



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2022 AND 2021



***THE METROPOLITAN ST. LOUIS
SEWER DISTRICT
ST. LOUIS, MISSOURI
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021***



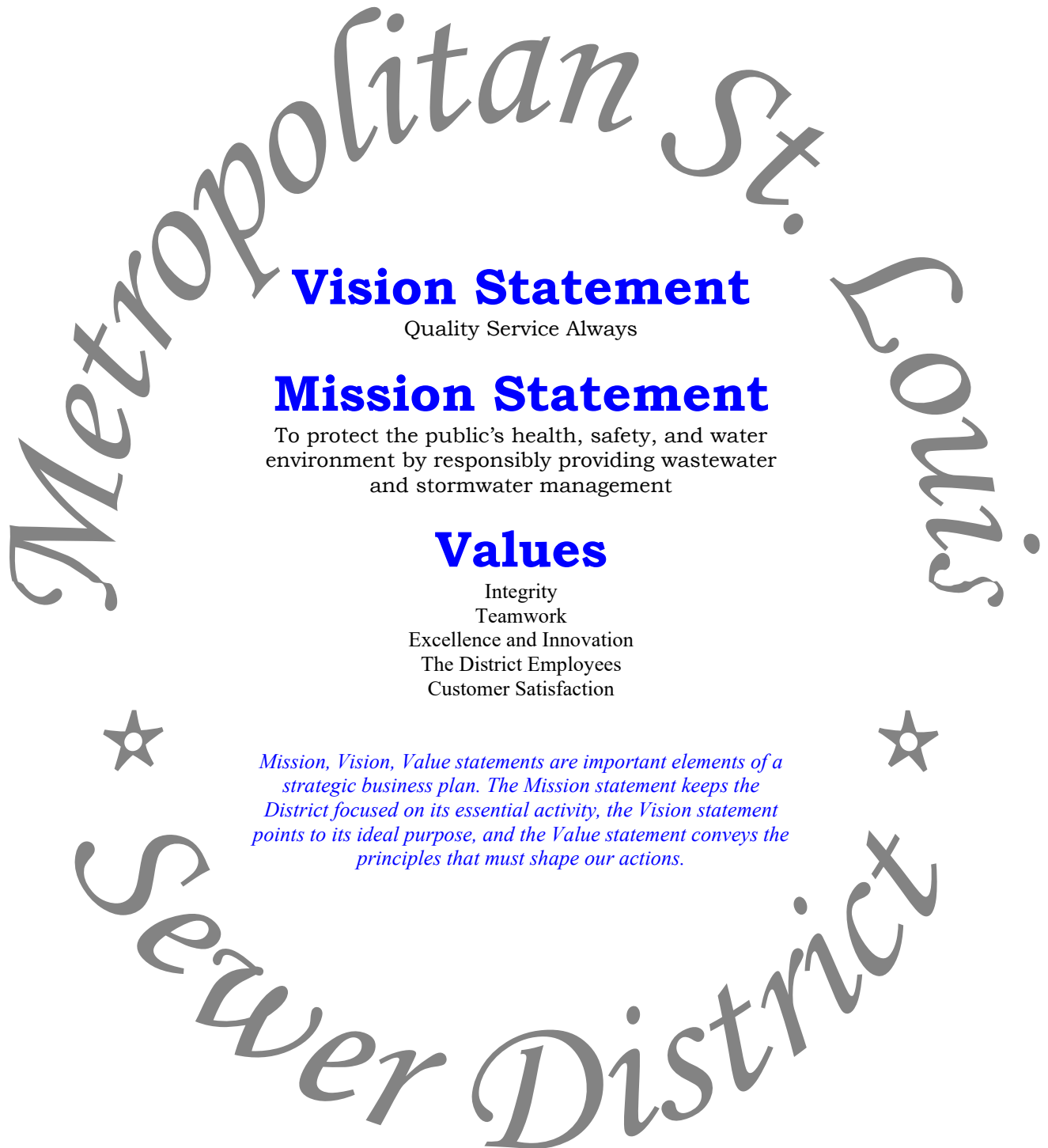
Report Prepared And Submitted By The
Department of Finance

