



LITTLE BLUE VALLEY SEWER DISTRICT

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

LITTLE BLUE VALLEY SEWER DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Net Position.....	4
Statements of Revenues, Expenses, and Changes in Net Position.....	5
Statements of Cash Flows	6
Notes to Financial Statements	7
REQUIRED SUPPLEMENTAL INFORMATION:	
Schedules of Proportionate Share of the Net Pension Liability and Related Ratios	26
Schedules of Contributions	27
SUPPLEMENTAL INFORMATION:	
Schedules of Net Position – District and Subdistrict.....	28
Schedules of Revenues, Expenses and Changes in Net Position – District and Subdistrict	29
Schedules of Cash Flows – District and Subdistrict	30



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Little Blue Valley Sewer District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Little Blue Valley Sewer District (the "District"), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Little Blue Valley Sewer District, as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

Responsibilities of Management's for the Financial Statements

The District's 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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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 pension information on pages 26 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented so supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The District and Subdistrict schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The District and Subdistrict schedules are 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. Such information has been subjected to the auditing procedures applied in the audit 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 District and Subdistrict schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Troutt, Beeman & Co., P.C.

Harrisonville, Missouri

January 27, 2022

LITTLE BLUE VALLEY SEWER DISTRICT

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 311,522	\$ 168,085
Investments	17,734,454	19,172,926
Accounts receivable	5,597,127	4,061,628
Prepaid expenses	374,692	414,838
Inventory	326,498	297,780
Restricted assets:		
Investments	29,033,867	35,299,749
Due from other governments	59,718	153,792
Total current assets	<u>53,437,878</u>	<u>59,568,798</u>
NON-CURRENT ASSETS:		
Restricted assets:		
Investments	6,719,957	31,158,260
Interest receivable	75,502	310,401
Total restricted assets	<u>6,795,459</u>	<u>31,468,661</u>
Capital assets, net of depreciation	<u>182,612,899</u>	<u>187,876,627</u>
Total non-current assets	<u>189,408,358</u>	<u>219,345,288</u>
Total assets	<u>242,846,236</u>	<u>278,914,086</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred amount on refunding	3,744,623	3,943,548
Pension related amounts	266,900	305,364
Total deferred outflows of resources	<u>4,011,523</u>	<u>4,248,912</u>
Total assets and deferred outflow of resources	<u>\$ 246,857,759</u>	<u>\$ 283,162,998</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:		
Accounts payable	\$ 869,813	\$ 1,401,410
Construction contract, retainage and other payables	441,449	172,948
Compensated absences	108,187	103,000
Due to other governments	-	5,614,000
Accrued interest	933,708	1,050,335
Current portion of long-term debt	11,955,316	11,160,916
Total current liabilities	<u>14,308,473</u>	<u>19,502,609</u>
NON-CURRENT LIABILITIES:		
Long term debt	180,970,760	192,926,076
Due to other governments	-	19,350,401
Compensated absences	843,436	803,248
Net pension liability	41,066	2,645,720
Total non-current liabilities	<u>181,855,262</u>	<u>215,725,445</u>
Total liabilities	196,163,735	235,228,054
DEFERRED INFLOW OF RESOURCES:		
Pension related amounts	1,920,079	87,163
Total liabilities and deferred inflow of resources	<u>198,083,814</u>	<u>235,315,217</u>
NET POSITION:		
Net investment in capital assets	5,059,257	3,854,302
Restricted for capital projects	3,592,116	3,483,601
Restricted for debt service	13,257,091	12,257,607
Restricted for rehabilitation and replacement	7,612,751	10,046,990
Restricted for prepaid items	374,692	414,838
Unrestricted	18,878,038	17,790,443
Total net position	<u>48,773,945</u>	<u>47,847,781</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 246,857,759</u>	<u>\$ 283,162,998</u>

See accompanying notes.

LITTLE BLUE VALLEY SEWER DISTRICT

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
OPERATING REVENUES:		
Wastewater treatment user fees	\$ 34,951,268	\$ 33,291,945
Other operating revenue	242,688	204,657
Total operating revenues	35,193,956	33,496,602
OPERATING EXPENSES:		
Operation and maintenance	13,772,872	12,749,416
Administration and general	1,101,251	1,146,435
Depreciation and amortization	13,974,379	15,829,318
Unbilled charges	-	142,552
Total operating expenses	28,848,502	29,867,721
Operating income	6,345,454	3,628,881
NON-OPERATING REVENUE (EXPENSE):		
Investment income (loss)	(102,354)	1,855,659
Interest expense	(5,347,233)	(6,435,904)
Miscellaneous revenue	29,892	38,718
Gain (loss) on disposal of assets	405	108
Total non-operating revenue (expense)	(5,419,290)	(4,541,419)
Increase (decrease) in net position	926,164	(912,538)
NET POSITION:		
Beginning of year	47,847,781	48,760,319
End of year	\$ 48,773,945	\$ 47,847,781

See accompanying notes.

