,137</u>

NONCASH ACTIVITIES

Contributions of capital assets	\$ 1,886,474	\$ 15,892,661	\$ 17,779,135
Change in fair value of investments	6,058,526	18,699,836	24,758,362
Accounts payable for purchase of capital assets	8,289,006	14,556,706	22,845,712

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, 2024

	Water	Sewer	Total
OPERATING ACTIVITIES			
Cash received from customers	\$ 193,432,805	\$ 290,423,463	\$ 483,856,268
Receipts from interfund services provided	7,763,196	644,714	8,407,910
Cash paid to employees, including benefits	(39,145,698)	(36,046,685)	(75,192,383)
Cash paid to suppliers	(44,980,275)	(83,599,612)	(128,579,887)
Cash paid for interfund services used	(24,610,609)	(14,251,109)	(38,861,718)
Net cash flow from operating activities	<u>92,459,419</u>	<u>157,170,771</u>	<u>249,630,190</u>
NONCAPITAL FINANCING ACTIVITIES			
Payment-in-lieu of taxes	(8,434,705)	(4,768,418)	(13,203,123)
Transfers to other funds	(185,030)	(178,594)	(363,624)
Net cash flow from noncapital financing activities	<u>(8,619,735)</u>	<u>(4,947,012)</u>	<u>(13,566,747)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(92,478,270)	(120,273,930)	(212,752,200)
Proceeds from issuance of revenue bonds	94,391,423	143,824,286	238,215,709
Principal payments on revenue bonds and notes payable	(20,435,000)	(25,742,893)	(46,177,893)
Fiscal agent fees and interest paid on revenue bonds and notes payable	(16,192,393)	(24,888,908)	(41,081,301)
Debt issuance costs	(600,212)	(688,519)	(1,288,731)
Proceeds from sale of capital assets	44,422	126,142	170,564
Proceeds from repayment of notes receivable	268,794	--	268,794
Net cash flow from capital and related financing activities	<u>(35,001,236)</u>	<u>(27,643,822)</u>	<u>(62,645,058)</u>
INVESTING ACTIVITIES			
Investment purchases	(332,992,306)	(770,896,083)	(1,103,888,389)
Investment maturities and sales	284,393,751	641,280,949	925,674,700
Interest received on investments	1,268,001	17,229,301	18,497,302
Net cash flow from investing activities	<u>(47,330,554)</u>	<u>(112,385,833)</u>	<u>(159,716,387)</u>
Net change in cash and cash equivalents	1,507,894	12,194,104	13,701,998
Cash and cash equivalents, beginning of year	11,697,249	28,091,192	39,788,441
Cash and cash equivalents, end of year	<u>\$ 13,205,143</u>	<u>\$ 40,285,296</u>	<u>\$ 53,490,439</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, 2024

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating income	\$ 70,754,950	\$ 117,837,817	\$ 188,592,767
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	28,391,282	48,833,163	77,224,445
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources			
(Increase) decrease in:			
Accounts receivable	227,718	(353,944)	(126,226)
Inventories	(1,550,203)	264,053	(1,286,150)
Prepaid expenses	--	14,827	14,827
Due from other funds	407,113	440,771	847,884
Deferred outflows related to pension plan	(6,626,633)	(4,733,551)	(11,360,184)
Deferred outflows related to OPEB	129,632	157,157	286,789
Decrease (increase) in:			
Accounts payable	(1,563,698)	(9,607,558)	(11,171,256)
Compensated absences	(9,435)	43,471	34,036
Accrued payroll and related expenses	707,542	810,076	1,517,618
Other liabilities	(8,062)	--	(8,062)
Due to other funds	(53,643)	(255)	(53,898)
Claims liability	(5,352,065)	(4,029,929)	(9,381,994)
Customer deposits	(2,718,535)	--	(2,718,535)
Net pension liability	10,980,656	8,659,128	19,639,784
Total other postemployment benefit liability	(117,118)	(92,290)	(209,408)
Deferred inflows related to pension plan	(798,679)	(678,496)	(1,477,175)
Deferred Inflows related to OPEB	(341,403)	(393,669)	(735,072)
Total adjustments	<u>21,704,469</u>	<u>39,332,954</u>	<u>61,037,423</u>
Net cash flow from operating activities	<u>\$ 92,459,419</u>	<u>\$ 157,170,771</u>	<u>\$ 249,630,190</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AT YEAR-END			
Unrestricted	\$ 11,497,322	\$ 36,232,829	\$ 47,730,151
Restricted	<u>1,707,821</u>	<u>4,052,467</u>	<u>5,760,288</u>
	<u>\$ 13,205,143</u>	<u>\$ 40,285,296</u>	<u>\$ 53,490,439</u>
NONCASH ACTIVITIES			
Contributions of capital assets	\$ 13,962,895	\$ 12,451,382	\$ 26,414,277
Change in fair value of investments	6,719,171	1,348,644	8,067,815
Accounts payable for purchase of capital assets	12,194,886	11,464,776	23,659,662

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, 2025 and 2024, 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, 2025 and 2024, the Water Fund's deferred outflows of resources of \$18,494,905 and \$18,562,285, respectively, were comprised of deferred outflows related to pension and deferred outflows related to OPEB. As of April 30, 2025 and 2024, the Water Fund's deferred inflows of resources of \$6,719,529 and \$7,208,943, 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, 2025 and 2024, the Sewer Fund's deferred outflows of resources of \$15,072,938 and \$15,578,546, respectively, were comprised of deferred losses on bond refundings, deferred outflows related to pension, and deferred outflows related to OPEB. As of April 30, 2025 and 2024, the Sewer Fund's deferred inflows of resources of \$8,482,329 and \$9,174,568, respectively, were comprised of deferred inflows related to pension and deferred inflows related to OPEB.

Compensated Absences

KC Water employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 30 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 4.4 hours per two-week pay period. The maximum amount of vacation that may be carried forward is 2.5 times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 4,000 hours. Employees with at least one year of creditable service but less than 25 years of creditable service may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Employees with 25 or more years of creditable service, who retire with a normal or optional retirement, who are to receive a line-of-duty disability pension, or who 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)

The liability for compensated absences has been calculated based on the value of leave that employees have accumulated and that are more likely than not to be used by the employee or paid out at separation. All vacation leave accumulated by an employee is paid out upon separation from service, so the value of all accumulated vacation leave is included in the compensated absences liability amount. Sick leave is paid out in portion upon separation as described above, and a 5-year historical average percentage calculation is applied to determine the value of sick leave more likely than not to be used or otherwise paid out upon separation and added to the compensated absences liability amount. The liability for compensated absences includes salary-related benefits, where applicable.

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.

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)

New Accounting Pronouncements Not Yet Adopted

In April 2024, the Government Accounting Standard Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The provisions of this statement will be effective for financial statements for the City's fiscal year ending April 30, 2026.

In April 2024, the Government Accounting Standard Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The provisions of this statement will be effective for financial statements for the City's fiscal year ending April 30, 2027.

In October 2024, the Government Accounting Standard Board (GASB) issued Statement No. 104, *Certain Capital Assets Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make in-formed decisions and assess accountability. Additionally, the disclosure requirements will im-prove consistency and comparability between governments. The provisions of this statement will be effective for financial statements for the City's fiscal year ending April 30, 2027.

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

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL 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 39.15% and 36.64% as of April 30, 2025 and 2024, respectively. As of April 30, 2025 and 2024, the carrying amount (book value) of the City's deposits, including certificates of deposit and the collateralized money market account was approximately \$26,929,000 and \$35,401,000, 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 \$101,218,766 and \$150,363,941, respectively at April 30, 2025 and 2024, respectively. The Department's allocation of cash and cash equivalents was \$64,756,060 and \$52,849,921 at April 30, 2025 and 2024, 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.
 - 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

- 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 Nationally Recognized Statistical Rating Organization's 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.
- 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Blended Bloomberg Barclay, U.S. Treasury/Agency 1-3 year index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2025, the City had the following investments and maturities (amounts are in thousands):

As of April 30, 2025, 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:							
Repurchase Agreements	\$ 91,202	\$ 91,202	\$ -	\$ -	\$ -		0.00
US Treasury Notes/Bonds	485,736	147,421	196,404	48,856	93,055		1.60
Municipal Bonds	187,598	33,791	33,086	66,868	53,853		2.33
US Agencies - Discounts	23,777	23,777	-	-	-		0.21
US Agencies - Noncallable	880,052	331,793	199,845	143,342	205,072		0.98
US Agencies - Callable	603,736	162,056	160,232	71,250	210,198		2.34
US Agencies - MBS	132,672	8,375	31,055	17,696	75,546		2.85
Total Pooled	2,404,773	798,415	620,622	348,012	637,724		1.90
Restricted Investments:							
US Treasury Bills	89,541	89,541	-	-	-		0.39
US Treasury Notes/Bonds	219,987	129,178	70,362	18,523	1,924		0.99
US Treasury Strip	4,515	-	-	4,515	-		2.80
US Agencies - Discounts	27,603	27,603	-	-	-		0.39
US Agencies - Noncallable	36,998	29,518	7,480	-	-		0.63
US Agencies - Callable	77,931	33,783	31,323	9,956	2,869		1.19
Total Restricted	456,575	309,623	109,165	32,994	4,793		0.86
	\$ 2,861,348	\$ 1,108,038	\$ 729,787	\$ 381,006	\$ 642,517		1.73

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The Department's allocation of pooled investments at April 30, 2025 was \$911,427,906. The Department's non-pooled investments at April 30, 2025 were \$323,363,537.

As of April 30, 2024, the City had the following investments and maturities (amounts are in thousands):

Investment Type	Investment Maturities (In Years)						Weighted Average
	Fair Value	Less Than 1	1 - 2	2 - 3	3 - 5		
Pooled Investments:							
Repurchase Agreements	\$ 11,296	\$ 11,296	\$ -	\$ -	\$ -		0.00
US Treasury Bills	48,296	48,296	-	-	-		0.48
US Treasury Notes/Bonds	427,494	145,593	139,287	52,573	90,041		1.81
Municipal Bonds	124,862	2,812	33,476	20,490	68,084		2.84
US Agencies - Discounts	23,978	23,978	-	-	-		0.00
US Agencies - Noncallable	1,048,793	329,274	296,348	145,409	277,762		1.41
US Agencies - Callable	527,139	86,854	191,128	77,453	171,704		2.41
US Agencies - MBS	52,955	-	14,951	7,805	30,199		3.02
Total Pooled	<u>2,264,813</u>	<u>648,103</u>	<u>675,190</u>	<u>303,730</u>	<u>637,790</u>		<u>2.09</u>
Restricted Investments:							
US Treasury Bills	57,371	57,371	-	-	-		0.37
US Treasury Notes/Bonds	102,279	70,973	31,306	-	-		0.81
US Agencies - Discounts	111,075	111,075	-	-	-		0.31
US Agencies - Noncallable	86,930	79,716	7,214	-	-		0.61
US Agencies - Callable	27,579	10,764	14,855	-	1,960		1.05
Total Restricted	<u>385,234</u>	<u>329,899</u>	<u>53,375</u>	<u>-</u>	<u>1,960</u>		<u>0.57</u>
	<u><u>\$ 2,650,047</u></u>	<u><u>\$ 978,002</u></u>	<u><u>\$ 728,565</u></u>	<u><u>\$ 303,730</u></u>	<u><u>\$ 639,750</u></u>		<u><u>1.88</u></u>

The Department's allocation of pooled investments at April 30, 2024 was \$787,727,057. The Department's non-pooled investments at April 30, 2024 were \$278,701,138.

Some of the restricted assets are held by a trustee associated with the proceeds from sewer state revolving bonds within the Sewer Fund. The amount held by the trustee includes investments that are insured or registered or for which securities are held by the Sewer Fund or its agent in the Sewer Fund's name or under joint agreements. Restricted assets held by the trustee were \$1,591,077 and \$640,518 at April 30, 2025 and 2024, 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, 2025 and 2024, the total fair value of the City's callable bond portfolio (pooled and non-pooled) is \$681,667,721 and \$554,718,322, respectively.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2025, 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	\$ 1,782,769	Aaa/AA+
Municipal obligations	49,227	Aaa/AAA
Municipal obligations	80,772	Aaa/AA+
Municipal obligations	17,187	Aa1/AAA
Municipal obligations	10,910	Aa1/AA+
Municipal obligations	9,927	Aa2/AA+
Municipal obligations	19,575	Aa2/AA-
	<hr/> <u>\$ 1,970,367</u>	

As of April 30, 2024, 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	\$ 1,878,449	Aaa/AA+
Municipal obligations	48,580	Aaa/AAA
Municipal obligations	55,635	Aaa/AA+
Municipal obligations	5,610	Aa1/AA+
Municipal obligations	9,699	Aa2/AA+
Municipal obligations	5,338	Aa2/AA-
	<hr/> <u>\$ 2,003,311</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, 2025 and 2024, 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, 2025, 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, 2025, more than five percent of the City's investments are in the following U.S. agency discount note/securities: Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments are 33%, 14%, 7%, and 5%, respectively, of the City's total investments.