Marion M. Gee
Director Of Finance

Contents

	Page
Part I – Introductory Section:	
Letter of Transmittal	i
Organization Chart	xii
Certificate Of Achievement For Excellence In Financial Reporting.....	xiii
Part II – Financial Section:	
Independent Auditors’ Report	1
Management’s Discussion And Analysis	4
Basic Financial Statements	
Statements Of Net Position	19
Statements Of Revenues, Expenses, And Changes In Net Position.....	21
Statements Of Cash Flows	22
Statements of Fiduciary Net Position.....	24
Statements of Changes in Fiduciary Net Position.....	25
Notes To Financial Statements.....	26
Required Supplementary Information	
Schedule Of Changes In Net Pension Liability And Related Ratios	117
Schedule Of Employer Contributions – Employees’ Pension Plan	118
Schedule Of Changes in Total OPEB Liability	119
Part III – Statistical Section:	
Net Position By Component.....	120
Changes In Net Position	121
Operating Revenues By Source	122
Operating Expenses	123
Non-Operating Revenues And Expenses	124
User Charge Rates	126
User Charge Revenues.....	127
Sewer User Charges (Composite-Annual)	128
Number Of Customers By Type	129
Ten Largest Customers.....	130
Ratios of Outstanding Debt By Type	131
Computation Of Overlapping Debt	132
Pledged Revenue Coverage.....	133
Demographic And Economic Statistics	134
Principal Employers (St. Louis Metropolitan Area).....	135
Employment Level.....	136
Average Flow	137
Operating And Capital Indicators.....	138

Introductory Section



Vision Statement

Quality Service Always

Mission Statement

To protect the public's health, safety, and water environment by responsibly providing wastewater and stormwater management

Values

Integrity
Teamwork
Excellence and Innovation
The District Employees
Customer Satisfaction

Mission, Vision, Value statements are important elements of a strategic business plan. The Mission statement keeps the District focused on its essential activity, the Vision statement points to its ideal purpose, and the Value statement conveys the principles that must shape our actions.



**Metropolitan St. Louis
Sewer District**

2350 Market Street
St. Louis, MO 63103-2555
314-768-6200
www.msdpjectclear.org

November 1, 2022

The Board of Trustees
The Metropolitan St. Louis Sewer District

The Annual Comprehensive Financial Report (“ACFR”) of The Metropolitan St. Louis Sewer District (“MSD” or the “District”) for the fiscal year (“FY”) ended June 30, 2022 is submitted herewith. The District’s Finance Department prepared this report. The District is responsible for the accuracy of the data and the completeness and fairness of the presentation of the financial statements and other information presented herein. We believe the presentation is accurate in all material respects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the District’s financial activities. In the ACFR, the District’s financial activities are measured on a single enterprise fund basis where all funds of the District and its sub-districts are consolidated.

The District’s ACFR includes an Introductory Section, a Financial Section, and a Statistical Section. The Introductory Section includes this transmittal letter, an organization chart as of June 30, 2022 which lists the District’s Board of Trustees, Rate Commission Chair, members of the Civil Service Commission, and management staff and the Government Finance Officers Association’s Certificate of Achievement For Excellence In Financial Reporting presented to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Financial Section includes the independent auditors’ report, management’s discussion and analysis, the District’s basic financial statements and required supplementary information. The Statistical Section includes financial, economic, and demographic information, generally presented on a multi-year basis.

The ACFR includes all funds of the District. The operations of these funds, as reflected in the financial statements, are under the control of the District’s governing body. The District has determined there were no other agencies or entities that met the established criteria for inclusion in the reporting entity. Separate from the District’s enterprise financial statements, the District’s fiduciary component unit’s financial statements for The Metropolitan St. Louis Sewer District Employees’ Pension Plan are also included in the ACFR.

Organization

MSD was created in 1954 to provide a metropolitan-wide sewer system to serve the City of St. Louis and most of the more heavily populated areas of St. Louis County. Before MSD's creation, the City of St. Louis, various municipalities, and private sewer companies provided sewer service that primarily included only collecting and transporting sewage from small geographic areas to nearby rivers and streams with little or no treatment. Most of the municipalities or private sewer companies serving the area did not have the jurisdictional authority or financial resources needed to eliminate health hazards from untreated sewage.