LITTLE BLUE VALLEY SEWER DISTRICT

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	\$ 33,857,382	\$ 31,866,928
Payments to employees and fringe benefits	(6,307,369)	(6,044,704)
Payments for operations	<u>(9,774,822)</u>	<u>(7,864,159)</u>
Net cash provided by operating activities	<u>17,775,191</u>	<u>17,958,065</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments on intergovernmental advance	(24,964,401)	(5,332,775)
Other receipts (payments)	30,297	42,657
Payments from other governments	<u>94,074</u>	<u>59,719</u>
Net cash used by noncapital financing activities	<u>(24,840,030)</u>	<u>(5,230,399)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(8,442,150)	(3,597,270)
Principal paid on capital debt and leases	(11,160,916)	(10,376,806)
Interest paid on capital debt and leases	<u>(5,566,214)</u>	<u>(6,780,562)</u>
Net cash used by capital and related financing activities	<u>(25,169,280)</u>	<u>(20,754,638)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	119,602,289	32,983,103
Investment income	234,899	1,949,733
Purchase of investments and related fees	<u>(87,459,632)</u>	<u>(27,727,931)</u>
Net cash provided by investing activities	<u>32,377,556</u>	<u>7,204,905</u>
Net increase (decrease) in cash and cash equivalents	143,437	(822,067)
Cash and cash equivalents, beginning of the year	<u>168,085</u>	<u>990,152</u>
Cash and cash equivalents, end of the year	<u>\$ 311,522</u>	<u>\$ 168,085</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 6,345,454</u>	<u>\$ 3,628,881</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	13,974,379	15,829,318
Changes in assets and liabilities:		
Receivables	(1,535,499)	(1,828,598)
Pension	(733,274)	(395,322)
Inventories	(28,718)	46,143
Prepaid items	40,146	(18,270)
Accounts payable and accrued liabilities	(486,222)	496,989
Deferred revenue	<u>198,925</u>	<u>198,924</u>
Total adjustments	<u>11,429,737</u>	<u>14,329,184</u>
Net cash provided by operating activities	<u>\$ 17,775,191</u>	<u>\$ 17,958,065</u>
Noncash investing, capital, and financing activities:		
Capital asset write-offs	<u>\$ 39,991</u>	<u>\$ 271,842</u>

See accompanying notes.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization: The Little Blue Valley Sewer District - Jackson and Cass Counties, Missouri (the "District"), is a political corporation of the State of Missouri formed for the purpose of providing wholesale wastewater conveyance and treatment to the District's customers located within the Little Blue Watershed and part of the Mill Creek Watershed. The District services portions of Jackson and Cass Counties, including the cities of Belton, Blue Springs, Grandview, Independence, Kansas City, Lake Tapawingo, Lee's Summit, Raymore, Raytown and Sugar Creek, as well as the Fort Osage School District, and the Lake City Army Ammunition Plant. In 1992, the District took control of the Middle Big Creek Sewer Subdistrict, (the "Subdistrict") which includes the cities of Greenwood, Raymore, Lee's Summit and Lake Winnebago, along with the Mullendike and Dikeland Sewer Districts and parts of unincorporated Jackson and Cass Counties. The Subdistrict was expanded in 2008 to include the City of Pleasant Hill and additional areas in Jackson and Cass Counties.

The District is governed by a Board of Trustees consisting of eleven members which, by statute, include the Jackson County Executive, the Cass County Presiding Commissioner, one Jackson County Legislator, Mayors from the five cities contributing the largest volume of wastewater flow to the District, and three Mayors-at-Large from the Mayor's Advisory Board. The Mayor's Advisory Board is composed of the mayor of the municipalities and a representative of the counties, sewer districts, school district and plant served by the District.

The District is considered a governmental unit for financial reporting purposes. The District applies all relevant Government Accounting Standards Board (GASB) pronouncements and Financial Accounting Standards Board (FASB) pronouncements, unless the FASB pronouncements conflict with or contradict the GASB pronouncements, in which case, GASB prevails. The District does not have any component units as defined by the criteria set forth in generally accepted accounting principles.

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. These accounts are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The District records all of its activity in one fund, the Proprietary Fund. Proprietary funds are used to account for operations that are financed and conducted in a manner similar to private business enterprises, where the intent is that costs be recovered through user charges.

The District and Subdistrict have service contracts with each user which guarantee use of the service, payment of allocated charges and ongoing customer financial responsibility linked to the District's debt. Customer rates cover the operation and maintenance of facilities, principal and interest of all indebtedness, and allocation of reserves for operations, debt and rehabilitation and repair. The Subdistrict's user fees are based on the number of connections. The District's customer rates are computed based upon a methodology set forth in the service agreements using projected flow, customer, metering and industrial pretreatment components.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Accrual Accounting: The financial statements of the District are prepared using the accrual method of accounting. Accordingly, income is recorded as earned and expenses charged as incurred, regardless of the timing of payments.

Cash and Cash Equivalents: For purposes of reporting cash flows, the District considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. These include cash on hand and bank demand deposits.

Investments: The District reports money market investments, with a maturity of one year or less at the time of purchase, and nonparticipating investment contracts at cost or amortized cost, which approximates fair value. At September 30, 2021, there are no investments that are required to be reported at fair value.

Inventories: Inventories of materials and supplies are valued at historical cost, which approximates the lower of cost or market using the first-in/first-out (FIFO) method.

Capital Assets: Capital assets, which include land, buildings and improvements and equipment, are recorded at cost for items purchased or constructed over \$25,000 and with a useful life greater than one year. Contributed assets are recorded at fair value on the date received. Significant additions, betterments, and interest costs incurred during construction are capitalized. Engineering costs are allocated on a specific-identification basis. Expenditures for maintenance, repairs, and minor renewals are charged to operations as incurred.

Depreciation is provided using the straight-line method over estimated useful lives as follows:

Sewer plant	10 – 15 years
Buildings	25 years
Furniture and fixtures	7 years
Equipment	7 – 10 years
Vehicles	5 years
Horizontal Infrastructure	25 years

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate element for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources, or expense, until then. The District has deferred changes in proportion dealing with pensions and contributions made after the measurement date, as well as a deferred amount on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of net position will sometimes report a separate element for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources, or revenue, until that time. A deferred inflow of resources dealing with the pension is reported for the differences between the expected and actual experience, the net difference between projected and actual earning on pension investments, and changes of assumptions.