At April 30, 2024, 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 19%, 39%, and 6%, 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, 2025 and 2024:

	2025		
	Water	Sewer	Total
Cash and cash equivalents	\$ 28,826,053	\$ 35,930,007	\$ 64,756,060
Pooled investments	256,605,218	654,822,688	911,427,906
Non-pooled investments	176,450,826	146,912,711	323,363,537
Cash and cash equivalents – trustee accounts	--	1,591,077	1,591,077
	<u>\$ 461,882,097</u>	<u>\$ 839,256,483</u>	<u>\$ 1,301,138,580</u>
2024			
	Water	Sewer	Total
Cash and cash equivalents	\$ 13,205,143	\$ 39,644,778	\$ 52,849,921
Pooled investments	225,961,003	561,766,054	787,727,057
Non-pooled investments	96,323,877	182,377,261	278,701,138
Cash and cash equivalents – trustee accounts	--	640,518	640,518
FN	<u>\$ 335,490,023</u>	<u>\$ 784,428,611</u>	<u>\$ 1,119,918,634</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, 2025 and 2024 are reflected in the statements of net position as follows:

	2025		
	Water	Sewer	Total
Current assets			
Unrestricted			
Cash and cash equivalents	\$ 8,463,612	\$ 27,934,654	\$ 36,398,266
Investments	3,621,828	10,982,762	14,604,590
Restricted			
Cash and cash equivalents	20,362,441	9,586,430	29,948,871
Investments	52,386,597	40,936,029	96,322,626
Non-current assets			
Investments	189,738,700	575,360,060	765,098,760
Restricted investments	<u>187,308,919</u>	<u>174,456,548</u>	<u>361,765,467</u>
	<u>\$ 461,882,097</u>	<u>\$ 839,256,483</u>	<u>\$ 1,301,138,580</u>

	2024		
	Water	Sewer	Total
Current assets			
Unrestricted			
Cash and cash equivalents	\$ 11,497,322	\$ 36,232,829	\$ 47,730,151
Investments	8,395,530	25,634,981	34,030,511
Restricted			
Cash and cash equivalents	1,707,821	4,052,467	5,760,288
Investments	57,589,880	95,330,139	152,920,019
Non-current assets			
Investments	151,077,474	461,301,205	612,378,679
Restricted investments	<u>105,221,996</u>	<u>161,876,990</u>	<u>267,098,986</u>
	<u>\$ 335,490,023</u>	<u>\$ 784,428,611</u>	<u>\$ 1,119,918,634</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, 2025 and 2024 is as follows:

	2025		
	Water	Sewer	Total
Residential and commercial customers	\$ 29,629,600	\$ 48,644,099	\$ 78,273,699
Unbilled utility revenue	12,174,966	18,722,506	30,897,472
Intermunicipal sewer customers	--	7,387,766	7,387,766
Other accounts receivable	--	--	--
	41,804,566	74,754,371	116,558,937
Allowance for doubtful accounts	(18,299,194)	(24,242,824)	(42,542,018)
Net accounts receivable	<u>\$ 23,505,372</u>	<u>\$ 50,511,547</u>	<u>\$ 74,016,919</u>
2024			
	Water	Sewer	Total
Residential and commercial customers	\$ 28,627,955	\$ 42,619,229	\$ 71,247,184
Unbilled utility revenue	10,180,498	14,226,291	24,406,789
Intermunicipal sewer customers	--	7,233,365	7,233,365
Other accounts receivable	12,942	372,904	385,846
	38,821,395	64,451,789	103,273,184
Allowance for doubtful accounts	(15,299,022)	(19,225,288)	(34,524,310)
Net accounts receivable	<u>\$ 23,522,373</u>	<u>\$ 45,226,501</u>	<u>\$ 68,748,874</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, 2025 and 2024:

Customer	Interest Rates	Loan Completion Date	2025	2024
Platte County PWSD #2	4.126%	April 2026	25,576	59,818
Lee's Summit	4.238%	March 2028	660,852	844,946
Cass County PWSD #10	4.238%	November 2029	210,129	298,876
			896,557	1,203,640
Current portion			(290,030)	(280,377)
Non-current portion			\$ 606,527	\$ 923,263

KC WATER

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, 2025 is as follows:

Water Fund	May 1, 2024	Additions	Retirements / Adjustments	April 30, 2025
Depreciable assets				
Buildings	\$ 202,608,720	\$ 1,404,940	\$ (360,915)	\$ 203,652,745
Utility lines and improvements	1,193,548,977	17,822,816	(708,642)	1,210,663,151
Machinery and equipment	121,635,412	4,743,583	(921,007)	125,457,988
Land improvements	8,461	7,710	--	16,171
Total depreciable assets	<u>1,517,801,570</u>	<u>23,979,049</u>	<u>(1,990,564)</u>	<u>1,539,790,055</u>
Accumulated depreciation				
Buildings	(79,801,395)	(4,087,205)	360,915	(83,527,685)
Utility lines and improvements	(164,980,639)	(18,111,279)	708,642	(182,383,276)
Machinery and equipment	(48,213,199)	(6,466,413)	921,007	(53,758,605)
Land improvements	(1,516)	(776)	--	(2,292)
Total accumulated depreciation	<u>(292,996,749)</u>	<u>(28,665,673)</u>	<u>1,990,564</u>	<u>(319,671,858)</u>
Total depreciable assets, net	<u>1,224,804,821</u>	<u>(4,686,624)</u>	<u>--</u>	<u>1,220,118,197</u>
Nondepreciable assets				
Land and permanent right of ways	10,438,704	13,970	--	10,452,674
Construction in process	121,960,093	82,400,381	(7,916,496)	196,443,978
Total nondepreciable assets	<u>132,398,797</u>	<u>82,414,351</u>	<u>(7,916,496)</u>	<u>206,896,652</u>
Capital assets, net	<u>\$ 1,357,203,618</u>	<u>\$ 77,727,727</u>	<u>\$ (7,916,496)</u>	<u>\$ 1,427,014,849</u>
Sewer Fund	May 1, 2024	Additions	Retirements / Adjustments	April 30, 2025
Depreciable assets				
Sewage treatment plant and other facilities	\$ 383,960,726	\$ 3,694,483	\$ (981,697)	\$ 386,673,512
Sewer lines	1,474,827,416	20,395,511	(631,836)	1,494,591,091
Equipment	227,973,691	8,433,888	(1,145,640)	235,261,939
Land improvements	53,060,631	5,410	--	53,066,041
Green infrastructure	31,698,080	229,989	--	31,928,069
Total depreciable assets	<u>2,171,520,544</u>	<u>32,759,281</u>	<u>(2,759,173)</u>	<u>2,201,520,652</u>
Accumulated depreciation				
Sewage treatment plant and other facilities	(238,370,281)	(10,512,310)	981,697	(247,900,894)
Sewer lines	(236,775,330)	(23,509,989)	631,836	(259,653,483)
Equipment	(92,230,557)	(13,896,497)	1,144,303	(104,982,751)
Land improvements	(4,864,379)	(1,279,209)	--	(6,143,588)
Green infrastructure	(2,505,462)	(572,466)	--	(3,077,928)
Total accumulated depreciation	<u>(574,746,009)</u>	<u>(49,770,471)</u>	<u>2,757,836</u>	<u>(621,758,644)</u>
Total depreciable assets, net	<u>1,596,774,535</u>	<u>(17,011,190)</u>	<u>(1,337)</u>	<u>1,579,762,008</u>
Nondepreciable assets				
Land and permanent right of ways	16,399,577	357,637	--	16,757,214
Construction in process	235,951,022	112,610,583	(10,932,792)	337,628,813
Total nondepreciable assets	<u>252,350,599</u>	<u>112,968,220</u>	<u>(10,932,792)</u>	<u>354,386,027</u>
Capital assets, net	<u>\$ 1,849,125,134</u>	<u>\$ 95,957,030</u>	<u>\$ (10,934,129)</u>	<u>\$ 1,934,148,035</u>
Total Department capital assets, net	<u>\$ 3,206,328,752</u>	<u>\$ 173,684,757</u>	<u>\$ (18,850,625)</u>	<u>\$ 3,361,162,884</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2024 is as follows:

	May 1, 2023	Additions	Retirements / Adjustments	April 30, 2024
Water Fund				
Depreciable assets				
Buildings	\$ 201,725,938	\$ 2,384,937	\$ (1,502,155)	\$ 202,608,720
Utility lines and improvements	1,154,952,916	43,063,890	(4,467,829)	1,193,548,977
Machinery and equipment	118,483,126	3,991,989	(839,703)	121,635,412
Land improvements	8,461	--	--	8,461
Total depreciable assets	<u>1,475,170,441</u>	<u>49,440,816</u>	<u>(6,809,687)</u>	<u>1,517,801,570</u>
Accumulated depreciation				
Buildings	(77,270,198)	(4,033,352)	1,502,155	(79,801,395)
Utility lines and improvements	(151,893,752)	(17,554,716)	4,467,829	(164,980,639)
Machinery and equipment	(42,250,112)	(6,802,790)	839,703	(48,213,199)
Land improvements	(1,093)	(423)	--	(1,516)
Total accumulated depreciation	<u>(271,415,155)</u>	<u>(28,391,281)</u>	<u>6,809,687</u>	<u>(292,996,749)</u>
Total depreciable assets, net	<u>1,203,755,286</u>	<u>21,049,535</u>	<u>--</u>	<u>1,224,804,821</u>
Nondepreciable assets				
Land and permanent right of ways	10,420,995	17,709	--	10,438,704
Construction in process	57,551,864	104,334,422	(39,926,193)	121,960,093
Total nondepreciable assets	<u>67,972,859</u>	<u>104,352,131</u>	<u>(39,926,193)</u>	<u>132,398,797</u>
Capital assets, net	<u>\$ 1,271,728,145</u>	<u>\$ 125,401,666</u>	<u>\$ (39,926,193)</u>	<u>\$ 1,357,203,618</u>
Sewer Fund				
Depreciable assets				
Sewage treatment plant and other facilities	\$ 381,688,805	\$ 5,929,114	\$ (3,657,193)	\$ 383,960,726
Sewer lines	1,444,931,551	30,789,225	(893,360)	1,474,827,416
Equipment	219,876,918	9,635,030	(1,538,257)	227,973,691
Land improvements	53,049,438	11,193	--	53,060,631
Green infrastructure	31,598,298	99,782	--	31,698,080
Total depreciable assets	<u>2,131,145,010</u>	<u>46,464,344</u>	<u>(6,088,810)</u>	<u>2,171,520,544</u>
Accumulated depreciation				
Sewage treatment plant and other facilities	(231,656,308)	(10,371,166)	3,657,193	(238,370,281)
Sewer lines	(214,544,679)	(23,124,011)	893,360	(236,775,330)
Equipment	(80,101,152)	(13,491,445)	1,362,040	(92,230,557)
Land improvements	(3,585,504)	(1,278,875)	--	(4,864,379)
Green infrastructure	(1,937,797)	(567,665)	--	(2,505,462)
Total accumulated depreciation	<u>(531,825,440)</u>	<u>(48,833,162)</u>	<u>5,912,593</u>	<u>(574,746,009)</u>
Total depreciable assets, net	<u>1,599,319,570</u>	<u>(2,368,818)</u>	<u>(176,217)</u>	<u>1,596,774,535</u>
Nondepreciable assets				
Land and permanent right of ways	15,436,372	963,205	--	16,399,577
Construction in process	144,922,493	115,435,231	(24,406,702)	235,951,022
Total nondepreciable assets	<u>160,358,865</u>	<u>116,398,436</u>	<u>(24,406,702)</u>	<u>252,350,599</u>
Capital assets, net	<u>\$ 1,759,678,435</u>	<u>\$ 114,029,618</u>	<u>\$ (24,582,919)</u>	<u>\$ 1,849,125,134</u>
Total Department capital assets, net	<u>\$ 3,031,406,580</u>	<u>\$ 239,431,284</u>	<u>\$ (64,509,112)</u>	<u>\$ 3,206,328,752</u>

KC WATER

A Department of the City of Kansas City, Missouri

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, 2025 and 2024:

Issue	Interest Rates	Maturities Through	2025	2024
Water Fund				
Series 2014A	2.00 - 5.00%	December 2038	37,630,000	39,640,000
Series 2015A	3.25 - 5.00%	December 2039	45,890,000	48,085,000
Series 2017A	3.13 - 5.00%	December 2041	61,620,000	63,940,000
Series 2019A	2.00 - 5.00%	December 2032	25,665,000	31,965,000
Series 2020A	4.00 - 5.00%	December 2044	55,595,000	57,265,000
Series 2021A	3.00 - 5.00%	December 2037	54,340,000	57,410,000
Series 2023A	3.75 - 5.00%	December 2047	50,465,000	51,650,000
Series 2024A	5%	December 2048	81,130,000	83,585,000
Series 2025A	5%	December 2049	144,985,000	-
Sewer Fund				
State Series 2004H	3.00% - 5.25%	January 2025	-	655,000
Stormwater 2007	1.40%	June 2027	71,000	94,000
State Series 2009B	1.48%	July 2030	4,219,800	5,008,800
Series 2016A	2.00% - 5.00%	January 2040	122,565,000	130,280,000
Series 2018A	3.125% - 5.00%	January 2042	133,195,000	138,255,000
Series 2018B	4.00% - 5.25%	January 2034	28,255,000	30,825,000
Series 2019A	3.00% - 5.00%	January 2044	51,965,000	53,675,000
State Series 2021A	0.79%	January 2044	97,548,236	85,719,023
Series 2021B	3.00% - 5.00%	January 2037	78,125,000	82,835,000
Series 2023A	4.00% - 5.00%	January 2048	91,380,000	93,515,000
Series 2024A	4.00% - 5.00%	January 2049	97,000,000	99,520,000
			<u>1,261,644,036</u>	<u>1,153,921,823</u>
Unamortized premiums			126,448,340	124,180,554
Unamortized discounts			<u>(2,093,653)</u>	<u>(2,200,702)</u>
Net revenue bonds and notes payable			1,385,998,723	1,275,901,675
Less current portion			<u>(54,509,662)</u>	<u>(51,049,678)</u>
Noncurrent portion of revenue bonds and notes payable			<u>\$ 1,331,489,061</u>	<u>\$ 1,224,851,997</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

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

Changes in long-term obligations during the year ended April 30, 2025 are as follows:

	May 1, 2024	Additions	Reductions	April 30, 2025	Due Within One Year
Water Fund					
Revenue bonds	\$ 433,540,000	\$ 144,985,000	\$ (21,205,000)	\$ 557,320,000	\$ 23,020,000
Unamortized bond premium	57,263,958	9,968,989	(3,613,147)	63,619,800	--
Unamortized bond discount	(290,100)	--	17,540	(272,560)	--
Net pension liability	46,613,703	21,252,070	(16,874,122)	50,991,651	--
Total other postemployment benefit liability	6,016,756	6,820,760	(910,983)	11,926,533	634,591
Compensated absences	3,398,739	1,402,725	(905,791)	3,895,673	878,249
Claims payable	<u>33,805,338</u>	<u>11,717,995</u>	<u>(7,097,073)</u>	<u>38,426,260</u>	<u>9,222,302</u>
Total Water Fund	<u>580,348,394</u>	<u>196,147,539</u>	<u>(50,588,576)</u>	<u>725,907,357</u>	<u>33,755,142</u>
Sewer Fund					
Revenue bonds	628,905,000	--	(26,420,000)	602,485,000	26,150,000
Revenue bonds - private placement	91,476,823	14,086,213	(3,724,000)	101,839,036	5,339,662
Unamortized bond premium	66,916,596	--	(4,088,056)	62,828,540	--
Unamortized bond discount	(1,910,602)	--	89,509	(1,821,093)	--
Net pension liability	37,490,585	16,368,473	(12,996,550)	40,862,508	--
Total other postemployment benefit liability	5,315,447	5,255,391	(701,912)	9,868,926	488,952
Compensated absences	3,115,797	1,037,543	(368,061)	3,785,279	871,155
Claims payable	<u>12,729,254</u>	<u>149,957</u>	<u>(2,032,062)</u>	<u>10,847,149</u>	<u>2,603,316</u>
Total Sewer Fund	<u>844,038,900</u>	<u>36,897,577</u>	<u>(50,241,132)</u>	<u>830,695,345</u>	<u>35,453,085</u>
Total Department	<u>\$ 1,424,387,294</u>	<u>\$ 233,045,116</u>	<u>\$ (100,829,708)</u>	<u>\$ 1,556,602,702</u>	<u>\$ 69,208,227</u>