When the District began operations, it took over the publicly owned wastewater and stormwater drainage facilities within its jurisdiction and began the construction of an extensive system of collector and interceptor sewers and treatment facilities. In 1977, voters approved the District's annexation of a 270 square mile area of the lower Missouri River and lower Meramec River watersheds. The District purchased the Fee Trunk Sewer Company and the Missouri Bottoms Sewer Company in 1978. MSD has since acquired other investor-owned or municipally operated systems.

The District's service area now encompasses 520 square miles including all 66 square miles of the City of St. Louis and 454 square miles of St. Louis County. The current population served by the District is approximately 1.3 million representing approximately 429,000 accounts.

MSD is organized pursuant to Article VI, Section 30 of the Missouri State Constitution that empowers the people of St. Louis County and the City of St. Louis "to establish a metropolitan district for functional administration of services common to the area." MSD is the only district established pursuant to that section of the Missouri State Constitution.

The Charter of MSD ("Plan"), approved by voters in 1954 and amended in 2000, 2012 and 2021, established the District. The Plan describes the District as "a body corporate, a municipal corporation, and a political subdivision of the state." As a political subdivision of the state, MSD is comparable to a county or city, such as St. Louis County or the City of St. Louis.

The Plan established the governing body of the District as a six-member Board of Trustees ("Board") with three members appointed by the Mayor of St. Louis and three members appointed by the St. Louis County Executive. Each Trustee shall be appointed for a term of four years. No Trustee shall serve more than two full consecutive terms plus any portion of an unexpired term; provided, however, that each Trustee shall serve until his/her successor shall be appointed and qualified. No more than two trustees appointed from the City or County shall be a member of the same political party.

Unlike a corporation's board of directors that is responsible solely to the stockholders who choose to invest in the corporation, MSD's Board members are trustees of public property and public funds. They are responsible to all citizens within the District.

According to the Plan, the Board enacts District ordinances, determines policies, and appoints the Executive Director, the Secretary-Treasurer, and the Internal Auditor. The Executive Director appoints all other District officials. Among its duties, the Board makes all appropriations, approves contracts for improvements, and engages an accounting firm to perform the annual independent audit of the District.

The Plan prescribes other duties of the Board and grants numerous broad powers, subject to federal and state laws, to the District and the Board of Trustees. Among other things, the Plan outlines the following requirements or provisions:

- Requires that MSD operate with a balanced budget;
- Details how MSD can tax property and requires an annual public hearing on all taxes levied by the District;
- Details how MSD can establish user charges;
- Requires MSD to establish civil service rules and regulations governed by a Civil Service Commission;
- Provides how the original boundaries of the District may be extended to include any area in St. Louis County; and
- Requires MSD to approve all plans and designs for proposed construction, alteration, or reconstruction of sewer or drainage facilities within the District's boundaries.

The District is also governed by the Missouri State Constitution and various federal and state laws that, among other requirements, mandate the following:

- MSD must hold permits for all sanitary discharges. These permits require a minimum of secondary treatment;
- MSD must provide wastewater treatment in an area-wide manner to qualify for federal and state grants;
- MSD must operate, maintain, and replace facilities to provide proper wastewater treatment or be subject to penalties and fines; and
- MSD must set user charge rates in compliance with the Federal Clean Water Act. These rates must be submitted to the Missouri Department of Natural Resources to receive future construction grants and to avoid the possibility of refunding past grants.