Compensated Absences: Accumulated vacation and sick leave is recorded as an expense and liability as the benefits accrue to employees.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Jackson County, Missouri Revised Pension Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted: Consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets, with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- c. Unrestricted: Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

Net Position: It is the District's policy to first use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Statement of Cash Flows: A statement of cash flows has been presented in accordance with Governmental Accounting Standards Board Statement 9 for the District as it operates predominantly as a proprietary fund. For purposes of the statement of cash flows, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, are considered to be cash equivalents.

Budgets: According to the District's bond covenants, the District operates under an annual budget which provides for reasonable and necessary operating expenses. The budget is approved by the Board of Trustees. The District must prepare a preliminary budget and, not less than sixty days before the beginning of the year, hold a public hearing at which any authorized representative of the municipalities may appear and present any objection the municipalities may have with respect to the preliminary annual budget. The budget is prepared on the accrual basis of accounting, modified to include capital asset purchases and inventory purchases as expenses. In addition, certain unbilled expenses have been excluded from budgeted expenses. Although the annual budget serves as a management plan and is not legally adopted, it must be approved by the Board of Trustees with any subsequent revisions to the budget also approved by the Board.

If the budget for the ensuing year exceeds the prior year's budget by more than 8%, and if, prior to October 1 of the ensuing year, the municipalities individually or collectively present a statement of reasons as to why the proposed budget is, in the municipalities' opinion, unreasonable and unnecessary, the statement shall be forwarded to all users, each of which may submit its own such statement. The original statement of reasons shall be promptly referred to an arbitrator mutually agreed by the District and the user that filed the original statement of reasons. The arbitrator may determine the controversy based upon the evidence produced. In every event, the decision will be rendered by October 1 of that year or the proposed budget shall automatically become the annual budget upon approval of the Board of Trustees. After the budget has been approved, it can be amended by the Board of Trustees. There is no specific amount by which the District can exceed the budget except that the District must maintain reasonable and necessary operating expenses.

Operating Revenues and Expenses: Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing/delivering goods in connection with proprietary funds principal ongoing operations. The principal operating revenue of the District's proprietary fund is charges to customers for services.

Restricted Cash, Cash Equivalents, and Investments: Cash, cash equivalents, and investments that are externally restricted are classified as restricted assets. These assets are used to make debt service payments, maintain sinking or reserve funds, purchase or construct capital or other non-current assets or for other restricted purposes.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Bond Premiums, Discounts and Issue Costs: Bonds payable are reported net of any premiums and discounts, which are amortized over the life of the applicable bond using the straight-line method which approximates the effective interest method. Issuance costs are recognized as an expense in the year incurred.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status: The District is a political corporation of the state of Missouri and, as such, is exempt from paying income tax.

Accounts Receivable: Accounts receivable are composed primarily of charges to customers for wastewater charges. Receivables are reported at their gross values net of an allowance for uncollectible amounts. Management has determined all accounts are collectable and no allowance for uncollectible accounts is necessary.

2. DEPOSITS:

At September 30, 2021, cash balances were comprised of demand deposits. As required by law, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance or obtain surety bonds to equal the amount on deposit at all times.

State statutes allow the District to invest in direct obligations of the United States of America and obligations which are unconditionally guaranteed by or secured by obligations of the United States of America. All of the District's investments are currently subject to the provisions of the various bond indentures as described below:

The 2010, 2016 and 2019 Series, and the 2011A Direct Loan bond indentures generally restrict investing to cash, certificates of deposit, U.S. Treasury securities, U.S. government agency securities, money market funds (rated in one of the three highest investment grade ratings by Standard and Poor's or Moody's), commercial paper (rated A-1 or better by Standard and Poor's or Moody's), state and local government bonds (rated in one of the two highest categories by Standard and Poor's or Moody's), repurchase agreements, and nonparticipating guaranteed investment contracts acceptable to the bond issuer.

The 2003 Revenue Bond indenture currently requires that the monies in the restricted accounts must be invested in the guaranteed investment contracts specified by the bondholder, the State Environmental Improvement and Energy Resources Authority. Other permitted investments under the indenture include cash, certificates of deposit, U.S. Treasury securities, fully guaranteed U.S. government agency securities, money

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS (Continued):

market mutual funds (rated in the highest category by Moody's), direct and general obligations of the State of Missouri (rated in one of the two highest categories by Moody's), and guaranteed investment agreements with a provider whose obligations are rated at least Aa by Moody's.

At September 30, 2021, the District's investments consisted of the following:

Cash	\$ 12,050	
MOSIP	46,115,967	A-1 to AA+
Money markets	640,304	AAA
Guaranteed investment contracts	6,719,957	AA+
	\$ 53,488,278	

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District's policy limits maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates. To minimize the risk of loss, the District matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. The District has elected to use the segmented time distribution method of disclosure for its interest rate risk.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy is to require pledged collateral for deposits, less amounts insured by FDIC, with securities held by the financial institution's agent and in the District's name.

At September 30, 2021, the District had the following investments and maturities:

	Value	Investment maturities (in years)		
		Less than one	1-5	>5
Investment type:				
Cash	\$ 12,050	\$ 12,050	\$ -	\$ -
MOSIP	46,115,967	46,115,967	-	-
Money markets	640,304	640,304	-	-
Guaranteed investment contracts	6,719,957	-	-	6,719,957
	\$ 53,488,278	\$ 46,768,321	\$ -	\$ 6,719,957

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS (Continued):

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investment in debt securities as described by nationally recognized statistical rating agencies, such as Standard & Poor's and Moody's. The guaranteed investment contracts are not rated. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The District's policies and bond indentures do limit the amounts that can be invested with any one issuer. Investments that represent more than 5% of the District's investments are as follows:

Mass Mutual Repayment	12%	6,719,957
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The investments above are held in the State Revolving Fund Program. The District does not control what investments are purchased within the State Revolving Fund Program.