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

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

Changes in long-term obligations during the year ended April 30, 2024 are as follows:

	May 1, 2023	Additions	Reductions	April 30, 2024	Due Within One Year
Water Fund					
Revenue bonds	\$ 370,390,000	\$ 83,585,000	\$ (20,435,000)	\$ 433,540,000	\$ 21,205,000
Unamortized bond premium	50,341,971	10,206,211	(3,284,224)	57,263,958	--
Unamortized bond discount	(307,640)	--	17,540	(290,100)	--
Net pension liability	35,633,047	16,702,041	(5,721,385)	46,613,703	--
Total other postemployment benefit liability	6,133,874	369,207	(486,325)	6,016,756	502,890
Compensated absences	3,408,174	732,503	(741,938)	3,398,739	792,919
Claims payable	39,157,403	--	(5,352,065)	33,805,338	8,113,281
Total Water Fund	<u>504,756,829</u>	<u>111,594,962</u>	<u>(36,003,397)</u>	<u>580,348,394</u>	<u>30,614,090</u>
Sewer Fund					
Revenue bonds	553,725,000	99,520,000	(24,340,000)	628,905,000	26,420,000
Revenue bonds - private placement	57,722,982	35,188,541	(1,434,700)	91,476,823	3,401,678
Unamortized bond premium	61,386,081	9,336,817	(3,806,302)	66,916,596	--
Unamortized bond discount	(1,095,905)	(877,785)	63,088	(1,910,602)	--
Net pension liability	28,831,457	13,170,900	(4,511,772)	37,490,585	--
Total other postemployment benefit liability	5,407,737	290,942	(383,232)	5,315,447	396,287
Compensated absences	3,072,326	666,771	(623,300)	3,115,797	740,083
Claims payable	16,759,183	--	(4,029,929)	12,729,254	3,055,020
Total Sewer Fund	<u>725,808,861</u>	<u>157,296,186</u>	<u>(39,066,147)</u>	<u>844,038,900</u>	<u>34,013,068</u>
Total Department	<u>\$ 1,230,565,690</u>	<u>\$ 268,891,148</u>	<u>\$ (75,069,544)</u>	<u>\$ 1,424,387,294</u>	<u>\$ 64,627,158</u>

KC WATER

A Department of the City of Kansas City, Missouri

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, 2025 are as follows:

Year Ending April 30	Water Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2026	23,020,000	22,800,677	26,150,000	26,267,381
2027	21,500,000	24,289,225	27,435,000	24,959,882
2028	22,540,000	23,257,325	28,815,000	23,588,132
2029	23,600,000	22,152,775	30,250,000	22,147,382
2030	24,720,000	21,021,775	31,525,000	20,634,882
2031-2035	134,300,000	87,027,445	170,350,000	79,916,044
2036-2040	135,970,000	57,260,251	160,365,000	44,846,856
2041-2045	97,335,000	31,203,688	85,405,000	17,504,300
2046-2050	74,335,000	10,236,250	42,190,000	3,931,200
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 557,320,000	\$ 299,249,411	\$ 602,485,000	\$ 263,796,059

Year Ending April 30	Sewer Fund - Private Placement		Total	
	Principal	Interest	Principal	Interest
2026	5,339,662	813,096	54,509,662	49,881,154
2027	5,416,808	765,017	54,351,808	50,014,124
2028	5,494,120	716,203	56,849,120	47,561,660
2029	5,548,996	666,813	59,398,996	44,966,970
2030	5,628,172	616,835	61,873,172	42,273,492
2031-2035	24,668,952	2,461,049	329,318,952	169,404,538
2036-2040	26,307,956	1,457,842	322,642,956	103,564,949
2041-2045	23,434,370	399,311	206,174,370	49,107,299
2046-2050	--	--	116,525,000	14,167,450
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 101,839,036	\$ 7,896,166	\$ 1,261,644,036	\$ 570,941,636

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.

KC WATER

A Department of the City of Kansas City, Missouri

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 \$97,219,750 and \$87,686,527 at April 30, 2025, and 2024, respectively. As of April 30, 2025 and 2024, both the Water and Sewer Fund's debt service coverage ratios were above the 130% threshold, so the remaining bond reserve accounts were not required to be funded.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO 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 2025 and 2024 as follows:

	April 30, 2025		
	Water	Sewer	Total
Principal and interest	\$ 14,957,645	\$ 19,062,239	\$ 34,019,884
Construction	211,157,651	166,936,402	378,094,053
Renewal and replacement	30,000,000	41,000,000	71,000,000
Retention pond maintenance	--	60,010	60,010
Customer deposits	5,898,891	--	5,898,891
	<u>\$ 262,014,187</u>	<u>\$ 227,058,651</u>	<u>\$ 489,072,838</u>
	April 30, 2024		
	Water	Sewer	Total
Principal and interest	\$ 15,965,250	\$ 18,234,043	\$ 34,199,293
Construction	115,638,832	203,392,203	319,031,035
Renewal and replacement	30,191,300	41,265,244	71,456,544
Retention pond maintenance	--	58,593	58,593
Customer deposits	3,787,982	--	3,787,982
	<u>\$ 165,583,364</u>	<u>\$ 262,950,083</u>	<u>\$ 428,533,447</u>

7. PLEDGED REVENUES

Water Fund – The City has pledged revenues of the Water Fund, net of specified operating expenses, to repay \$557,320,000 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 are expected to require approximately 30% of net revenues on average over the next 25 years. The total principal and interest remaining to be paid on the bonds is \$856,569,411. Principal and interest paid for the year ended April 30, 2025 and total net revenues available for debt service were \$39,593,538 and \$115,550,342 respectively.

Sewer Fund – The City has pledged revenues of the Sewer Fund, net of specified operating expenses, to repay \$704,253,036 in sewer system revenue bonds and loans. The bonds were issued to provide improvements to the sewer system and facilities. The loans were issued to fund stormwater basin studies and improvements. The various issues and maturity dates are listed in Note 6.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO 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 \$975,943,756 and is expected to require approximately 19% of net sewer revenues over the next 24 years. The stormwater loans are payable from stormwater revenues. Total principal and interest on those loans is \$72,505 and is expected to require approximately 3% of net stormwater revenues over the next 3 years. Principal and interest paid for the year ended April 30, 2025 and net revenues available for debt service for the Sewer Fund were \$58,047,888 and \$215,254,580, respectively.

8. DUE TO/FROM OTHER CITY FUNDS

Amounts due to/from other City funds at April 30, 2025 were as follows:

Payables	Receivables					Total
	Water	Sewer	General	Internal Service		
Water Fund	\$ -	\$ 31,622	\$ -	\$ 177,176	\$ 208,798	
Sewer Fund	478,573	-	30,877	304,758	814,208	
General Fund	43,947	154,100	-	-	198,047	
	<u>\$ 522,520</u>	<u>\$ 185,722</u>	<u>\$ 30,877</u>	<u>\$ 481,934</u>	<u>\$ 1,221,053</u>	

Amounts due to/from other City funds at April 30, 2024 were as follows:

Payables	Receivables					Total
	Water	Sewer	General	Internal Service		
Water Fund	\$ -	\$ 12,398	\$ -	\$ -	\$ 12,398	
Sewer Fund	66,564	-	30,877	-	97,441	
General Fund	39,002	154,100	-	-	193,102	
	<u>\$ 105,566</u>	<u>\$ 166,498</u>	<u>\$ 30,877</u>	<u>\$ 302,941</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.

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

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.

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, 2025 and 2024, total payments for administrative and general expenses and transfers for PILOT's are as follows:

	2025	2024
Water Fund		
Administrative, data processing and accounting	\$ 6,450,076	\$ 5,495,545
Overhead allocation for self-insured claims	7,959,548	(4,555,884)
PILOT	8,668,381	8,434,705
Sewer Fund		
Administrative, data processing and accounting	4,511,297	4,477,782
Overhead allocation for self-insured claims	1,456,521	(3,034,699)
PILOT	<u>5,090,499</u>	<u>4,768,417</u>
	<u><u>\$ 34,136,322</u></u>	<u><u>\$ 15,585,866</u></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 \$6,640,532 and \$6,878,573 for these services for the years ended April 30, 2025 and 2024, 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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.

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

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

Employees' Pension Systems

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

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

Retirement Benefits

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

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Tier 1 Members – The Plan provides retirement benefits for those employees hired before April 20, 2015 (Tier 1 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.

Tier 2 Members – The Plan provides retirement benefits for those employees hired on or after April 20, 2015 (Tier 2 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.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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, 2024 and 2023, both the Water and Sewer Funds contributed 20.30% and 19.73% 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.

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, 2025 and 2024, employees within the Water Fund contributed \$1,337,959 and \$1,268,081, respectively, and the Water Fund contributed \$5,644,789 and \$3,994,349, respectively, to the Plan. For the years ended April 30, 2024 and 2023, employees within the Sewer Fund contributed \$1,030,504 and \$999,983, respectively, and the Sewer Fund contributed \$4,347,650 and \$3,149,865, 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, 2025 and 2024 was as follows:

	2025	2024
Water Fund		
Net pension liability	\$ 50,991,651	\$ 46,613,703
Proportion	12.62%	12.96%
Sewer Fund		
Net pension liability	\$ 40,862,508	\$ 37,490,585
Proportion	9.72%	10.22%

The net pension liability was measured as of April 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2023 and 2022 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, 2024 and 2023.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

10. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

For the years ended April 30, 2025 and 2024, the Water Fund recognized pension expense of \$9,693,897 and \$7,599,606, respectively. For the years ended April 30, 2025 and 2024, the Sewer Fund recognized pension expense of \$7,466,298 and \$5,992,899, respectively.

At April 30, 2025 and 2024, KC Water reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	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	\$ 7,152,427	\$ --	\$ 12,064,936	\$ --
Changes in assumptions	--	--	208,265	--
Differences between expected and actual experience	4,326,139	111,810	864,609	--
Fund contributions made subsequent to the measurement date of the net pension liability	5,644,789	--	3,994,349	--
	<u>17,123,355</u>	<u>111,810</u>	<u>17,132,159</u>	<u>--</u>
Sewer Fund				
Net difference between projected and actual earnings on pension plan investments	\$ 5,508,843	\$ --	\$ 9,514,171	\$ --
Changes in assumptions	--	--	164,233	--
Differences between expected and actual experience	3,332,018	86,117	681,813	--
Fund contributions made subsequent to the measurement date of the net pension liability	4,347,650	--	3,149,865	--
	<u>13,188,511</u>	<u>86,117</u>	<u>13,510,082</u>	<u>--</u>
Total Department	<u>\$ 30,311,866</u>	<u>\$ 197,927</u>	<u>\$ 30,642,241</u>	<u>\$ --</u>

At April 30, 2025 and 2024, the Water Fund reported \$5,644,789 and \$3,994,349, respectively, and the Sewer Fund reported \$4,347,650 and \$3,149,865, 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, 2025, related to pensions, will be recognized in pension expense as follows:

	Water	Sewer	Total
2026	\$ 1,721,021	\$ 1,325,541	\$ 3,046,562
2027	7,156,285	5,511,814	12,668,099
2028	2,838,966	2,186,589	5,025,555
2029	(349,516)	(269,200)	(618,716)
	<u>\$ 11,366,756</u>	<u>\$ 8,754,744</u>	<u>\$ 20,121,500</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, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Ranges from 5.00% to 2.75%
Ad hoc cost-of-living adjustments	3.00%, simple for Tier 1 Members
Investment rate of return	1.9% for Tier 2 Members 7.00%

Mortality rates for the April 30, 2024 and 2023 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, 2024 and 2023 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 2024 and 2023 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 2024 and 2023 inflation assumptions 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 2024 and 2023 long-term wage growth assumptions were based upon the inflation assumption plus a real wage growth assumption of 0.25%, which was derived from an analysis of historical increases in Social Security Average earnings.

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO 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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
US Equity	17.00%	3.54 %
Emerging Manager of Managers	4.00%	3.54%
Non-U.S. equity	12.00%	5.75%
Emerging Markets Equity	5.00%	8.25%
Global equity	8.00%	4.59%
Fixed income		
Core Fixed Income	17.00%	2.00%
Non-Core Fixed Income	15.00%	4.00%
Real estate		
Real Estate	8.00%	3.75%
Infrastructure	3.00%	4.75%
Opportunistic	10.00%	3.25%
Cash	1.00%	0.25%

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, 2025		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Water fund net pension liability	\$ 71,965,855	\$ 50,991,651	\$ 30,346,607
Sewer fund net pension liability	55,428,535	40,862,508	23,373,139
 Total Department	 <u>\$ 127,394,390</u>	 <u>\$ 91,854,159</u>	 <u>\$ 53,719,746</u>
	April 30, 2024		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Water fund net pension liability	\$ 68,197,573	\$ 46,613,703	\$ 27,665,372
Sewer fund net pension liability	53,779,529	37,490,585	21,816,366
 Total Department	 <u>\$ 121,977,102</u>	 <u>\$ 84,104,288</u>	 <u>\$ 49,481,738</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, 2025 and 2024, the Water Fund reported a payable of \$160,000 and \$148,000, respectively, for the outstanding amount of contributions to the pension plan. At April 30, 2025 and 2024, the Sewer Fund reported a payable of \$123,000 and \$116,000, 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 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, 2025 and 2024:

	2025	2024
Water Fund		
Total other postemployment benefit liability	\$ 11,926,533	\$ 6,016,756
Proportion	6.29%	6.39%
Sewer Fund		
Total other postemployment benefit liability	\$ 9,868,926	\$ 5,315,447
Proportion	4.84%	5.04%

The total OPEB liability was measured as of April 30, 2025 and 2024 and was determined by an actuarial valuation as of April 30, 2023. 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, 2024.