During fiscal 2022 the primary source of funding for the operation and maintenance of MSD's wastewater system was a user charge averaging \$699.96 per year or \$58.33 per month for a single-family residence. The District's charges for residential wastewater

service are tied to the amount of measured water usage during a winter quarter. For residential properties without water meters, the charges are based on housing attributes (such as the number of rooms, baths, and toilets) that correlate to water usage. That methodology is the same billing methodology used by the City of St. Louis Water Division for their non-metered properties. Multi-family residential and non-residential rates are proportionate to the single-family charge and are based on water consumption and the strength of the discharge. During fiscal year 2022, District personnel continued to closely monitor the impact of COVID-19 on our revenue streams, particularly volume-based wastewater charges related to commercial customers. Fiscal year 2022 volume based billing units measured in ccf's (one hundred cubic feet of water) were approximately 98.5% and 94.4%, respectively, of the amount billed at the end of the District's fiscal year 2020 and fiscal year 2019. In fiscal year 2022, volume based billing units were 4.3% higher than fiscal year 2021 levels. This trend indicates that this revenue source is returning to pre-pandemic levels.

During fiscal 2022 the District's stormwater system was funded through property taxes of 1.7¢ per one hundred dollars assessed valuation for stormwater regulatory activities and 9.0¢ per one hundred dollars assessed valuation for operations and maintenance of the District's stormwater utility. The District also performs limited capital improvements with the revenues generated by the 9.0¢ tax.

Prior to fiscal year 2017, the operation and maintenance of the District's stormwater system was funded by a combination of property taxes and a flat fee billing of 24¢ per month for residential and commercial properties and 18¢ per month per unit for multi-unit properties. On April 5, 2016, over 62% of voters in MSD's service area approved Proposition S which placed all MSD customers under the same property tax rates to fund stormwater services. The flat fee billings were eliminated.

MSD also receives some federal, state, and local grants to help defray the cost of constructing sewage treatment and drainage facilities and improvements. The District also charges fees for plan review, permits, construction inspection of new system development, and special discharges. The District charges a uniform connection fee in all service areas.

The District, itself, may issue general obligation bonds and revenue bonds to finance the cost of improvements and extensions to the sewer system. The District also may issue, on behalf of each of its subdistricts, general obligation bonds, revenue bonds, or special assessment bonds.

Major Initiatives Affecting the Financial Resources of the District

Throughout MSD's service area, there are hundreds of points where a combination of rainwater and wastewater discharges into local waterways from the wastewater sewer

system during moderate to heavy rainstorms. These sewer overflow points act as relief valves when too much rainwater enters the sewer system, and without them, our community could experience thousands of basement backups and/or extensive street flooding. (Even with these overflow points, basement backups can easily number in the dozens or hundreds during particularly heavy rains). Depending on where sewer overflows are located within MSD's system, they are classified as combined sewer overflows or constructed separate sewer overflows. Many of these overflows are a legacy of the way our wastewater systems were first built. Though most overflows predate the District's creation in 1954, they are still MSD's responsibility and efforts to address the problem must continue.

Sewer overflows have been a significant focus of MSD's work for many years. From 1992 to 2012, MSD spent approximately \$2.7 billion to eliminate over 380 overflows. Today, our work to address sewer overflows and improve water quality continues through a Consent Decree that stems from a lawsuit filed against MSD by the State of Missouri and the United States Environmental Protection Agency ("EPA") in June 2007. The State of Missouri and the EPA were later joined in the lawsuit by the Missouri Coalition for the Environment.

After lengthy mediation, the EPA announced a settlement agreement in August 2011. On April 27, 2012, the United States District Court for The Eastern District of Missouri entered a Consent Decree, thus concluding the litigation. The Consent Decree calls for more than \$6 billion in upgrades to the existing wastewater sewer system (in 2018 dollars). Also known as MSD Project Clear, this work was originally scheduled to take place over 23 years and addresses our community's wastewater collection and treatment capabilities on a system-wide basis. The work is a mammoth undertaking that will benefit St. Louisans – and our environment – for generations to come.

MSD is about 10 years into the project, a massive effort to upgrade the city's aging sewer system by separating areas with combined sewer and stormwater pipes that lead to discharges of sewage into the Mississippi River and its tributaries.

In the 10 years since the project commenced, MSD has accomplished the following:

- Spent \$60.8 million on the Cityshed Mitigation Program to mitigate backups in the sewer system that lead to basement backups and overland flooding.
- Spent \$30.5 million on a Green Infrastructure Program, which has resulted in the reduction of an estimated 35.77 million gallons of combined sewer and stormwater discharges into the Mississippi River watershed.
- Continued construction of Maline Creek, Deer Creek, Gravois Creek, and Jefferson Barracks storage tunnels/facilities; continued planning of Upper River Des Peres and River Des Peres tributaries storage tunnels; and final engineering of the Lower and Middle Des Peres storage tunnel.