Missouri State Statutes authorize the District, with certain restrictions, to deposit funds in open accounts, time deposits, and certificates of deposit. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the District or a disinterested third party and must be of the kind prescribed by statutes and approved by the State. The District may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

The District's general credit risk policy is to apply to prudent person rule: Investments shall be made with the exercise of judgment and care, that under circumstances then prevailing, individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. It is the District's policy to minimize credit risk by prequalifying the financial institutions and others with whom the District will do business, and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS (Continued):

At September 30, 2021 and 2020, the carrying value of deposits and investments are as follows:

	2021	2020
Investments:		
MOSIP	\$ 46,115,967	\$ 3,058,182
Money markets	640,304	51,397,527
Cash	12,050	16,966
Guaranteed investment contracts	6,719,957	31,158,260
Total investments	53,488,278	85,630,935
Deposits	311,522	168,085
	\$ 53,799,800	\$ 85,799,020

Deposits, investments and petty cash of the District are reflected on the Statement of Net Position as of September 30, 2021 and 2020, as follows:

	2021	2020
Cash and cash equivalents	\$ 311,522	\$ 168,085
Investments	17,734,454	19,172,926
Restricted investments	35,753,824	66,458,009
	\$ 53,799,800	\$ 85,799,020

Fair Value Measurement and Application: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles pursuant to GASB Statement No. 72, Fair Value Measurement and Application. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS (Continued):

The following is the fair value hierarchy of investments as of September 30, 2021

	Total	Level 1	Level 2	Level 3
Money Market	\$ 640,304	\$ 640,304	\$ -	\$ -
Investments measured at net asset value:				
Cash	12,050			
MOSIP	46,115,967			
Fixed income funds	6,719,957			
	52,847,974			
Total investments	\$ 53,488,278			

3. CAPITAL ASSETS:

Activity for capital assets for the years ended September 30, 2021 and 2020, is summarized as follows:

	Balance 10/1/2020	Increases	Decreases	Balance 9/30/2021
Capital assets not being depreciated:				
Land	\$ 5,725,870	\$ -	\$ -	\$ 5,725,870
Construction in progress	2,902,252	8,656,372	192,153	11,366,471
Total capital assets not being depreciated	8,628,122	8,656,372	192,153	17,092,341
Capital assets being depreciated:				
Sewer plant	17,249,497	-	-	17,249,497
Buildings	6,594,373	180,344	-	6,774,717
Machinery and equipment	22,135,905	-	-	22,135,905
Horizontal infracture	418,491	28,145	-	446,636
Furniture and fixtures	165,149	-	-	165,149
Legacy assets	398,202,006	-	39,991	398,162,015
Vehicles	207,905	37,943	-	245,848
Total capital assets being depreciated	444,973,326	246,432	39,991	445,179,767
Less accumulated depreciation:				
Sewer plant	3,022,141	866,126	-	3,888,267
Buildings	566,799	315,893	-	882,692
Machinery and equipment	3,200,940	2,298,383	-	5,499,323
Horizontal infracture	28,077	17,866	-	45,943
Furniture and fixtures	58,982	23,592	-	82,574
Legacy assets	258,731,438	10,407,749	39,991	269,099,196
Vehicles	116,444	44,770	-	161,214
Total accumulated depreciation	265,724,821	13,974,379	39,991	279,659,209
Total capital assets being depreciated, net	179,248,505	(13,727,947)	-	165,520,558
Total capital assets, net	\$ 187,876,627	\$ (5,071,575)	\$ 192,153	\$ 182,612,899

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS (Continued):

	Balance 10/1/2019	Increases	Decreases	Balance 9/30/2020
Capital assets not being depreciated:				
Land	\$ 5,725,870	\$ -	\$ -	\$ 5,725,870
Construction in progress	16,575,049	3,129,431	16,802,228	2,902,252
Total capital assets not being depreciated	<u>22,300,919</u>	<u>3,129,431</u>	<u>16,802,228</u>	<u>8,628,122</u>
Capital assets being depreciated:				
Sewer plant	17,249,497	-	-	17,249,497
Buildings	6,594,373	-	-	6,594,373
Machinery and equipment	5,120,063	17,015,842	-	22,135,905
Horizontal infracture	418,491	-	-	418,491
Furniture and fixtures	165,149	-	-	165,149
Legacy assets	398,473,848	-	271,842	398,202,006
Vehicles	207,905	-	-	207,905
Total capital assets being depreciated	<u>428,229,326</u>	<u>17,015,842</u>	<u>271,842</u>	<u>444,973,326</u>
Less accumulated depreciation:				
Sewer plant	2,156,014	866,127	-	3,022,141
Buildings	268,940	297,859	-	566,799
Machinery and equipment	888,280	2,312,660	-	3,200,940
Horizontal infracture	11,338	16,739	-	28,077
Furniture and fixtures	35,389	23,593	-	58,982
Legacy assets	246,724,289	12,275,160	268,011	258,731,438
Vehicles	79,264	37,180	-	116,444
Total accumulated depreciation	<u>250,163,514</u>	<u>15,829,318</u>	<u>268,011</u>	<u>265,724,821</u>
Total capital assets being depreciated, net	<u>178,065,812</u>	<u>1,186,524</u>	<u>3,831</u>	<u>179,248,505</u>
Total capital assets, net	<u>\$ 200,366,731</u>	<u>\$ 4,315,955</u>	<u>\$ 16,806,059</u>	<u>\$ 187,876,627</u>

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

4. LONG TERM DEBT:

Changes in long-term debt of the District for the years ended September 30, 2021 and 2020, consisted of the following:

	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021	Amounts Due Within One Year
Revenue bonds	\$ 171,070,000	\$ -	\$ 8,785,000	\$ 162,285,000	\$ 9,525,000
Direct loan	27,607,400	-	1,980,600	25,626,800	2,035,000
Bond (discount) / premium	5,409,592	-	395,316	5,014,276	395,316
Total bonds and loans	204,086,992	-	11,160,916	192,926,076	11,955,316
Other liabilities:					
Compensated absences	906,248	148,375	103,000	951,623	108,187
Net pension liability	2,645,720	-	2,604,654	41,066	-
Due to other governments	24,964,401	-	24,964,401	-	-
	<u>\$ 232,603,361</u>	<u>\$ 148,375</u>	<u>\$ 38,832,971</u>	<u>\$ 193,918,765</u>	<u>\$ 12,063,503</u>

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Amounts Due Within One Year
Revenue bonds	\$ 179,125,000	\$ -	\$ 8,055,000	\$ 171,070,000	\$ 8,785,000
Direct Loan	29,535,600	-	1,928,200	27,607,400	1,980,600
Bond (discount) / premium	5,803,198	-	393,606	5,409,592	395,316
Total bonds and loans	214,463,798	-	10,376,806	204,086,992	11,160,916
Other liabilities:					
Compensated absences	801,754	249,494	145,000	906,248	103,000
Net pension liability	2,414,295	231,425	-	2,645,720	-
Due to other governments	30,297,176	-	5,332,775	24,964,401	5,614,000
	<u>\$ 247,977,023</u>	<u>\$ 480,919</u>	<u>\$ 15,854,581</u>	<u>\$ 232,603,361</u>	<u>\$ 16,877,916</u>

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

4. LONG TERM DEBT (Continued):

Compensated absences: Employees of the District accrue vacation based upon length of continuous service (minimum of 10 days increasing to 30 days per year) up to a maximum of 720 hours. Permanent, full-time employees accumulate sick leave at a rate of eight hours for each full month of service, with the maximum of 1440 hours. Accumulated vacation is paid at 100% and accumulated sick time is paid at 5-50% based on years and age upon separation of employment. Accrued compensated absences at September 30, 2021 and 2020, is as follows:

	2021	2020
Vacation	\$ 571,354	\$ 548,118
Sick leave	323,988	358,130
	\$ 895,342	\$ 906,248

Total District debt at September 30, 2021, consisted of the following:

Revenue bonds:

\$88,915,000, Series 2003 Sewerage System Revenue Bonds, refunding the 2002A Sewer Revenue Bonds and for extension and improvements due in semi annual installments of \$75,000 to \$505,000, through January 1, 2024; interest at 2.5% to 5.25% \$ 27,045,000

\$118,350,000, Series 2010 Build America Bonds, issued for system handling, treatment and retention basin improvements, due in semi annual installments of \$55,000 to \$81,900, through September 1, 2030; interest at 6.22% to 6.75% 35,020,000

\$19,710,000, Series 2016 Sewer System Revenue Bonds, issued for construction of air emission controls, backup solids disposal system and solid dewatering system, due in semi annual installments of \$715,000 to \$2,240,000, through September 1, 2036; interest at 2% to 5% 16,040,000

\$90,000,000, Series 2019 Sewer System Refunding Revenue Bonds, issued for refunding series 2010 revenue bonds, due in annual installments of \$3,800,000 to \$8,475,000 through September 1, 2040; interest at 3% to 4% 84,180,000

Total revenue bonds 162,285,000

Note payable,

\$37,850,000, Series 2011A Missouri DNR Direct Loan Program, issued for Middle Big Creek treatment facility improvements, due in semi annual installments of \$55,000 to \$81,900, through July 1, 2032; interest at 1.66% 25,626,800

Bond (discount) / premium 5,014,276

Total District long term debt \$ 192,926,076

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

4. LONG TERM DEBT (Continued):

Aggregate annual principal and interest payments applicable to long-term debt are:

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Revenue Bonds</u>
2022	\$ 9,525,000	\$ 6,674,897	\$ 16,199,897
2023	9,840,000	6,194,703	16,034,703
2024	13,500,000	5,699,970	19,199,970
2025	5,535,000	5,196,122	10,731,122
2026	5,975,000	4,864,770	10,839,770
2027 - 2031	44,180,000	18,747,762	62,927,762
2032 - 2036	41,945,000	8,747,762	50,692,762
2037 - 2040	31,785,000	2,428,650	34,213,650
	<u>\$ 162,285,000</u>	<u>\$ 58,554,636</u>	<u>\$ 220,839,636</u>

<u>Years ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Direct Loan</u>
2022	\$ 2,035,000	\$ 417,016	\$ 2,452,016
2023	2,089,400	383,009	2,472,409
2024	2,143,800	348,100	2,491,900
2025	2,202,000	312,279	2,514,279
2026	2,261,200	275,476	2,536,676
2027 - 2031	12,258,400	789,669	13,048,069
2032	2,637,000	32,831	2,669,831
	<u>\$ 25,626,800</u>	<u>\$ 2,558,380</u>	<u>\$ 28,185,180</u>

Bond Reserve Accounts:

Under the Series 2003, the reserve fund is funded by an advance from the State of Missouri DNR in an amount up to 70% of the outstanding bonds. The balance is not shown on the District's financial statements. When the District makes a principal payment on this debt, 70% of the payment amount is remitted from this reserve fund to the DNR.

Under the 2010 Series, the reserve fund requirement of \$9,982,763 was funded with bond proceeds.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

4. LONG TERM DEBT (Continued):

Debt Service Reserve:

Under the Series 2003, 2010, 2016, and 2019 Sewer System Revenue Bonds and the Series 2011A DNR loan, the District is required to deposit monies into a Principal and Interest or Debt Service account sufficient to meet maturity dates of principal and interest.

At September 30, 2021, the District was in compliance with these requirements.

Rehabilitation and Replacement:

The Series 2003 Sewer System Revenue Bonds requires the District to accumulate monies to be used to pay the costs of unusual or extraordinary replacements or repairs of major items and maintain a \$1,000,000 balance for this purpose.