For the years ended April 30, 2025 and 2024, the Water Fund recognized OPEB expense of \$6,356,573 and \$21,834 and the Sewer Fund recognized OPEB expense of \$4,897,735 and \$17,206, 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, 2025 and 2024, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water Fund				
Changes in assumptions	\$ 475,781	\$ 1,345,987	\$ 626,318	\$ 1,447,489
Differences between expected and actual experience	--	1,268,850	--	1,140,733
Contributions (benefit payments) made subsequent to the measurement date	895,769	--	536,982	--
	<u>1,371,550</u>	<u>2,614,837</u>	<u>1,163,300</u>	<u>2,588,222</u>
Sewer Fund				
Changes in assumptions	\$ 366,590	\$ 1,037,082	\$ 493,551	\$ 1,140,648
Differences between expected and actual experience	--	977,648	--	898,920
Contributions (benefit payments) made subsequent to the measurement date	690,189	--	423,152	--
	<u>1,056,779</u>	<u>2,014,730</u>	<u>916,703</u>	<u>2,039,568</u>
Total Department	<u>\$ 2,428,329</u>	<u>\$ 4,629,567</u>	<u>\$ 2,080,003</u>	<u>\$ 4,627,790</u>

At April 30, 2025 and 2024, the Water Fund reported \$895,769 and \$536,982, respectively and the Sewer Fund reported \$690,189 and \$423,152, 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, 2025, related to OPEB, will be recognized in OPEB expense as follows:

	Water	Sewer	Total
2026	\$ (464,280)	\$ (357,727)	\$ (822,007)
2027	(468,989)	(361,356)	(830,345)
2028	(510,986)	(393,714)	(904,700)
2029	(334,757)	(257,930)	(592,687)
2030	(323,824)	(249,507)	(573,331)
Thereafter	<u>(36,220)</u>	<u>(27,906)</u>	<u>(64,126)</u>
	<u>\$ (2,139,056)</u>	<u>\$ (1,648,140)</u>	<u>\$ (3,787,196)</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, 2024 and 2022 (used for 2024 amounts) actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

	2025	2024
Salary increases	Service based rates from 5.00% to 2.75%	Service based rates from 5.00% to 2.75%
Discount rate	4.12% as of measurement date	3.77% as of measurement date
Health care trend rates	Initial rate of 7.35% declining to an ultimate rate of 4.25% after 14 years	Initial rate of 8.90% declining to an ultimate rate of 4.15% after 13 years

The discount rates were based on the Fidelity 20-Year Municipal GO AA Index

Mortality rates for employees were based on the 2010 Public General Amount-Weighted Mortality Table for Healthy Employees, the 2010 Public General Amount-Weighted Below-Median Mortality Table for Healthy Retirees which was multiplied by 1.051 for males and 1.131 for females, and the 2010 Public General Amount-Weighted Mortality Table for Disabled Retirees. Future mortality improvements were modeled using Scale MP-2020.

The actuarial assumptions used in the April 30, 2024 and 2022 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, 2025 and 2024 has been calculated using a discount rate of 4.12% and 3.77%, respectively. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current rate:

	April 30, 2025		
	Current		
	1% Decrease (3.12%)	Discount Rate (4.12%)	1% Increase (5.12%)
Water Fund total OPEB liability	\$ 13,405,662	\$ 11,926,533	\$ 10,818,859
Sewer Fund total OPEB liability	11,092,919	9,868,926	8,952,391
 Total Department	 <u>\$ 24,498,581</u>	 <u>\$ 21,795,459</u>	 <u>\$ 19,771,250</u>
 April 30, 2024			
	Current		
	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Increase (4.77%)
	\$ 6,869,876	\$ 6,016,756	\$ 5,323,094
Water Fund total OPEB liability	6,069,161	5,315,447	4,702,664
Sewer Fund total OPEB liability			
 Total Department	 <u>\$ 12,939,037</u>	 <u>\$ 11,332,203</u>	 <u>\$ 10,025,758</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, 2025 and 2024 has been calculated using a healthcare cost trend rate of 7.35 decreasing to 4.25 and 8.90% 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, 2025		
	1% Decrease (6.35% decreasing to 3.25%)	Current Discount Rate (7.35% decreasing to 4.25%)	1% Increase (8.35% decreasing to 5.25%)
Water fund total OPEB liability	\$ 11,622,256	\$ 11,926,533	\$ 12,497,394
Sewer fund total OPEB liability	9,617,186	9,868,926	10,341,345
Total Department	\$ 21,223,442	\$ 21,795,459	\$ 22,838,739

	April 30, 2024		
	1% Decrease (7.90% decreasing to 3.15%)	Current Discount Rate (8.90% decreasing to 4.15%)	1% Increase (9.90% decreasing to 5.15%)
Water fund total OPEB liability	\$ 5,545,543	\$ 6,016,756	\$ 6,619,870
Sewer fund total OPEB liability	4,899,185	5,315,447	5,848,295
Total Department	\$ 10,444,728	\$ 11,332,203	\$ 12,468,165

12. COMMITMENTS

At April 30, 2025 and 2024, the City had made purchase commitments primarily for additions to utility lines and improvements on behalf of the Water Fund of approximately \$250,701,527 and \$90,932,621, respectively. These commitments will be funded by a combination of existing resources and future debt issuances.

At April 30, 2025 and 2024, the City had made purchase commitments, primarily for additions to plant on behalf of the Sewer Fund of approximately \$290,064,455 and \$204,201,888, 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 purchases an excess liability policy to cover torts, which are not barred by sovereign immunity and exceed the tort cap. Current sovereign tort immunity statutes and law limit general liability and automobile claim exposure to a maximum of \$1,000,000 per person and \$3,000,000 per occurrence. The City also maintains commercial insurance coverage for those areas not covered by the City's self-insurance programs, such as excess general liability, property, cyber and auto. Settled claims have not exceeded commercial insurance coverage for the past three years.

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

Activity in the Water and Sewer Fund's claims liability for the years ended April 30, 2025, 2024 and 2023 is summarized as follows:

	2025	2024	2023
Water			
Balance, beginning of the year	\$ 33,805,338	\$ 39,157,403	\$ 34,166,189
Current year claims incurred and changes in estimates for claims incurred in prior years	11,717,995	(34,655)	11,911,547
Claims and expenses paid	(7,097,073)	(5,317,410)	(6,920,333)
Balance, end of the year	38,426,260	33,805,338	39,157,403
Less current portion	(9,222,302)	(8,113,281)	(9,397,777)
Noncurrent portion	<u>\$ 29,203,958</u>	<u>\$ 25,692,057</u>	<u>\$ 29,759,626</u>
Sewer			
Balance, beginning of the year	\$ 12,729,254	\$ 16,759,183	\$ 18,137,890
Current year claims incurred and changes in estimates for claims incurred in prior years	149,957	(3,019,770)	(539,276)
Claims and expenses paid	(2,032,062)	(1,010,159)	(839,431)
Balance, end of the year	10,847,149	12,729,254	16,759,183
Less current portion	(2,603,316)	(3,055,020)	(4,022,204)
Noncurrent portion	<u>\$ 8,243,833</u>	<u>\$ 9,674,234</u>	<u>\$ 12,736,979</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, 2025 and 2024:

- U.S. Treasury Bills, U.S. Treasury Notes/Bonds and Federal agencies of approximately \$2,861,348,000 and \$2,650,047,000 as of April 30, 2025 and 2024, 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, 2025 and 2024 is comprised of the following:

	April 30, 2025		
	Water	Sewer	Total
Capital Related Assets			
Land	\$ 10,452,674	\$ 16,757,214	\$ 27,209,888
Construction in progress	196,443,978	337,628,813	534,072,791
Buildings	203,652,745	--	203,652,745
Treatment plant and other facilities	--	386,673,512	386,673,512
Utility line and improvements	1,210,663,151	1,494,591,091	2,705,254,242
Land improvements	16,171	53,066,041	53,082,212
Green infrastructure	--	31,928,069	31,928,069
Machinery and equipment	125,457,988	235,261,939	360,719,927
	1,746,686,707	2,555,906,679	4,302,593,386
Less accumulated depreciation	(319,671,858)	(621,758,644)	(941,430,502)
Capital assets, net	1,427,014,849	1,934,148,035	3,361,162,884
Deferred amount on refunding	(3,992,882)	(5,553,834)	(9,546,716)
Less Related Liabilities			
Current portion, bonds payable	23,020,000	31,489,662	54,509,662
Bonds and notes payable, net of premium, discount and unspent proceeds	386,159,077	568,985,063	955,144,140
Contracts and retainages payable	8,289,006	14,556,706	22,845,712
Total capital related liabilities	417,468,083	615,031,431	1,032,499,514
Net investment in capital assets	\$ 1,005,553,884	\$ 1,313,562,770	\$ 2,319,116,654

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

15. NET POSITION (CONTINUED)

	April 30, 2024		
	Water	Sewer	Total
Capital Related Assets			
Land	\$ 10,438,704	\$ 16,399,577	\$ 26,838,281
Construction in progress	121,960,093	235,951,022	357,911,115
Buildings	202,608,720	--	202,608,720
Treatment plant and other facilities	--	383,960,726	383,960,726
Utility line and improvements	1,193,548,977	1,474,827,416	2,668,376,393
Land improvements	8,461	53,060,631	53,069,092
Green infrastructure	--	31,698,080	31,698,080
Machinery and equipment	<u>121,635,412</u>	<u>227,973,691</u>	<u>349,609,103</u>
	1,650,200,367	2,423,871,143	4,074,071,510
Less accumulated depreciation	<u>(292,996,749)</u>	<u>(574,746,009)</u>	<u>(867,742,758)</u>
Capital assets, net	<u>1,357,203,618</u>	<u>1,849,125,134</u>	<u>3,206,328,752</u>
Deferred loss on refunding	<u>(4,353,895)</u>	<u>(5,983,239)</u>	<u>(10,337,134)</u>
Less Related Liabilities			
Current portion, bonds payable	21,205,000	29,821,678	51,026,678
Bonds and notes payable, net of premium, discount and unspent proceeds	354,402,744	553,481,563	907,884,307
Contracts and retainages payable	<u>12,194,886</u>	<u>11,464,776</u>	<u>23,659,662</u>
Total capital related liabilities	<u>387,802,630</u>	<u>594,768,017</u>	<u>982,570,647</u>
Net investment in capital assets	<u>\$ 965,047,093</u>	<u>\$ 1,248,373,878</u>	<u>\$ 2,213,420,971</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, 2025 and 2024 is comprised of the following:

	April 30, 2025		
	Water	Sewer	Total
Restricted assets			
Cash and cash equivalents	\$ 20,362,441	\$ 9,586,430	\$ 29,948,871
Investments	239,695,516	215,392,577	455,088,093
Interest receivable	1,956,230	2,079,644	4,035,874
	<u>262,014,187</u>	<u>227,058,651</u>	<u>489,072,838</u>
Less liabilities payable from restricted assets			
Debt related to unspent bond proceeds	211,488,164	164,856,758	376,344,922
Accrued interest and fiscal agent fees	7,562,115	8,910,089	16,472,204
Customer deposits	3,612,148	--	3,612,148
	<u>222,662,427</u>	<u>173,766,847</u>	<u>396,429,274</u>
Restricted Net Position	<u><u>\$ 39,351,760</u></u>	<u><u>\$ 53,291,804</u></u>	<u><u>\$ 92,643,564</u></u>
	April 30, 2024		
	Water	Sewer	Total
Restricted assets			
Cash and cash equivalents	\$ 1,707,821	\$ 4,052,467	\$ 5,760,288
Investments	162,811,876	257,207,129	420,019,005
Interest receivable	1,063,667	1,690,487	2,754,154
	<u>165,583,364</u>	<u>262,950,083</u>	<u>428,533,447</u>
Less liabilities payable from restricted assets			
Debt related to unspent bond proceeds	114,906,115	202,084,576	316,990,691
Accrued interest and fiscal agent fees	7,236,227	8,733,540	15,969,767
Customer deposits	3,749,491	--	3,749,491
	<u>125,891,833</u>	<u>210,818,116</u>	<u>336,709,949</u>
Restricted Net Position	<u><u>\$ 39,691,531</u></u>	<u><u>\$ 52,131,967</u></u>	<u><u>\$ 91,823,498</u></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 (Plan). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is structured to prevent as much stormwater as practicable from entering the combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the City.

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

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

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

KC WATER

A Department of the City of Kansas City, Missouri

NOTES TO THE FINANCIAL STATEMENTS

16. CITY SEWER OVERFLOW CONTROL PLAN (CONTINUED)

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

The current estimated capital cost of this Plan is projected to be approximately \$2.3 billion (on an inflation adjusted basis) at the end of 2035. In addition, there is expected to be an approximately \$30 million increase in annual expenditures for operation and maintenance related to the Plan. It is anticipated that the Plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the Plan. As implementation of the Plan continues, specific financing strategies to offset the cost will be evaluated and implemented, which could include appropriation of monies from the City's general fund.

The OCP has invested more than \$1.2 billion over the past 14 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 77 projects with 33 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 January 9, 2026, 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.

This page intentionally left blank.