- Completed the Coldwater Sanitary Relief storage facility.
- Completed the Lemay Treatment Plant primary and secondary treatment capacity, with additional expansions in progress at the Lower Meramec Wastewater Treatment Facility.
- Eliminated 76 Sanitary Sewer Overflows, areas in the sewer system designed to discharge combined sewer and stormwater during high rain events.
- Spent \$1.6 million on closures of unauthorized sewer connections and septic tanks.

On June 22, 2018, a United States District Judge approved an amendment to the Consent Decree that extends the schedule from 23 years to 28 years. Necessary approvals were also received from the State of Missouri on August 13, 2018. The motivation behind the amendment is regulatory changes that compel MSD to accelerate certain projects that do not fall within the scope of the Consent Decree. The time extension will allow MSD to address new regulatory requirements in a fiscally responsible way, while better projecting and controlling needed rate increases.

In fiscal year 2022, MSD proposed a modification to the project include replacing two wastewater storage tunnels (Upper River Des Peres Storage Tunnel and River Des Peres Tributaries Storage Tunnel) with a single storage tunnel (Upper River Des Peres and River Des Peres Tributaries Storage Tunnel). This modification will lessen traffic and reduce construction impacts in the Richmond Heights area, a community already disproportionately affected by heavy traffic and pollution exposure. The revision will also reduce the need for purchasing residential properties and easement acquisition, as well as allowing for easier access in and out of construction areas. The new single tunnel is anticipated to be fully operational by December 31, 2037. The proposed modification to the Upper River Des Peres and River Des Peres Tributaries Storage Tunnel represents good engineering practice. The single tunnel limits the impact on nearby communities, further improves the environmental benefit, and allows MSD to maintain an acceptable financial burden for its ratepayers. The U.S. Environmental Protection Agency must approve the proposed modification.

Section 208 of the Clean Water Act, which was created to meet State water quality standards throughout the St. Louis area, originally identified the Meramec River as the region's number one priority river, deserving protection as a drinking water source and because it is biologically diverse and contains important habitat.

In fiscal year 2022, MSD amended the 208 Plan to bring it in alignment with the current situation in the Lower Meramec Basin. The analyses justify the following amendments:

- It is more cost-effective to maintain existing facilities (\$182M) within the Lower Meramec System than to construct a single regional Wastewater

Treatment Facility (WWTF) (\$476M). A single regional WWTF is not necessary to meet state water quality standards. Therefore, the Lower Meramec system should instead be served by four WWTFs: Lower Meramec WWTF, Grand Glaize WWTF, Saline Creek Regional WWTF, and Kimmswick WWTF.

- It is not feasible for the Lower Meramec WWTF to serve as a regional sludge processing center. The plan now recognizes that sludge processing for MSD facilities in the Lower Meramec System will be handled at Bissell Point or Lemay WWTFs; the Northwest Public Sewer District and Rock Creek Public Sewer District will continue their management activities.

Operations

The Executive Director and his staff administer the operation and maintenance of the District’s collection and treatment systems. The District’s wastewater, stormwater, and combined sewer collection system includes approximately 9,400 miles of pipe and channel and will grow larger over the long term due to new development. Some years may see a reduction in total miles of pipe. This is due to the replacement of inefficiently placed pipe with shorter, more direct lines of pipe. The District’s responsibilities for stormwater drainage range from cleaning and maintaining street inlets to operating and maintaining the floodwall pump stations along the Mississippi River.