At September 30, 2021, the District was in compliance with this requirement.

Rate Covenants:

Rates and fees established and charged were sufficient to satisfy minimum revenue bond coverage requirements for the year ended September 30, 2021.

Pledged Revenues:

The District has pledged future sewer customer revenues, net of operating expenses, to repay four debt issues totaling \$354,825,000. The Series 2003 bonds were issued in the amount of \$88,915,000. The Series 2011A bonds were issued in the amount of \$37,850,000. The Series 2010 bonds were issued in the amount of \$118,350,000. The Series 2016 bonds were issued in the amount of \$19,710,000. The Series 2019 Refunding Revenue bonds were issued in the amount of \$90,000,000. The outstanding principal on these bonds as of September 30, 2021, was \$162,285,000. Proceeds from these bonds were used to extend and improve the District's sewerage system. The bonds are payable from net revenues and are payable through 2040. The total interest and principal remaining to be paid on the bonds is \$220,391,864. For the current year, principal and interest paid were \$8,785,000 and \$7,098,246, respectively.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN:

General Information about the Pension Plan

Plan description: The District's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The District participates in the Jackson County, Missouri Revised Pension Plan (the "Plan") which is an agent cost-sharing, multiple-employer defined benefit pension plan established by the Jackson County Legislature and administered in accordance with RSMo. 50.337. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of the Plan is vested in the Jackson County Legislature. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the Plan website at www.jacksongov.org. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan Comprehensive Annual Financial Report.

Benefits provided: The Plan provides retirement, death, and disability benefits. Eligibility begins on January 1st after twelve months of credited service and benefits vest after five years of credited service. Retirement benefits are 1.5% of the average monthly earnings for each year of credited service beginning at age sixty-five, or at age fifty-five for those whose age and years of service total eighty years. The Plan permits early retirement with reduced benefits for vested employees at the age of 55. The plan also provides death and disability benefits. Benefits are recognized when due and payable in accordance with the terms of the Plan.

Contributions: The contribution requirements of the District are determined by the Plan's Board of Trustees based on an actuarial valuation. The District's contractually required contribution rates were 13.18% of covered payroll from July 2019 to June 2020. The rates are expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the District do not contribute to the Plan. Contributions to the Plan were \$517,354 for the year ended September 30, 2021.

Net Pension Liability: The net pension liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on its percentage of covered payroll to the total covered payroll of all participating employers for the period July 1, 2020 to June 30, 2021. At June 30, 2021, the District's proportion was 5.2908%, which was a decrease of .0346% from its proportion measured as of June 30, 2020. The District reported a liability of \$41,066 for its proportionate share of the net pension liability at September 30, 2021.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Actuarial assumptions: The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Amortization method	20 - year layered amortization, level dollar
	20 - year closed amortization for 2013 COLA change
Asset valuation method	5 year smoothed market; reset to market value at 7/1/2015
Inflation	2.50%
Salary increases	2.75% to 4.75%
Cost of living adjustments	2.00%
Investment rate of return	6.75%; including inflation
Mortality	
Active and Terminated Vested Participants	RP-2014 Healthy Non-Annuitant Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.
Beneficiaries and Retirees	RP-2014 Healthy Annuitant Table adjusted back to 2006 using MP-2014, multiplied by 1.2 for males and 1.0 for females, and projected forward with MP-2016 on a generational basis.
Disabled Members	RP-2014 Disabled Mortality Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses 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 expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	27.00%	2.72%
U.S. Large Cap Equity	20.00%	7.15%
U.S. Small Cap Equity	10.00%	8.44%
International Developed Equity	18.00%	7.94%
Emerging Market Equity	5.00%	9.09%
Long-Short Equity	10.00%	5.72%
Core Real Estate	10.00%	7.41%

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Discount rate: The discount rate used to measure the total pension liability is 6.75% for 2021. The projection of cash flows used to determine the discount rate assumes the District contributions will be made at the contractually required rate, actuarially determined rates for the District. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Net Pension Liability of the employer, calculated using the discount rate of 6.75%, as well as what the District's Net Pension Liability would be using a discount rate that is 1 percentage point lower (5.75%), or one percentage point higher (7.75%), than the current rate.

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
District net pension liability	\$ 45,173	\$ 41,066	\$ 36,959

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

For the year ended September 30, 2021, the employer recognized a reduction in pension expense of \$214,689. Annual pension expenses consists of service cost, interest and administrative expenses on the pension liability less employee contributions and projected earnings on pension plan investments. The District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,971	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,826,043
Changes in proportion and differences between District contributions and proportionate share of contributions	-	94,036
Contributions subsequent to the measurement date *	130,929	-
Total	\$ 266,900	\$ 1,920,079

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2022.

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. PENSION PLAN (Continued):

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2022	\$ (346,070)
2023	(438,729)
2024	(450,720)
2025	(548,589)
	<u>\$ (1,784,108)</u>

Payable to the Pension Plan

At September 30, 2021, the District had no payable for outstanding amounts of contributions to the pension plan required for the year ended September 30, 2021.

6. DUE FROM OTHER GOVERNMENTS:

At September 30, 2021 the District had \$59,718 due from the federal government for the interest subsidy on the Series 2010 Build America Bonds.

7. COMMITMENTS AND CONTINGENCIES:

At September 30, 2021, the District has construction and engineering commitments outstanding which total approximately \$3,315,460, primarily for engineering and construction services related to the system improvement and Subdistrict expansion plans. The District expects to receive the majority of the services in 2022.