Financial Section

Basic Financial Statements

- **Required Supplementary Information**

Supplementary Information



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

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

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Fund										
Proportion of the net pension liability	12.62%	12.96%	12.89%	13.12%	13.56%	13.08%	13.15%	13.07%	12.54%	12.54%
Proportionate share of the net pension liability	\$ 50,991,651	\$ 46,613,703	\$ 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	\$ 22,007,618	\$ 28,353,834	\$ 48,152,764	\$ 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	231.70%	164.40%	74.00%	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	76.50%	81.70%	91.40%	91.39%	77.24%	83.75%	84.84%	83.10%	80.69%	91.05%
Sewer Fund	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	9.72%	10.22%	10.76%	11.47%	11.00%	11.02%	11.27%	11.16%	10.58%	10.58%
Proportionate share of the net pension liability	\$ 40,862,508	\$ 37,490,585	\$ 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	\$ 17,635,955	\$ 22,804,492	\$ 38,961,431	\$ 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	231.70%	164.40%	74.00%	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	76.50%	81.70%	91.40%	91.39%	77.24%	83.75%	84.84%	83.10%	80.69%	91.05%

Notes to Schedule:

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Fund										
Contractually required contribution	\$ 4,896,464	\$ 3,913,384	\$ 5,090,460	\$ 4,010,958	\$ 3,575,194	\$ 3,521,231	\$ 3,397,928	\$ 3,187,882	\$ 2,889,519	\$ 3,077,428
Contributions in relation to contractually required contribution	5,644,789	3,994,349	3,779,362	4,010,390	3,732,322	3,564,462	3,422,799	3,206,129	2,972,461	3,082,377
Contribution deficiency (excess)	\$ (748,325)	\$ (80,965)	\$ 1,311,098	\$ 568	\$ (157,128)	\$ (43,231)	\$ (24,871)	\$ (18,247)	\$ (82,942)	\$ (4,949)
Covered payroll	\$ 25,713,643	\$ 22,007,618	\$ 28,353,834	\$ 48,152,764	\$ 22,814,886	\$ 22,654,467	\$ 22,426,767	\$ 21,917,938	\$ 21,467,220	\$ 20,923,378
Contributions as a percentage of covered payroll	21.95%	18.15%	13.33%	8.33%	16.36%	15.73%	15.26%	14.63%	13.85%	14.73%
Sewer Fund										
Contractually required contribution	\$ 3,771,286	\$ 3,482,274	\$ 4,267,916	\$ 3,379,262	\$ 3,012,129	\$ 2,966,664	\$ 3,029,020	\$ 2,722,017	\$ 2,437,887	\$ 2,596,426
Contributions in relation to contractually required contribution	4,347,650	3,149,865	3,152,971	3,519,279	3,027,607	3,004,432	3,051,202	2,737,598	2,508,543	2,601,211
Contribution deficiency (excess)	\$ (576,364)	\$ 332,409	\$ 1,114,945	\$ (140,017)	\$ (15,478)	\$ (37,768)	\$ (22,182)	\$ (15,581)	\$ (70,656)	\$ (4,785)
Covered payroll	\$ 19,804,803	\$ 17,635,955	\$ 22,804,492	\$ 38,961,431	\$ 17,822,396	\$ 18,991,497	\$ 19,069,635	\$ 18,653,626	\$ 18,330,082	\$ 17,653,058
Contributions as a percentage of covered payroll	21.95%	17.86%	13.83%	9.03%	16.99%	15.82%	16.00%	14.68%	13.69%	14.73%

Notes to Schedule:

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

	2025	2024	2023	2022	2021	2020	2019
Water Fund							
Proportion of the collective total OPEB liability	6.29%	6.39%	6.57%	6.90%	6.98%	7.12%	7.12%
Proportionate share of the collective total OPEB liability	\$ 11,926,533	\$ 6,016,756	\$ 6,133,874	\$ 8,014,993	\$ 6,796,709	\$ 8,510,917	\$ 7,812,575
Covered employee-payroll	\$ 20,836,012	\$ 18,890,914	\$ 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	57.24%	31.85%	33.58%	40.93%	36.48%	45.89%	43.46%
Sewer Fund	2025	2024	2023	2022	2021	2020	2019
Proportion of the OPEB liability	4.84%	5.04%	5.46%	6.04%	5.66%	6.01%	6.36%
Proportionate share of the OPEB liability	\$ 9,868,925	\$ 5,315,447	\$ 5,407,737	\$ 6,970,127	\$ 6,061,027	\$ 7,305,537	\$ 6,716,068
Covered employee-payroll	\$ 17,241,309	\$ 16,689,002	\$ 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	57.24%	31.85%	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.

This page intentionally left blank.

Financial Section

Basic Financial Statements
Required Supplementary Information
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, 2025

	Wastewater	Stormwater	Total
OPERATING REVENUES			
Residential and commercial sales	\$ 253,376,921	\$ 13,611,277	\$ 266,988,198
Intermunicipal sewer charges	32,643,175	-	32,643,175
Other operating revenue	5,098,189	897,473	5,995,662
 Total operating revenues	 291,118,285	 14,508,750	 305,627,035
OPERATING EXPENSES			
Sewage treatment and pumping	49,958,529	74,930	50,033,459
Sewer maintenance	30,176,770	9,844,528	40,021,298
Industrial and household waste control	1,818,242	--	1,818,242
Administrative and general	41,088,890	4,806,896	45,895,786
Depreciation	40,784,920	8,985,551	49,770,471
 Total operating expenses	 163,827,351	 23,711,905	 187,539,256
Operating income (loss)	127,290,934	(9,203,155)	118,087,779
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	47,178,726	975,921	48,154,647
Interest expense and fiscal agent fees	(23,925,942)	(2,291)	(23,928,233)
Other	46,007	2,289	48,296
 Total nonoperating revenues (expenses)	 23,298,791	 975,919	 24,274,710
Excess of revenues over expenses before capital contributions and transfers	150,589,725	(8,227,236)	142,362,489
Capital contributions	4,185,321	11,707,340	15,892,661
Payment-in-lieu of taxes	(5,090,499)	-	(5,090,499)
 Increase in net position	 149,684,547	 3,480,104	 153,164,651
Net position, beginning of year	1,531,912,895	277,265,950	1,809,178,845
Net position, end of year	 \$ 1,681,597,442	 \$ 280,746,054	 \$ 1,962,343,496

This page intentionally left blank.

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 annual comprehensive 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 These schedules contain trend information to help the reader understand how the utility's financial performance and well-being have changed over time.	70
Revenue Capacity These schedules contain information to help the reader assess the Department's most significant local revenue source.	72
Debt Capacity 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.	79
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand how the information in the utility's financial activities takes place.	84
Operating Information 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.	86

This page intentionally left blank.

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
Net Position by Category
Last Ten Fiscal Years

Water Fund	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Net investment in capital assets	\$ 593,543,635	\$ 614,223,737	\$ 647,464,407	\$ 681,493,169	\$ 745,747,490	\$ 803,373,054	\$ 853,347,148	\$ 907,378,993	\$ 965,047,093	\$ 1,005,553,884
Restricted - expendable	37,103,229	38,260,756	38,833,822	38,533,594	38,155,258	38,548,966	38,217,021	38,952,387	39,691,531	39,351,760
Unrestricted	94,221,747	122,721,652	137,090,444	155,687,131	141,884,932	127,522,831	104,477,376	100,398,148	113,226,673	127,043,515
Total net position	724,868,611	775,206,145	823,388,673	875,713,894	925,787,680	969,444,851	996,041,545	1,046,729,528	1,117,965,297	1,171,949,159
Sewer Fund										
Net investment in capital assets	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	1,248,373,878	1,313,562,770
Restricted - expendable	55,523,858	55,405,867	56,891,926	52,024,385	52,592,861	50,952,733	49,875,357	50,432,160	52,131,967	53,291,804
Unrestricted	151,260,389	177,299,923	196,662,438	268,015,374	303,958,160	350,376,608	405,208,545	441,757,083	508,673,000	595,488,922
Total net position	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	1,809,178,845	1,962,343,496
Total Department										
Net investment in capital assets	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	2,213,420,971	2,319,116,654
Restricted - expendable	92,627,087	93,666,623	95,725,748	90,557,979	90,748,119	89,501,699	88,092,378	89,384,547	91,823,498	92,643,564
Unrestricted	245,482,136	300,021,575	333,752,882	423,702,505	445,843,092	477,899,439	509,685,921	542,155,231	621,899,673	722,532,437
Total net position	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	2,732,231,441	2,927,144,142	3,134,292,655

Source: Annual Financial Report for 2017 to 2025 and historical audited financials for remaining years

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

	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Operating Revenues										
Water sales	\$ 145,387,719	\$ 153,502,388	\$ 156,118,392	\$ 158,860,825	\$ 157,179,574	\$ 161,885,246	\$ 166,990,659	\$ 179,119,388	\$ 189,901,920	\$ 198,841,016
Other water revenue	3,638,548	4,995,566	4,011,261	5,015,315	4,402,222	1,287,030	8,280,927	4,779,063	6,227,839	1,379,669
Income from jobbing and contract work and miscellaneous revenues	6,183,139	6,859,793	7,084,210	7,069,352	7,923,187	5,774,043	8,111,840	8,038,565	7,149,946	8,400,695
Total operating revenues	<u>155,209,406</u>	<u>165,357,747</u>	<u>167,213,863</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>	<u>203,279,705</u>	<u>208,621,380</u>
Operating Expenses										
Power and pumping	5,287,722	5,900,861	5,953,828	5,991,337	5,975,698	5,850,899	5,580,960	5,598,545	5,697,452	5,193,591
General and electrical maintenance	4,676,138	6,151,741	6,827,393	6,052,038	9,511,392	7,778,145	7,759,491	8,477,882	9,651,106	10,928,836
Purification	13,081,316	13,185,929	14,156,235	13,888,584	13,101,963	13,846,331	13,360,780	16,111,784	18,432,333	22,050,666
Laboratory services	2,641,992	2,906,656	2,914,501	2,782,649	2,744,759	2,955,645	2,317,688	2,721,332	3,272,924	3,467,084
Transmission and distribution	17,818,781	19,436,953	18,678,483	22,389,216	20,622,294	22,219,704	18,636,961	24,189,815	21,683,134	20,066,485
Customer service	7,768,625	8,263,111	7,087,348	7,095,014	6,897,975	7,149,332	5,967,611	9,113,169	9,614,954	10,328,213
Mechanical maintenance	2,151,887	2,305,651	2,205,877	1,986,562	1,940,759	2,400,326	2,751,694	2,869,582	2,822,581	1,625,474
Customer accounting and collection	6,983,041	6,658,713	7,597,356	8,102,814	8,472,598	8,680,969	9,446,085	9,385,987	6,921,716	8,309,918
Administrative and general	16,090,363	22,639,576	23,460,691	20,261,798	24,167,387	20,912,653	47,338,845	27,301,841	26,037,273	41,549,395
Depreciation and amortization	17,222,379	18,893,810	21,354,867	22,565,048	23,489,419	24,580,868	25,006,185	26,892,685	28,391,282	28,665,673
Total operating expenses	<u>93,722,244</u>	<u>106,343,001</u>	<u>110,236,579</u>	<u>111,115,060</u>	<u>116,924,244</u>	<u>116,374,872</u>	<u>138,166,300</u>	<u>132,662,622</u>	<u>132,524,755</u>	<u>152,185,335</u>
Operating Income	<u>61,487,162</u>	<u>59,014,746</u>	<u>56,977,284</u>	<u>59,830,432</u>	<u>52,580,739</u>	<u>52,571,447</u>	<u>45,217,126</u>	<u>59,274,394</u>	<u>70,754,950</u>	<u>56,436,045</u>
Non-Operating Revenues (expenses)										
Interest income	1,516,951	1,238,646	1,265,617	8,537,682	12,776,033	1,198,033	(7,831,754)	4,914,563	8,668,177	19,930,793
Interest expense and fiscal agent fees	(9,554,013)	(12,005,062)	(12,984,672)	(15,338,719)	(14,557,061)	(13,565,813)	(11,173,909)	(11,705,778)	(13,574,938)	(15,698,331)
Other	(113,555)	(3,961)	53,426	(156,198)	52,848	102,777	293,390	125,920	44,420	97,262
Total nonoperating expenses, net	<u>(8,150,617)</u>	<u>(10,770,377)</u>	<u>(11,665,629)</u>	<u>(6,957,235)</u>	<u>(1,728,180)</u>	<u>(12,265,003)</u>	<u>(18,712,273)</u>	<u>(6,665,295)</u>	<u>(4,862,341)</u>	<u>4,329,724</u>
Excess of Revenues Over Expenses Before										
Capital Contributions	<u>53,336,545</u>	<u>48,244,369</u>	<u>45,311,655</u>	<u>52,873,197</u>	<u>50,852,559</u>	<u>40,306,444</u>	<u>26,504,853</u>	<u>52,609,099</u>	<u>65,892,609</u>	<u>60,765,769</u>
Capital Contributions	<u>3,188,326</u>	<u>3,465,581</u>	<u>4,764,615</u>	<u>4,306,335</u>	<u>3,422,479</u>	<u>7,588,784</u>	<u>6,046,790</u>	<u>6,482,391</u>	<u>13,962,895</u>	<u>1,886,474</u>
Payment-in-lieu of taxes	<u>-</u>	<u>(1,372,416)</u>	<u>(1,893,742)</u>	<u>(2,793,824)</u>	<u>(4,201,253)</u>	<u>(4,238,057)</u>	<u>(5,743,569)</u>	<u>(7,887,482)</u>	<u>(8,434,705)</u>	<u>(8,668,381)</u>
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(211,380)</u>	<u>(516,030)</u>	<u>(185,030)</u>	<u>-</u>
Increase in Net Position	<u>\$ 56,524,871</u>	<u>\$ 50,337,534</u>	<u>\$ 48,182,528</u>	<u>\$ 54,385,708</u>	<u>\$ 50,073,785</u>	<u>\$ 43,657,171</u>	<u>\$ 26,596,694</u>	<u>\$ 50,687,978</u>	<u>\$ 71,235,769</u>	<u>\$ 53,983,862</u>

Source: Annual Financial Report for 2017 to 2025 and historical audited financials for remaining years