MSD currently operates seven wastewater treatment facilities. These facilities treated an average flow of 289.5 million gallons per day (“MGD”) in fiscal 2022 compared to 300.6 MGD in fiscal 2021. Flows were lower in fiscal year 2022 due to fewer rain events than occurred in fiscal 2021. The design capacity and average flow, by watershed, in MGD was as follows in fiscal 2022:

MAJOR WATERSHED	LEVEL OF TREATMENT	NUMBER OF FACILITIES	DESIGN CAPACITY (MGD)	AVERAGE FLOW FISCAL 2022 (MGD)
Mississippi River	Secondary	Two	472.00	214.90
Missouri River	Secondary	Two	78.00	47.10
Meramec River	Secondary	Three	42.75	27.50
Total		Seven	592.75	289.50

In addition to construction initiated by the District to protect the public’s health and property from raw sewage and flooding, the District also provides various engineering-related design review and inspection services for the construction of wastewater and stormwater sewers by individuals, businesses, and municipalities in the community.

Economic Conditions In The St. Louis Metropolitan Area

As a rule, the District's major revenue sources do not fluctuate with the local and national economy as much as local governments that depend on sales or income taxes for their major sources of revenue. The combined unemployment rate for the City of St. Louis and St. Louis County was 2.5 percent in June 2022 and lower than the national unemployment rate of 3.6 percent for the same time period. The June 2022 unemployment rate of 2.5 percent is lower than the June 2021 rate of 5.8 percent due to the diminishing impact of the COVID-19 pandemic.

MSD has its own internal barometers for measuring economic development within the District. These are listed below for fiscal 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<u>Sewer Plan Reviews:</u>		
Number of Plans Approved	446	525
Number of Miles of Sewers	52	44
<u>Sewer Construction Permits:</u>		
Number of Permits Issued	2,125	2,130
Number of Miles of Sewers	18	21
<u>Customer Connections:</u>		
Number of Connection Permits Issued	1,919	1,621
Connection Fee Revenue (in millions)	\$1.3	\$1.6
<u>Value of Sewers Dedicated to</u>		
<u>MSD by Developers</u> (in millions)	\$13.3	\$12.9

Over the years, the St. Louis economy has undergone a transformation from reliance on traditional manufacturing industries to those industries based on advanced technology and services. The St. Louis area is a center for health care, biotechnology, banking, finance, transportation, tourism, and education and has a strong and diverse manufacturing economy. The area has an abundance of energy, water, and sewerage facilities and can sustain future economic growth.

Financial Information

Proprietary Operations. The current financial condition of MSD remains stable. The District realized a net operating income of \$159.6 million in fiscal 2022 compared to a net operating income of \$136.7 million the prior year. The increase in net operating income was driven by a \$27.4 million increase in sewer service charges. Sewer charge revenues grew due to a rate increase that was effective on July 1, 2021 and an increase in customer usage. Operating expenses increased \$8.2 million due primarily to a \$4.2 million increase in general and administrative expenses which consisted of a \$3.1 million increase in

Governmental Accounting Standards Board (GASB) Statement No. 68 related pension expense and a \$0.7 million increase in GASB Statement No. 75 Other Post-Employment Benefits. General and administration expenses were also impacted by an increase in depreciation expenses of \$4.1 million due to additional assets being capitalized. A more in-depth analysis of the District's financial position and the magnitude of the capital improvement and replacement program ("CIRP") is provided in the Management's Discussion and Analysis section that appears later in this report.

Budgetary Controls. The District's Plan requires MSD to submit a proposed budget to the Board by March 15th each year. After Board review, a final budget is approved in June. The District's Plan also requires MSD to maintain budgetary controls and to adopt a balanced budget. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the appropriation process approved by the Board. The annual appropriated budget includes activities of the District's operating and debt service funds. The Board adopts ordinances to appropriate funds for capital improvement expenditures at the time of the contract award and acceptance of any grant offers.

Budgetary control is by Division and major expenditure category within the General Fund, each Debt Service Fund, and each capital improvement contract. The District utilizes an encumbrance accounting system in conjunction with internal variance and projection analysis to maintain budgetary control. Certain encumbrances carry over from one year to the next as approved by the Board during the budget process.

Monthly and year-end financial reports are prepared in accordance with United States generally accepted accounting principles for Enterprise Funds. Adjustments are made to the accounting records, where necessary, to reflect the full accrual method of accounting. Under the full accrual method of accounting, revenues are recognized when earned and expenses are recorded as liabilities when incurred. Encumbrances and unearned capital and operating grants are eliminated under the full accrual method of accounting. These amounts are disclosed as commitments in the notes to financial statements.