In April 2013, the District entered into an operating lease agreement with the City of Kansas City, Missouri, for the use of approximately 60 acres of land as an excess flow basin. The initial lease term is for a period of thirty years, with an option to renew for an additional 30 years. The future minimum payments will be based on the first year rental amount of \$36,000 and may increase annually by the consumer price index. The rental expense for 2021 was \$36,000. The future payments related to this lease are as follows:

<u>Years ending September 30,</u>	<u>Lease payment</u>
2022	\$ 36,000
2023	36,000
2024	36,000
2025	36,000
2026	36,000
2027 - 2031	180,000
2032 - 2036	180,000
2037 - 2041	180,000
2042 - 2043	<u>72,000</u>
	<u>\$ 792,000</u>

LITTLE BLUE VALLEY SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

8. RESTRICTED CASH:

Restricted cash and investments at September 30, 2021 and 2020 consisted of the following:

<u>Account</u>	<u>2021</u>	<u>2020</u>
Reserve for debt service	\$ 24,548,957	\$ 27,963,017
Reserve for due to other governments	-	24,964,401
Reserve renewal and replacement	7,612,751	10,046,990
Reserve for capital outlay	<u>3,592,116</u>	<u>3,483,601</u>
	<u>\$ 35,753,824</u>	<u>\$ 66,458,009</u>

9. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; workers' compensation, and other claims arising from the ordinary course of its activities, for which the District carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three fiscal years.

10. LEGAL MATTERS:

There are various claims and/or lawsuits to which the District is a party arising in the ordinary course of District activities. The District's management and legal counsel believe that the potential claims against the District not covered by insurance, if any, resulting from such matters, would not materially affect the financial position of the District.

11. UNBILLED CHARGES:

Certain costs of \$- and \$142,552 in 2021 and 2020, respectively were deemed by management to be costs not billable to the municipalities. These costs have been classified as unbilled charges in the Statement of Revenue, Expenses and Changes in Net Position.

12. MAJOR CUSTOMERS AND VENDORS:

The District had certain customers and vendors whose revenue/expenses individually represented 10% or more of the District's total revenue/expense. For the year ended September 30, 2021 three customers accounted for 58% of revenues and 2 vendors represented 38% of expenses.

13. EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through January 27, 2022, the date which the financial statements were available to be issued.

**LITTLE BLUE VALLEY SEWER DISTRICT
JACKSON AND CASS COUNTIES, MISSOURI**

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Last 7 Fiscal Years**

<i>Fiscal year ending June 30,</i>	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	5.29%	5.33%	5.45%	5.50%	6.63%	5.75%	5.89%
Proportionate share of the Net Pension Liability	41,066	2,648,720	2,414,295	2,592,576	3,847,623	4,215,653	3,325,316
Covered Employee Payroll	3,535,246	3,539,228	3,517,744	3,647,494	4,009,704	3,481,145	3,609,832
Proportionate share of the Net Pension liability as a percentage of covered employee payroll	1.16%	74.84%	68.63%	71.08%	95.96%	121.10%	92.12%
Plan Fiduciary Net Pension as a percentage of Total Pension Liability	99.79%	86.11%	87.20%	85.95%	82.26%	81.25%	86.20%

Notes to schedule:

Only seven years are being shown. As other years become available, they will be included until 10 years of data is shown. Amounts presented were determined as of June 30th.

LITTLE BLUE VALLEY SEWER DISTRICT
JACKSON AND CASS COUNTIES, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

Last 7 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 517,354	\$ 528,556	\$ 528,072	\$ 572,216	\$ 599,485	\$ 540,438	\$ 488,752
Contributions in relation to the actuarially determined contribution	517,354	528,556	528,072	572,216	599,485	540,438	488,752
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,280,126	\$ 3,976,896	\$ 4,058,967	\$ 3,840,966	\$ 3,685,984	\$ 3,758,509	\$ 3,747,086
Contributions as a percentage of covered-employee payroll	12.1%	13.3%	13.0%	14.9%	16.26%	14.38%	13.04%

Valuation date

7/1/2021

Notes to Required Supplementary Information for Contributions

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	20 - year layered amortization, level dollar
Remaining amortization period	20 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	2.75%
Investment rate of return	6.75%; including inflation
Mortality	
Active and Terminated Vested Participants	RP-2014 Healthy Non-Annuitant Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis
Beneficiaries and Retirees	RP-2014 Healthy Annuitant Table adjusted back to 2006 using MP-2014, multiplied by 1.2 for males and 1.0 for females, and projected forward with MP-2016 on a generational basis.
Disabled Members	RP-2014 Disabled Mortality Table adjusted back to 2006 using MP-2014, projected forward with MP-2016 on a generational basis.
Other information	None