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

	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Operating Revenues										
Retail sewer charges	\$ 138,557,694	\$ 158,353,571	\$ 172,044,086	\$ 188,155,693	\$ 197,790,621	\$ 189,915,943	\$ 215,163,835	\$ 220,574,689	\$ 236,824,356	\$ 253,376,921
Intermunicipal sewer charges	37,242,952	33,687,701	33,517,836	43,408,413	48,691,700	46,891,933	43,241,268	33,614,745	34,407,435	32,643,175
Stormwater fees	13,014,456	12,741,452	13,434,164	13,262,846	13,337,251	13,667,695	13,991,650	13,600,677	13,416,858	13,611,277
Other operating revenues	4,792,703	5,114,883	6,463,802	7,083,659	7,073,664	6,276,153	5,935,194	4,822,959	6,332,701	5,995,662
Total operating revenues	<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>	<u>290,981,350</u>	<u>305,627,035</u>
Operating Expenses										
Sewerage treatment and pumping	30,673,879	29,345,704	35,705,684	31,051,997	35,946,597	38,191,820	43,042,644	45,142,672	46,859,945	50,033,459
Sewer maintenance	30,082,417	30,899,733	36,805,512	39,505,164	35,342,206	32,945,842	30,952,837	33,127,012	35,659,662	40,021,298
Industrial and household hazardous waste control	1,339,268	1,409,208	1,470,939	1,593,859	1,607,746	1,278,419	1,475,246	1,455,468	1,679,986	1,818,242
Administrative and general	32,340,109	39,753,428	50,906,139	44,667,120	55,669,992	44,150,308	41,193,098	39,786,731	40,110,777	45,895,786
Depreciation and amortization	28,558,919	30,134,434	33,656,813	37,713,934	38,954,449	41,394,117	44,407,082	47,342,248	48,833,163	49,770,471
Total operating expenses	<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>	<u>173,143,533</u>	<u>187,539,256</u>
Operating Income	<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>	<u>117,837,817</u>	<u>118,087,779</u>
Non-Operating Revenues (expenses)										
Interest income	2,052,642	2,166,678	1,455,586	15,609,263	25,011,937	3,111,030	(16,660,221)	8,906,479	20,094,707	48,154,647
Interest expense and fiscal agent fees	(10,797,250)	(9,459,096)	(12,347,984)	(19,854,995)	(21,941,913)	(21,065,577)	(17,698,715)	(18,402,551)	(21,709,890)	(23,928,233)
Other	(28,187)	(59,551)	29,550	(73,735)	66,004	314,423	593,497	311,514	(50,072)	48,296
Total non-operating expenses, net	<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>	<u>(1,665,255)</u>	<u>24,274,710</u>
Excess of Revenues Over Expenses Before										
Capital Contributions	<u>61,840,418</u>	<u>71,003,131</u>	<u>56,051,953</u>	<u>93,059,070</u>	<u>102,508,274</u>	<u>81,151,094</u>	<u>83,495,601</u>	<u>96,574,381</u>	<u>116,172,562</u>	<u>142,362,489</u>
Capital Contributions	<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>	<u>12,451,382</u>	<u>15,892,661</u>
Payment-in-lieu of taxes	<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>	<u>(4,768,418)</u>	<u>(5,090,499)</u>
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(179,209)</u>	<u>(498,083)</u>	<u>(178,594)</u>	<u>-</u>
Increase in Net Position	<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>	<u>\$ 123,676,932</u>	<u>\$ 153,164,651</u>

Source: Annual Financial Report for 2017 to 2025 and historical audited financials for remaining years

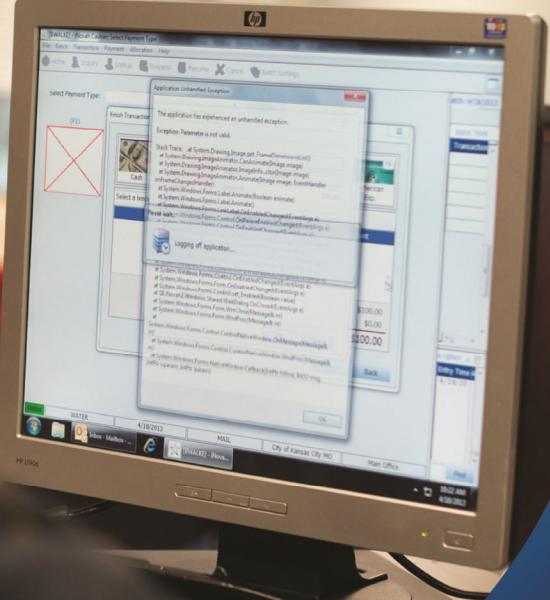
Retail sewer charges and stormwater revenues are combined within the Statement of Revenues, Expenses and Changes in Net Position

This page intentionally left blank.

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
Residential Water Service Rates
Last Ten Fiscal Years

	Water Rates									
	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Residential Rates										
Service Charges - Meter size (inches)	Monthly									
5/8	13.50	13.90	13.90	14.10	14.38	14.38	14.67	15.40	16.15	16.95
3/4	14.50	14.95	14.95	15.20	15.50	15.50	15.81	16.60	17.45	18.30
1	17.75	18.30	18.30	18.60	18.97	18.97	19.35	20.32	21.35	22.40
1 1/2	22.10	22.08	22.08	22.40	22.85	22.85	23.31	24.47	25.70	27.00
2	34.00	35.00	35.00	35.50	36.21	36.21	36.93	38.78	40.70	42.70
3	116.00	119.50	119.50	121.50	123.93	123.93	126.41	132.73	139.50	146.50
4	146.00	150.50	150.50	153.00	156.06	156.06	159.18	167.14	175.50	184.50
6	217.50	224.00	224.00	227.50	232.05	232.05	236.69	248.53	261.00	274.00
8	315.00	324.00	324.00	329.00	335.58	335.58	342.29	359.41	377.00	396.00
10	414.00	426.00	426.00	433.00	441.66	441.66	450.49	473.02	497.00	522.00
12	487.00	502.00	502.00	510.00	520.20	520.20	530.60	557.13	585.00	614.00
Ordinary Commodity Charge	per 100 CCF									
First 600 cubic feet	4.60	4.60	4.63	4.70	4.80	4.80	4.90	5.14	5.41	5.68
Next 4,400 cubic feet	4.85	5.09	5.14	5.22	5.33	5.33	5.44	5.71	6.01	6.31
Next 995,000 cubic feet	4.10	4.29	4.40	4.47	4.56	4.56	4.65	4.88	5.14	5.40
Over 1,000,000 cubic feet	2.90	3.03	3.05	3.10	3.16	3.16	3.22	3.38	3.56	3.74
Seasonal off-peak commodity charges	2.80	2.93	2.95	2.95	3.01	3.01	3.07	3.22	3.38	3.55
Fire Protection - Size of Connection	Annually									
4 inch or less	110.00	116.00	116.00	116.00	118.32	118.32	120.87	126.91	131.00	137.00
6 inch	323.00	341.00	341.00	341.00	347.82	347.82	355.32	373.09	386.00	403.00
8 inch	688.00	726.00	726.00	726.00	740.52	740.52	756.49	794.31	822.00	859.00
10 inch	1,237.00	1,306.00	1,306.00	1,306.00	1,332.12	1,332.12	1,360.85	1,428.89	1,479.00	1,546.00
12 inch	2,000.00	2,110.00	2,110.00	2,110.00	2,152.20	2,152.20	2,198.62	2,308.55	2,389.00	2,497.00
16 inch	4,261.00	4,496.00	4,496.00	4,496.00	4,585.92	4,585.92	4,684.84	4,919.08	5,091.00	5,320.00

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									
	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Suburban Rate										
Service Charges - Meter size (inches)	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
5/8	14.70	15.15	15.15	15.40	15.55	15.55	15.55	16.33	17.15	17.30
3/4	15.80	16.25	16.25	16.50	16.67	16.67	16.67	17.50	18.40	18.65
1	19.30	19.90	19.90	20.20	20.40	20.40	20.40	21.42	22.50	22.85
1 1/2	24.00	24.70	24.70	25.10	25.35	25.35	25.35	26.62	28.00	28.00
2	36.90	38.00	38.00	38.60	38.99	38.99	38.99	40.94	43.00	43.60
3	116.50	120.00	120.00	122.00	123.22	123.22	127.04	133.39	140.00	149.50
4	148.00	152.50	152.50	155.00	156.55	156.55	159.98	167.98	176.50	188.00
6	219.50	226.00	226.00	229.50	231.80	231.80	237.87	249.77	262.50	279.50
8	315.00	324.00	324.00	329.00	332.29	332.29	344.00	361.20	379.00	404.00
10	422.00	435.00	435.00	442.00	446.42	446.42	452.75	475.38	499.00	532.00
12	496.00	511.00	511.00	519.00	524.19	524.19	533.26	559.92	588.00	626.00
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 5,000 cubic feet	4.90	5.00	5.05	5.05	5.10	5.10	5.10	5.36	5.63	6.05
Over 5,000 cubic feet	3.90	3.98	4.05	4.05	4.09	4.09	4.09	4.29	4.51	4.85
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	2.17	2.26	2.28	2.32	2.35	2.35	2.35	2.47	2.56	2.68
Restricted	2.10	2.18	2.20	2.24	2.27	2.27	2.27	2.38	2.46	2.57
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	0.19	0.20	0.20	0.20	0.20	0.20	0.20	0.21	0.22	0.23
2nd repumping charge	0.26	0.27	0.27	0.28	0.28	0.28	0.28	0.29	0.30	0.31

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 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Residential Rates										
Service Charges										
Sanitary sewer - monthly	17.05	18.05	19.30	21.30	22.58	22.58	23.93	25.37	26.89	28.50
Volume charge - per 100 CCF	6.05	7.18	7.84	8.60	9.11	9.11	9.66	10.24	10.85	11.50
Residential accounts	39.75	41.00	47.04	51.60	54.66	54.66	54.66	61.44	65.10	69.00
Commercial and Industrial discharges										
Biochemical oxygen demand (per pound of excess BOD)	0.320	0.320	0.350	0.364	0.399	0.399	0.420	0.445	0.495	0.525
Suspended solids (per pound of excess SS)	0.190	0.190	0.190	0.190	0.190	0.190	0.200	0.212	0.225	0.239
Oil and grease (per pound of excess O&G)	0.140	0.140	0.140	0.160	0.178	0.178	0.190	0.201	0.249	0.264
Nonresidential Users										
Metered connections - per 100 CCF	2.92	3.00	3.15	3.48	3.34	3.34	3.58	3.79	4.02	4.26
Service charges - monthly	12.40	12.50	11.50	13.60	14.40	14.40	15.26	16.18	17.15	18.18
Unmetered connections per 100 CCF	3.70	3.85	4.53	4.69	4.97	4.97	5.27	5.59	5.93	6.29
Unmetered connections - no consumption data	39.75	41.00	45.00	46.95	49.77	49.77	52.76	55.93	59.29	62.85
Customers billed directly by KC Water										
Service charges - monthly	24.10	25.55	26.20	30.00	31.80	31.80	33.71	35.30	37.87	40.14
Volume charges	8.00	9.35	10.90	11.90	12.60	12.60	13.71	14.16	14.70	15.58
High concentration discharges										
Biochemical oxygen demand (per pound of excess BOD)	0.400	0.400	0.400	0.446	0.446	0.446	0.470	0.498	0.553	0.586
Suspended solids (per pound of excess SS)	0.215	0.215	0.220	0.220	0.220	0.220	0.230	0.244	0.244	0.259
Oil and grease (per pound of excess O&G)	0.141	0.141	0.150	0.183	0.191	0.191	0.200	0.212	0.266	0.282
Stormwater Rates										
Stormwater fee amount	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.	500 sq. ft.
	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

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

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

Water Revenues	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Water sales	\$ 124,733,889	\$ 127,550,295	\$ 136,752,620	\$ 139,504,364	\$ 139,971,672	\$ 143,372,032	\$ 149,313,976	\$ 159,621,082	\$ 168,665,656	\$ 177,902,443
Wholesale water sales	17,072,013	17,837,424	19,365,772	19,356,461	17,207,902	18,513,214	17,676,683	19,498,306	21,236,264	20,938,573
Other water revenues	6,183,139	4,995,566	4,011,262	5,015,315	4,402,222	1,287,030	8,280,927	4,779,063	6,227,839	1,379,669
Income from jobbing and contract work and miscellaneous revenues	3,638,548	6,859,793	7,084,205	7,069,352	7,923,187	5,774,043	8,111,840	8,038,565	7,149,946	8,400,695
Total operating revenues	<u>\$ 151,627,589</u>	<u>\$ 157,243,078</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>	<u>\$ 203,279,705</u>	<u>\$ 208,621,380</u>
Water Customer Served (Res. & Comm.)	170,094	171,094	172,248	173,075	173,819	174,688	175,496	176,182	176,667	177,386
Average Revenue Per Customer (Res. & Comm.)	\$ 733.32	\$ 745.50	\$ 793.93	\$ 806.03	\$ 805.27	\$ 820.73	\$ 850.81	\$ 906.00	\$ 954.71	\$ 1,002.91
Water Consumption (millions of gallons)	31,336	31,792	31,011	31,921	31,216	32,622	32,854	33,096	34,013	32,817
Sewer and Stormwater Revenues	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Retail Sewer Charges	\$ 138,557,694	\$ 158,353,580	\$ 172,044,093	\$ 188,155,692	\$ 197,790,620	\$ 189,915,943	\$ 215,163,835	\$ 220,574,689	\$ 220,574,689	\$ 253,376,921
Intermunicipal sewer charges	37,242,952	33,687,703	33,517,837	43,408,413	48,691,700	46,891,933	43,241,268	33,614,745	33,614,745	32,643,175
Stormwater fees	13,014,456	12,741,452	13,434,164	13,262,846	13,337,251	13,667,695	13,991,650	13,600,677	13,600,677	13,611,277
Other operating revenues	4,792,703	5,114,883	6,463,802	7,083,659	7,073,664	6,276,153	5,935,194	4,822,959	4,822,959	5,995,662
Total operating revenues	<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>	<u>\$ 272,613,070</u>	<u>\$ 305,627,035</u>
Total utility operating revenues	<u>\$ 345,235,394</u>	<u>\$ 367,140,696</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>	<u>\$ 475,892,775</u>	<u>\$ 514,248,415</u>
Sewer Customer Served (Res. & Comm.)	164,609	165,163	166,267	167,068	168,568	169,542	170,253	170,975	171,615	172,254
Average Revenue Per Customer (Res. & Comm.)	\$ 841.74	\$ 958.77	\$ 1,034.75	\$ 1,126.22	\$ 1,173.36	\$ 1,120.17	\$ 1,263.79	\$ 1,290.10	\$ 1,285.29	\$ 1,470.95
Average daily sewage treatment (millions of gallons)	111	96	72	114	122	101	93	87	78	78

Source: Annual Financial Report for 2017 to 2025 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 2016		FYE 2017		FYE 2018		FYE 2019		FYE 2020	
		Rank	Consumption (100 cubic ft.)								
City of Lee's Summit	Wholesale Water	1	1,085,887	1	1,299,392	1	1,255,534	1	1,290,517	1	1,425,528
Jackson County PWS No. 1	Wholesale Water	2	993,062	2	1,091,671	2	1,118,992	6	599,820		
City of Belton	Wholesale Water	3	896,335	6	551,936	3	904,462	2	936,121	3	832,292
City of Raymore	Wholesale Water	4	659,421	3	707,192	4	726,905	4	683,626	5	596,816
City of Blue Springs	Wholesale Water	10	230,650	7	528,055	6	526,106	7	540,461	7	432,600
Raytown Water Company	Wholesale Water	5	550,473	5	562,841	5	526,632	5	603,273	4	613,564
Evergy (KCP&L)	Utility	7	514,356			9	442,137	10	417,562	10	299,739
Ford Motor Co.	Commercial	6	546,240	9	466,116	10	416,257	8	563,317	6	541,632
Public Water Dist No. 2 - Cass Co.	Wholesale Water			10	465,054	7	518,291				
City of Platte City	Wholesale Water	9	428,825							8	326,341
Veolia - Kansas City	Utility	8	504,291	4	706,133						
Dogwood Energy Facility	Utility			8	518,856	8	451,910	3	702,942	2	849,415
Jackson County PWS No. 2	Wholesale Water							9	447,974		
Cass No. 2 Public Water District	Wholesale Water									9	324,670