Cash Management. In compliance with its Plan, the District invests temporarily idle funds in cash, cash equivalents and investments such as collateralized certificates of deposit, collateralized repurchase agreements, obligations of any agency of the United States, and United States Treasury instruments. The District utilizes competitive bidding for investment purchases and monitors market conditions daily.

Risk Management. In-house staff and consultants jointly conduct risk management activities. MSD maintains third-party commercial insurance coverage for various risks while self-insuring for other risks and liabilities at levels customary for similar enterprises. The District maintains replacement cost property and casualty insurance with a policy limit of \$1.0 billion on certain facilities and equipment that have an estimated replacement cost of \$934.4 million. The District assumes the risk of loss

(including payment of water backup claims to its customers) on most of its underground pumping facilities and collection system. MSD is one of the few sewer districts in the country known to provide water backup claim coverage to its customers. To minimize exposure to loss, the District inspects its facilities regularly and performs preventative maintenance on them.

MSD maintains automobile, general liability and excess liability insurance. The District is self-insured for workers' compensation and funds those costs through annual appropriations from the District's general insurance fund. The District maintains reinsurance for workers' compensation liabilities in excess of specified limits up to the statutory limit. Risk control activities include using a third-party claims administrator, maintaining a computerized claim tracking system, and annually reevaluating workers' compensation cost. The District also has programs designed to promote safety in the workplace and employee wellness.

The District provides group medical coverage for its employees and offers dependent medical coverage on a contributory basis through a self-insured plan. Effective February 1, 2014, the District maintained stop loss coverage for specific claims exceeding \$175,000 per year and for total annual claims greater than 125 percent of the annual claims estimate. The District provides its employees with contributory group dental insurance coverage and non-contributory life insurance and contributory optional life insurance coverage. The District also contributes \$125 every fiscal year, up to a maximum of \$500, to a vision care program for employees. Effective July 1, 2013, spouses were eligible to use the benefits; effective July 1, 2016, dependent children up to age 26 were eligible to use the benefits; however, the amount could not exceed the maximum amount of \$500. The District reevaluates insurance coverage and providers annually by reevaluating medical insurance claims and health benefit costs.

For most construction projects, insurance is obtained by the individual contractor and included in the contract price.

Internal Controls. District Management is responsible for designing, establishing, and maintaining an internal control system that protects District assets from loss, theft, or misuse and ensures that adequate accounting data is compiled to prepare financial statements in conformity with United States generally accepted accounting principles. Internal control systems are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. The District's internal control system is subject to periodic evaluation by Management, the Board and the District's independent accountants.

Other Information

Audit Requirements. The District's Plan requires an annual audit by independent certified public accountants. The District's ACFR includes a report on the District's financial statements by the accounting firm of CliftonLarsonAllen LLP.

Besides meeting the requirements set forth in the Plan, the annual audit is also designed to meet the requirements of the 2013 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") that was issued by the Office of Management and Budget ("OMB"). A Single Audit Report will be issued for the year ended June 30, 2022.

The financial statements of The Metropolitan St. Louis Sewer District Employees' Pension Plan, The Metropolitan St. Louis Sewer District Deferred Compensation Plan and Trust and The Metropolitan St. Louis Sewer District Defined Contribution Plan are also audited annually. These audit reports were issued for the periods ending December 31, 2021 and 2020 and are available to interested parties upon request.