**LITTLE BLUE VALLEY SEWER DISTRICT
MIDDLE BIG CREEK SEWER SUBDISTRICT**

**SCHEDULE OF NET POSITION
SEPTEMBER 30, 2021**

	Little Blue Valley Sewer District	Middle Big Creek Sewer Subdistrict	Total 2021
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 147,124	\$ 164,398	\$ 311,522
Investments	11,371,246	6,363,208	17,734,454
Accounts receivable	5,098,724	498,403	5,597,127
Prepaid expenses	344,866	29,826	374,692
Inventory	290,863	35,635	326,498
Restricted assets:			
Investments	28,422,154	611,713	29,033,867
Due from other governments	59,718	-	59,718
Total current assets	45,734,695	7,703,183	53,437,878
NON-CURRENT ASSETS:			
Restricted assets:			
Investments	6,719,957	-	6,719,957
Interest receivable	75,502	-	75,502
Total restricted assets	6,795,459	-	6,795,459
Capital assets, net of depreciation	147,624,044	34,988,855	182,612,899
Total non-current assets	154,419,503	34,988,855	189,408,358
Total assets	200,154,198	42,692,038	242,846,236
DEFERRED OUTFLOW OF RESOURCES:			
Deferred amount on refunding	3,744,623	-	3,744,623
Pension related amounts	266,900	-	266,900
Total deferred outflows of resources	4,011,523	-	4,011,523
Total assets and deferred outflow of resources	\$ 204,165,721	\$ 42,692,038	\$ 246,857,759
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 697,670	\$ 172,143	\$ 869,813
Construction contract, retainage and other payables	441,449	-	441,449
Compensated absences	102,823	5,364	108,187
Accrued interest	795,323	138,385	933,708
Current portion of long-term debt	9,920,316	2,035,000	11,955,316
Total current liabilities	11,957,581	2,350,892	14,308,473
NON-CURRENT LIABILITIES:			
Long term debt	157,378,960	23,591,800	180,970,760
Compensated absences	801,613	41,823	843,436
Net pension liability	41,066	-	41,066
Total non-current liabilities	158,221,639	23,633,623	181,855,262
Total liabilities	170,179,220	25,984,515	196,163,735
DEFERRED INFLOW OF RESOURCES,			
Pension related amounts	1,920,079	-	1,920,079
Total liabilities and deferred inflow of resources	172,099,299	25,984,515	198,083,814
NET POSITION:			
Net investment in capital assets	(4,302,798)	9,362,055	5,059,257
Restricted for capital projects	3,592,116	-	3,592,116
Restricted for debt service	12,897,073	360,018	13,257,091
Restricted for rehabilitation and replacement	7,612,751	-	7,612,751
Restricted for prepaid items	374,692	-	374,692
Unrestricted	11,892,588	6,985,450	18,878,038
Total net position	32,066,422	16,707,523	48,773,945
Total liabilities, deferred inflow of resources and net position	\$ 204,165,721	\$ 42,692,038	\$ 246,857,759

**LITTLE BLUE VALLEY SEWER DISTRICT
MIDDLE BIG CREEK SEWER SUBDISTRICT**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Little Blue Valley Sewer District</u>	<u>Middle Big Creek Sewer Subdistrict</u>	<u>Total 2021</u>
OPERATING REVENUES:			
Wastewater treatment user fees	\$ 29,055,392	\$ 5,895,876	\$ 34,951,268
Other operating revenue	<u>241,169</u>	<u>1,519</u>	<u>242,688</u>
Total operating revenues	<u>29,296,561</u>	<u>5,897,395</u>	<u>35,193,956</u>
OPERATING EXPENSES:			
Operations and maintenance	11,251,733	2,521,139	13,772,872
Administration and general	879,328	221,923	1,101,251
Depreciation and amortization	<u>11,944,783</u>	<u>2,029,596</u>	<u>13,974,379</u>
Total operating expenses	<u>24,075,844</u>	<u>4,772,658</u>	<u>28,848,502</u>
Operating income	<u>5,220,717</u>	<u>1,124,737</u>	<u>6,345,454</u>
NON-OPERATING REVENUE (EXPENSE):			
Investment income loss	(108,306)	5,952	(102,354)
Interest expense	(4,907,808)	(439,425)	(5,347,233)
Miscellaneous revenue	29,393	499	29,892
Gain on disposal of assets	<u>405</u>	<u>-</u>	<u>405</u>
Total non-operating revenue (expense)	<u>(4,986,316)</u>	<u>(432,974)</u>	<u>(5,419,290)</u>
Increase (decrease) in net position	234,401	691,763	926,164
NET POSITION:			
Beginning of year	<u>31,832,021</u>	<u>16,015,760</u>	<u>47,847,781</u>
End of year	<u>\$ 32,066,422</u>	<u>\$ 16,707,523</u>	<u>\$ 48,773,945</u>

**LITTLE BLUE VALLEY SEWER DISTRICT
MIDDLE BIG CREEK SEWER SUBDISTRICT**

**SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Little Blue Valley Sewer District	Middle Big Creek Sewer Subdistrict	Total 2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from customers	\$ 27,922,555	\$ 5,934,827	\$ 33,857,382
Payments to employees and fringe benefits	(5,970,973)	(336,396)	(6,307,369)
Payments for operations	(7,418,586)	(2,356,236)	(9,774,822)
Net cash provided by operating activities	14,532,996	3,242,195	17,775,191
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Payments on intergovernmental advance	(24,964,401)	-	(24,964,401)
Other receipts (payments)	29,798	499	30,297
Payments from other governments	94,074	-	94,074
Net cash provided (used) by noncapital financing activities	(24,840,529)	499	(24,840,030)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(8,442,150)	-	(8,442,150)
Principal paid on capital debt	(9,180,316)	(1,980,600)	(11,160,916)
Interest paid on capital debt	(5,116,094)	(450,120)	(5,566,214)
Net cash used by capital and related financing activities	(22,738,560)	(2,430,720)	(25,169,280)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from the sale of investments	107,007,935	12,594,354	119,602,289
Interest income	228,947	5,952	234,899
Purchases of investments	(74,113,425)	(13,346,207)	(87,459,632)
Net cash provided (used) by investing activities	33,123,457	(745,901)	32,377,556
Net increase in cash and cash equivalents	77,364	66,073	143,437
Cash and cash equivalents, beginning of year	69,760	98,325	168,085
Cash and cash equivalents, end of year	\$ 147,124	\$ 164,398	\$ 311,522
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 5,220,717	\$ 1,124,737	\$ 6,345,454
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	11,944,783	2,029,596	13,974,379
Changes in assets and liabilities:			
Receivable, net	(1,572,931)	37,432	(1,535,499)
Pension	(733,274)	-	(733,274)
Inventories	(38,228)	9,510	(28,718)
Prepaid items	39,993	153	40,146
Accounts payable and accrued liabilities	(526,989)	40,767	(486,222)
Deferred revenue	198,925	-	198,925
Total adjustments	9,312,279	2,117,458	11,429,737
Net cash provided by operating activities	\$ 14,532,996	\$ 3,242,195	\$ 17,775,191