User	Type of Business	FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
		Rank	Consumption (100 cubic ft.)								
City of Lee's Summit	Wholesale Water	1	1,540,699	1	1,006,884	1	1,196,229	1	1,524,716	1	1,041,138
City of Belton	Wholesale Water	3	710,573	2	841,012	3	935,867	4	926,658	2	984,521
City of Raymore	Wholesale Water	2	812,839	3	784,409	2	960,824	3	942,508	3	929,984
City of Blue Springs	Wholesale Water	6	540,664	5	546,611	6	549,056	5	522,985	6	579,951
Raytown Water Company	Wholesale Water	5	541,882	7	423,230	7	456,301	7	447,270	9	372,466
Evergy (KCP&L)	Utility			10	335,987					8	378,918
Ford Motor Co.	Commercial	10	350,534			9	367,886	9	367,006	7	384,733
City of Platte City	Wholesale Water	7	375,179	8	371,707	10	364,413	8	372,919	10	361,594
Veolia - Kansas City	Utility			6	425,269						
Bayer Crop Science	Commercial	9	354,591					10	366,608		
Dogwood Energy Facility	Utility	4	567,675	4	568,404	4	784,295	2	1,049,293	4	862,921
Cass No. 2 Public Water District	Wholesale Water	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	6	519,498	5	823,395

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	FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
	Rank	% of Total								
Johnson County, KS	1	9.94%	1	8.61%	1	8.75%	1	10.92%	1	11.21%
Liberty, MO	2	3.15%	2	3.36%	5	1.03%	5	1.06%		
Gladstone, MO	4	2.30%	3	2.32%	2	2.30%	2	3.25%	3	2.08%
North Kansas City, MO	5	1.65%	4	1.37%	3	2.03%	3	2.61%	2	2.81%
Ford Motor Company	3	2.54%	5	1.20%	4	1.29%	4	1.36%	4	1.10%
Raytown, MO	9	0.63%	7	0.74%	7	0.73%	7	0.76%	6	0.65%
Independence, MO	10	0.45%	9	0.43%					10	0.39%
Honeywell	8	0.66%	10	0.39%						
Roberts Dairy					6	0.89%			9	0.61%
Veolia - Kansas City	6	1.17%	6	1.04%	8	0.55%			5	0.96%
Cook Family Foods	7	0.77%	8	0.67%	9	0.49%	6	0.86%	7	0.62%
Hospital Corp of America					10	0.46%	8	0.68%		
KC Parks & Rec District 3							9	0.62%	8	0.61%
Childrens Mercy Hospital and Clinics							10	0.47%		

User	FY 2021		FY 2022		FY 2023		FY 2024		FY 2025	
	Rank	% of Total								
Johnson County, KS	1	11.21%	1	8.68%	1	5.35%	2	3.55%	1	4.17%
Gladstone, MO	4	2.15%	3	2.18%	3	1.48%	3	2.30%	3	2.07%
North Kansas City, MO	2	2.67%	2	2.30%	2	1.59%	1	4.30%	2	2.21%
Ford Motor Company	5	1.10%	4	1.42%	4	1.19%	4	1.52%	5	1.24%
Raytown, MO	6	0.60%	6	0.57%	7	0.38%	8	0.48%	7	0.48%
Independence, MO			9	0.43%					9	0.36%
Roberts Dairy					10	0.25%			6	0.54%
Veolia - Kansas City	3	2.63%	5	1.33%	5	1.05%	5	1.08%	4	1.76%
Cook Family Foods	7	0.51%	7	0.57%	6	0.39%	9	0.44%		
KC Parks & Rec District 3	8	0.46%	8	0.49%	8	0.32%				
St Lukes Hospital									10	0.35%
Cargill	9	0.44%	10	0.37%	9	0.28%			8	0.46%
Niagara Bottling	10	0.44%					6	0.55%		
KC Aviation							7	0.52%		
KC Willow Creek Apts LLC							10	0.42%		

Source: Performance Management Division records within KC Water.

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
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
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
2024	212,217	100,995	111,222	20,435	15,506	35,941	3.09
2025	228,832	113,282	115,550	21,205	18,389	39,594	2.92

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
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
2024	212,217	100,995	111,222	20,435	15,506	35,941	3.09
2025	228,832	113,282	115,550	21,205	18,389	39,594	2.92

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

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

Issue	Maturity Through	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
2008 Series A	December 2027	25,520,000	23,885,000	22,175,000	20,390,000	-	-	-	-	-	-
2009 Series A	December 2032	118,525,000	107,905,000	97,625,000	87,375,000	-	-	-	-	-	-
2012 Series A	December 2036	42,100,000	40,700,000	39,255,000	37,770,000	36,255,000	34,710,000	-	-	-	-
2013 Series A	December 2037	53,350,000	52,655,000	51,090,000	49,335,000	47,525,000	45,640,000	-	-	-	-
2014 Series A	December 2038	53,185,000	51,975,000	50,280,000	48,645,000	46,960,000	45,225,000	43,435,000	41,575,000	39,640,000	37,630,000
2015 Series A	December 2039	59,790,000	58,865,000	58,380,000	57,395,000	55,815,000	54,180,000	52,225,000	50,195,000	48,085,000	45,890,000
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	63,940,000	61,620,000
2019 Series A	December 2032	-	-	-	-	67,955,000	57,800,000	49,130,000	40,115,000	31,965,000	25,665,000
2020 Series A	December 2044	-	-	-	-	-	61,815,000	60,370,000	58,855,000	57,265,000	55,595,000
2021 Series A	December 2037	-	-	-	-	-	-	63,130,000	60,340,000	57,410,000	54,340,000
2023 Series A	December 2047	-	-	-	-	-	-	-	53,165,000	51,650,000	50,465,000
2024 Series A	December 2048	-	-	-	-	-	-	-	-	83,585,000	81,130,000
2025 Series A	December 2049	-	-	-	-	-	-	-	-	-	144,985,000
		352,470,000	414,115,000	394,505,000	374,880,000	326,665,000	369,620,000	336,535,000	370,390,000	433,540,000	557,320,000
Add premium:		22,596,586	28,765,488	27,349,058	25,932,628	30,291,151	42,676,940	48,401,978	50,341,972	57,263,957	63,619,800
Less:											
Current portion		(16,485,000)	(19,610,000)	(19,625,000)	(20,425,000)	(18,860,000)	(18,412,518)	(19,310,000)	(20,435,000)	(21,205,000)	(23,020,000)
Discount		(364,233)	(508,869)	(486,129)	(463,390)	(440,650)	(417,909)	(305,257)	(307,641)	(290,101)	(272,560)
Noncurrent revenue bonds payable		358,217,353	422,761,619	401,742,929	379,924,238	337,655,501	393,466,512	365,321,721	399,989,331	469,308,856	597,647,240

Source: Annual Financial Report for 2017 to 2025 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)

Fiscal Year	Sewer Fund (1)				Gross Coverage	Net Coverage (5)	
	Gross Revenues (2)	Direct Operating Expenses (3)	Available for Debt Service	Debt Service requirements (4)			
				Principal	Interest	Total	SRF subsidy
2016	181,742	82,623	99,119	17,886	13,351	31,237	1,240
2017 ⁽⁶⁾	198,493	88,017	110,476	21,090	17,040	38,130	963
2018	212,613	110,507	102,106	19,550	17,035	36,585	746
2019	253,406	103,314	150,092	22,430	21,958	44,388	594
2020	277,445	116,554	160,891	23,596	23,456	47,052	425
2021	245,977	101,781	144,196	25,477	23,617	49,094	301
2022	247,688	106,890	140,798	26,923	20,576	47,499	163
2023	267,539	108,626	158,913	24,050	21,049	45,099	96
2024	296,732	113,200	183,532	25,752	24,171	49,923	36
2025	338,297	123,042	215,255	30,121	27,927	58,048	35

- (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
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
2024	14,344	11,110	3,234	23	1	24	134.75
2025	15,485	14,726	759	23	1	24	31.63

- (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 - Sewer Fund
Last Ten Fiscal Years

Issue	Maturity Through	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
State Series 1997A	January 2017	1,365,000	-	-	-	-	-	-	-	-	-
State Series 1998A	January 2019	1,990,000	1,360,000	695,000	-	-	-	-	-	-	-
State Series 1999A	January 2020	1,660,000	1,275,000	870,000	445,000	-	-	-	-	-	-
State Series 2000A	July 2020	3,775,000	3,055,000	2,320,000	1,565,000	790,000	-	-	-	-	-
State Series 2000B	July 2020	3,405,000	2,755,000	2,090,000	1,410,000	715,000	-	-	-	-	-
Stormwater 2000	December 2020	359,200	289,600	218,800	146,800	73,600	-	-	-	-	-
Stormwater 2001 & 2002	December 2021	1,946,000	1,632,000	1,313,000	989,000	660,000	326,000	-	-	-	-
State Series 2001B	July 2022	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	4,110,000	3,570,000	3,015,000	2,445,000	1,860,000	1,255,000	635,000	-	-	-
Series 2004H	January 2025	5,300,000	4,775,000	4,235,000	3,680,000	3,110,000	2,520,000	1,915,000	1,295,000	655,000	-
Series 2005B	January 2025	-	-	-	-	-	-	-	-	-	-
Stormwater 2007	June 2027	263,000	243,000	223,000	203,000	182,000	161,000	139,000	117,000	94,000	71,000
Series 2007A	January 2032	-	-	-	-	-	-	-	-	-	-
Series 2009A	January 2034	57,615,000	55,400,000	53,105,000	-	-	-	-	-	-	-
Series 2009B	July 2030	10,726,000	10,065,900	9,390,900	8,700,600	7,994,800	7,273,100	6,535,100	5,780,500	5,008,800	4,219,800
Series 2011A	January 2037	78,865,000	76,060,000	73,135,000	70,090,000	66,910,000	63,565,000	-	-	-	-
Series 2012A	January 2037	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	130,280,000	122,565,000
Series 2018A	January 2042	-	-	165,000,000	160,285,000	156,240,000	152,035,000	147,665,000	143,075,000	138,255,000	133,195,000
Series 2018B	January 2034	-	-	-	42,055,000	40,025,000	37,890,000	35,645,000	33,285,000	30,825,000	28,255,000
Series 2019A	January 2044	-	-	-	-	59,735,000	58,330,000	56,855,000	55,305,000	53,675,000	51,965,000
State Series 2021A	January 2044	-	-	-	-	-	608,500	26,902,403	50,530,482	85,719,023	97,548,236
Series 2021B	January 2037	-	-	-	-	-	-	93,795,000	88,445,000	82,835,000	78,125,000
Series 2023A	January 2048	-	-	-	-	-	-	-	95,910,000	93,515,000	91,380,000
Series 2024A	January 2049	-	-	-	-	-	-	-	-	99,520,000	97,000,000
		433,244,200	411,750,500	556,790,700	522,894,400	558,610,400	533,313,600	515,981,503	611,447,982	720,381,823	704,324,036
Add premium:		34,437,602	32,819,893	47,663,807	49,935,360	53,170,309	50,308,511	55,659,196	61,386,080	66,916,596	62,828,540
Less:											
Current portion		(21,493,700)	(19,961,818)	(25,236,300)	(24,019,000)	(25,905,300)	(26,800,373)	(24,071,600)	(25,774,700)	(29,004,473)	(31,489,662)
Discount		(804,562)	(764,785)	(989,296)	(898,963)	(1,002,208)	(951,588)	(695,154)	(1,095,904)	(1,919,409)	(1,821,093)
Noncurrent revenue bonds payable		445,383,540	423,843,790	578,228,911	547,911,797	584,873,201	555,870,150	546,873,945	645,963,458	756,374,537	733,841,821

Source: Annual Financial Report for 2017 to 2025 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	Population⁵
2016 ⁽³⁾	374,702	466,877	841,579	14,320,952	5.88%	1,798	467,990
2017 ⁽³⁾	442,372	443,806	886,178	15,527,614	5.71%	1,878	471,767
2018 ⁽³⁾	421,368	603,465	1,024,833	15,821,378	6.48%	2,149	476,974
2019 ⁽³⁾	400,349	571,931	972,280	16,138,155	6.02%	2,020	481,417
2020 ⁽³⁾	356,514	610,778	967,292	17,206,197	5.62%	1,987	486,904
2021 ⁽³⁾	411,879	582,670	994,549	18,534,012	5.37%	2,025	491,158
2022 ⁽³⁾	384,632	570,946	955,578	19,429,567	4.92%	1,901	502,597
2023 ⁽³⁾	420,424	671,738	1,092,162	21,695,527	5.03%	2,159	505,958
2024 ⁽³⁾	490,514	785,388	1,275,902	21,526,885	5.93%	2,510	508,233
2025 ⁽³⁾	557,320	704,324	1,261,644	22,347,093	5.65%	2,449	515,088

Source: Annual Financial Report

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

Total personal income is derived from an estimate of population and estimate of per capita income from the American Community Survey.

² The Per Capita statistic is a ratio of Total Government debt to population.

³ These numbers are net of unamortized premium, discount.

⁴ These numbers are net of unamortized premium, discount and deferred gain and loss.

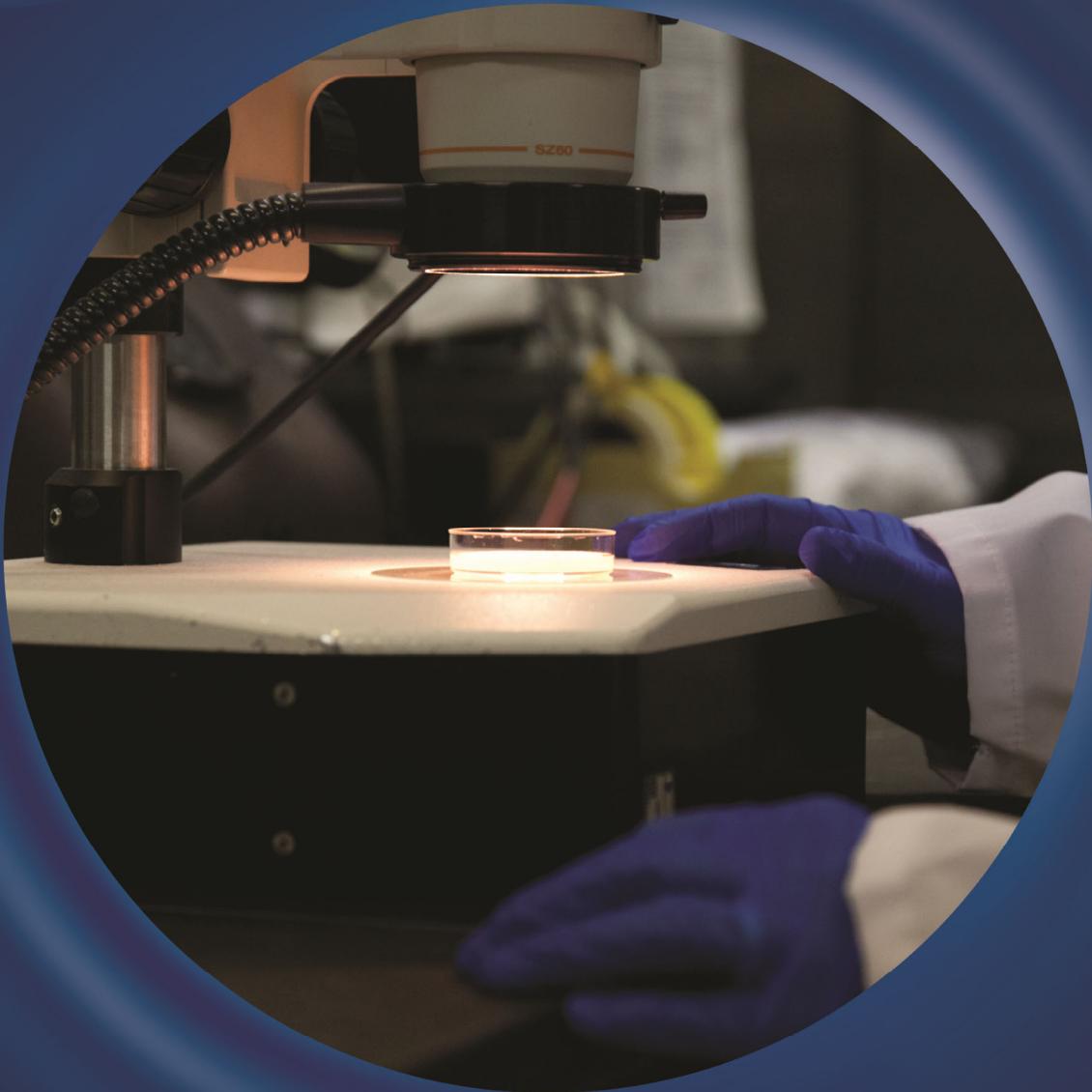
⁵ Restated from prior years

This page intentionally left blank.

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
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income ⁽³⁾⁽⁹⁾ (in Thousands)	Per Capita Personal Income	School Enrollment	Unemployment Rate ⁽⁷⁾
2016	467,990 ⁽¹⁾⁽⁹⁾	12,931,968	27,633 ⁽⁴⁾⁽⁹⁾	55,039	4.8 ⁽⁹⁾
2017	471,767 ⁽¹⁾⁽⁹⁾	13,450,549	28,511 ⁽⁴⁾⁽⁹⁾	56,711	4.2 ⁽⁹⁾
2018	476,974 ⁽¹⁾⁽⁹⁾	14,186,161	29,742 ⁽⁴⁾⁽⁹⁾	61,855 ⁽⁶⁾	3.5 ⁽⁹⁾
2019	481,417 ⁽¹⁾⁽⁹⁾	14,992,770	31,143 ⁽⁴⁾⁽⁹⁾	62,958 ⁽⁶⁾	3.4 ⁽⁹⁾
2020	486,904 ⁽¹⁾⁽⁹⁾	15,750,371	32,348 ⁽⁴⁾⁽⁹⁾	62,354 ⁽⁶⁾	7.1 ⁽⁹⁾
2021	491,158 ⁽¹⁾⁽⁹⁾	16,313,813	33,215 ⁽⁴⁾⁽⁹⁾	63,333 ⁽⁶⁾	4.9 ⁽⁹⁾
2022	502,597 ⁽¹⁾⁽⁹⁾	17,767,809	35,352 ⁽⁴⁾⁽⁹⁾	63,587 ⁽⁶⁾	2.8 ⁽⁹⁾
2023	505,958 ⁽¹⁾⁽⁹⁾	19,300,274	38,146 ⁽⁴⁾⁽⁹⁾	64,505 ⁽⁶⁾	3.2 ⁽⁹⁾
2024	508,233 ⁽¹⁾⁽⁹⁾	20,386,242	40,112 ⁽⁴⁾⁽⁹⁾	65,621 ⁽⁶⁾	3.7 ⁽⁹⁾
2025	515,088 ⁽²⁾	22,347,093	43,385 ⁽²⁾	66,404 ⁽⁶⁾	4.3 ⁽⁸⁾

Sources:

- ⁽¹⁾ Census Bureau's 2016 to 2024 Population Estimates Program.
- ⁽²⁾ Fiscal Year 2025 is an estimation based on the average of two figures: (1) the American Community Survey adjusted for CPI change and (2) City Planning and Development Department extrapolation of the change
- ⁽³⁾ Derived from population and per capita income, provided by City Planning and Development Department
- ⁽⁴⁾ Fiscal Year 2016 through 2024 American Community Survey.
- ⁽⁵⁾ For 2020, 2022, 2023 and 2024 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: LAUCT29380000000003, not seasonally adjusted.
- ⁽⁸⁾ Kansas City, MO (city not MSA) Bureau of Labor Statistics Rpt: LAUCT29380000000003, not seasonally adjusted average monthly rates from January 2025 through July 2025
- ⁽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⁾	2025		Employer	2016	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Public School System ⁽³⁾	48,110	4.20%	Public School System ⁽³⁾	28,989	2.75%
State/County/City Government ⁽⁴⁾	32,047	2.79%	State/County/City Government ⁽⁴⁾	26,082	2.47%
Federal Government	24,143	2.11%	Federal Government	18,621	1.77%
The University of Kansas Hospital	17,916	1.56%	Cerner Corp.	11,823	1.12%
Saint Luke's Health System	12,822	1.12%	HCA Midwest Health System	9,310	0.88%
HCA Midwest Health System	9,981	0.87%	Saint Luke's Health System	7,769	0.74%
Ford Motor Co. Kansas City Assembly Plant	9,044	0.79%	The University of Kansas Hospital	6,807	0.65%
Children's Mercy	7,817	0.68%	Children's Mercy Hospitals and Clinics	6,696	0.64%
Honeywell Federal Manufacturing	6,897	0.60%	Sprint Corp	6,000	0.57%
Oracle Center	6,400	0.56%	Garmin International Inc	3,766	0.36%
 Total employment Kansas City MSA ⁽⁵⁾	 1,146,700	 15.28%	 Total employment Kansas City MSA	 1,053,900	 11.94%

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 2016

(3) The number of local employees for the public school systems is made up of thirty (30) public school systems and school districts for 2025 and eighteen (18) for 2016

(4) The number of local employees for the State/County/City Government is made up of (54) employers for 2025

(5) Data was taken from U.S Bureau of Labor Statistics Non-farm Employment Kansas City MSA - April 2025

** The sources of information presented in this table comes from KC's Biggest Public-Sector Employers, Kansas City Business Journal, October 17, 2025, and KC's Biggest Private Sector Employers, Kansas City Business Journal, October 17, 2025. The data is self reported.

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
Operating Indicators
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Service										
Call Center Calls	319,744	311,724	305,756	312,961	272,050	201,342	187,773	191,076	277,465	227,773
Average customer service call per day	1,279	1,247	1,218	1,247	1,082	799	782	781	1,109	913
Average speed of answer (seconds)	86	100	99	133	91	36	78	118	576	320
Percent of time answering calls in < 30 seconds	57.7%	52.5%	53.5%	43.7%	55.5%	74.7%	59.3%	48.4%	18.2%	57.0%
Abandonment Rate	12.1%	5.4%	5.8%	6.9%	7.0%	2.3%	6.2%	14.3%	31.5%	17.0%
Water										
Water main breaks	815	686	723	964	729	939	742	1,091	839	811
Water Customers Served	171,500	172,000	172,280	173,107	173,851	174,720	175,564	176,216	176,667	177,386
Water Consumption (millions of gallons)	31,336	31,792	31,011	31,921	31,216	32,622	32,854	33,096	34,013	32,817
Average daily production (thousands of gallons)	95,200	113,000	94,417	99,800	97,200	98,900	90,011	107,850	105,954	106,632
Peak daily production (thousands of gallons)	141,000	159,000	147,630	158,100	141,900	152,000	141,326	156,500	160,600	157,875
Water mains (miles)	2,806	2,824	2,833	2,824	2,832	2,837	2,837	2,858	2,815	2,872
Fire Hydrants	24,252	24,348	24,777	24,750	25,038	25,314	25,314	25,726	25,949	26,140
Storage capacity (thousands of gallons)	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Sewer										
Sanitary sewer (miles)	2,800	2,974	2,709	2,551	2,552	2,635	2,740	2,752	2,800	2,810
Sewer customers served	164,637	165,191	166,295	167,095	168,595	169,569	170,280	171,002	171,615	172,254
Average daily sewage treatment (millions of gallons)	111	96	72	114	122	101	93	87	78	78
Treatment capacity (millions of gallons)	155	150	155	155	155	155	155	155	155	155

Source: Performance Management division records within KC Water.

Water main breaks calculation change due to systems updates 2015-2019

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 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Directors Office	7	9	9	8	7	8	8	9	10	4
Finance & Administration	29	30	30	31	31	30	30	28	28	30
Revenue Protection	7	7	7	7	8	8	8	8	6	12
Human Resources	11	12	12	12	11	11	11	8	5	10
Communications	5	6	6	6	5	5	-	-	-	-
Consumer Services	72	75	75	76	76	78	76	73	77	71
Information Technology	13	13	13	14	14	15	15	9	1	1
Laboratory Services	29	30	30	31	31	32	32	29	26	26
Engineering - Facilities	8	9	9	8	9	10	11	10	9	9
Engineering - General Services	1	1	1	1	3	6	5	7	8	6
Safety Management	3	4	4	4	4	3	3	3	-	-
Engineering - Distribution System	32	34	34	32	32	23	38	37	38	37
Engineering - Planning	10	10	10	11	11	9	18	23	15	16
Building Operations	5	5	5	5	5	5	5	6	5	5
Line Maintenance - General Services	7	7	7	7	8	6	6	4	4	3
Line Maintenance - Pipeline	122	131	131	131	131	130	129	118	118	111
Water Supply - General Services	12	13	13	12	8	9	11	13	12	12
Water Supply - Operations	39	39	39	39	38	38	40	39	37	37
Water Supply - Maintenance	56	56	56	56	56	56	54	56	57	57
Industrial Waste Control	-	1	1	-	-	-	-	-	-	-
Reading & Services - Water Services	75	72	72	72	72	73	74	98	98	98
Reading & Services - Meter Reading	7	7	7	7	5	5	5	4	4	4
Waterways	-	1	1	-	-	-	-	-	-	-
Storeroom	6	6	6	6	9	9	9	10	10	10
Security Operations	4	3	3	3	4	4	4	4	5	6
Brush Creek Improvements	1	-	-	-	-	-	-	-	-	-
	561	581	581	579	578	573	592	596	573	565

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 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Directors Office	6	6	6	7	7	7	7	5	8	8
Contract Administration	5	7	7	8	8	8	8	9	4	4
Human Resources	-	-	-	-	-	-	2	2	1	2
Laboratory Services	5	5	5	5	5	5	4	4	3	3
Engineering - Facilities	3	5	5	5	7	9	8	9	8	8
Engineering - General Services	1	1	1	1	3	8	4	3	3	3
Overflow Control Program	7	9	9	12	15	14	16	15	15	20
Safety Management	2	2	2	2	2	2	2	2	3	0
Engineering - Distribution System	19	25	25	25	24	18	6	4	1	3
Engineering - Planning	10	10	10	11	11	8	9	8	3	2
Building Operations	5	6	6	5	5	5	5	5	4	4
Line Maintenance - Sewer Repair	127	124	124	101	71	70	71	69	71	70
Line Maintenance - Sewer Cleaning	-	-	-	27	56	56	55	55	55	55
Line Maintenance - General Services	10	10	10	9	7	6	6	5	5	5
Line Maintenance - Inspections	29	29	29	28	30	32	32	32	33	35
Wastewater Treatment-Maintenance	70	72	72	71	70	70	70	70	72	72
Wastewater Treatment-Operations	52	54	54	59	57	57	57	57	57	60
Industrial Waste Control	12	14	14	16	15	15	16	14	13	12
Storeroom	3	3	3	3	3	3	3	3	4	4
Security Operations	-	-	-	1	1	-	-	-	-	-
Household Hazardous Waste	1	-	-	-	-	1	1	1	1	1
	367	382	382	396	397	394	382	372	364	371

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 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Directors Office	-	-	-	-	-	-	-	-	2	1
Engineering - Planning	5	5	5	5	6	6	7	8	3	3
Engineering - Distribution System	-	-	-	-	1	2	1	-	-	-
Catch Basin Cleaning & Repair	85	85	85	56	36	36	36	37	35	36
Storm Preventative Maintenance	-	-	-	-	49	49	49	49	49	51
Stormwater Services	14	15	15	12	10	9	9	6	5	5
Stormwater Flood Monitoring	2	2	2	2	1	1	1	1	1	1
Waterways	5	5	5	6	5	3	5	3	3	2
Discharge Permit Programs	3	3	3	3	3	3	2	2	2	2
Household Hazardous Waste	1	1	1	1	-	-	-	-	-	-
	115	116	116	85	111	109	110	106	100	101

Source: Performance Management Division records within KC Water



4800 E. 63rd Street Kansas City, MO 64130
816-513-1313 • www.kcwater.us