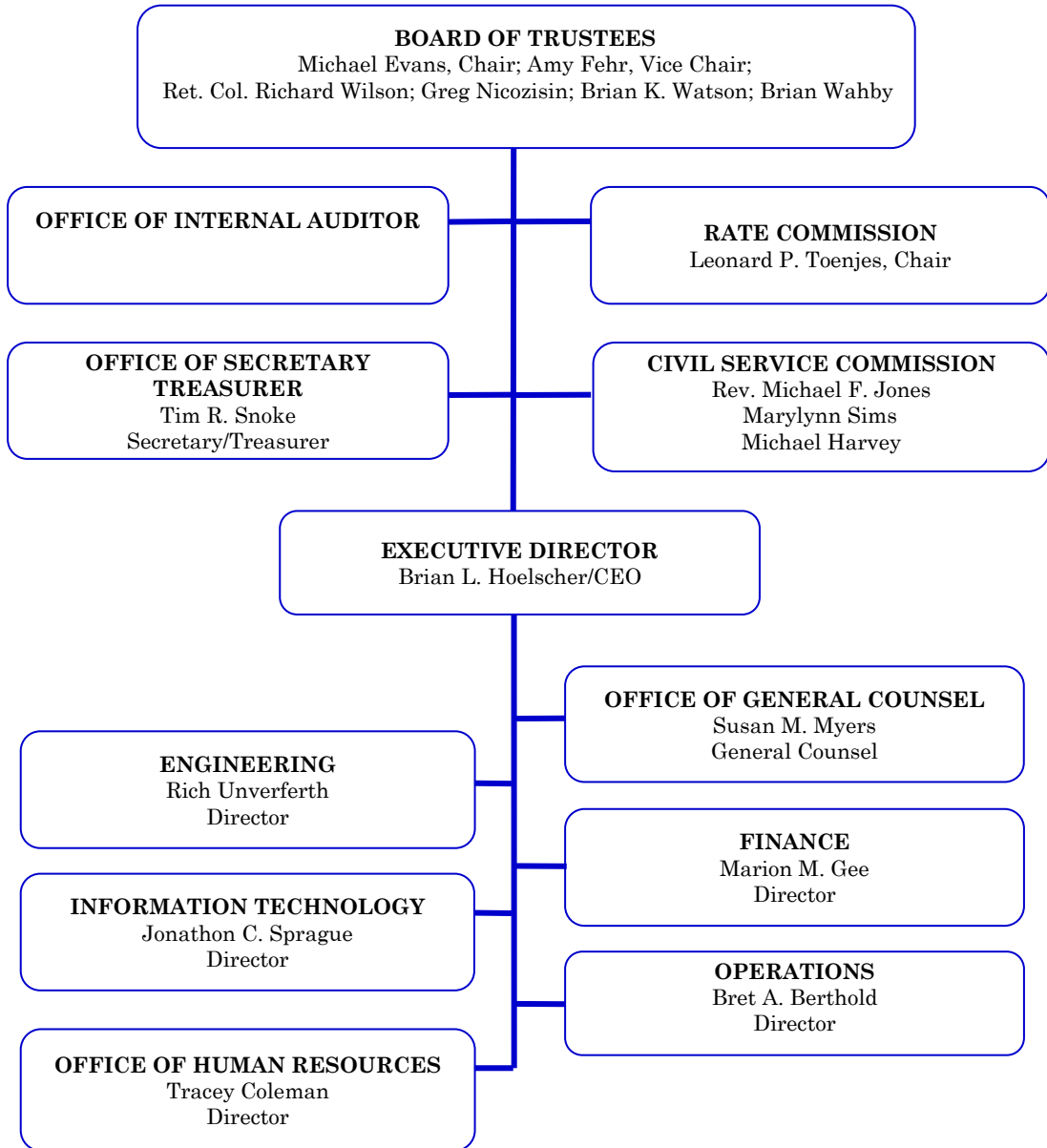
Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to MSD for its ACFR for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to program standards. The ACFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. The District has received a Certificate of Achievement for the last thirty-four consecutive years. We believe the current ACFR continues to conform to the GFOA's high standards, as reflected in the Certificate of Achievement program requirements, and are submitting it again this year for consideration. The District also received the GFOA's Distinguished Budget Presentation award for its fiscal 2022 annual budget. The District has received this award for thirty-five consecutive years. We believe the fiscal year 2023 budget presentation continues to meet the GFOA's high standards and have submitted it for consideration. The District also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting ("PAFR") for its fiscal year 2021 PAFR. We have received this award for every year since the publication of our first PAFR for fiscal year 2012 and intend to submit the fiscal year 2022 PAFR for consideration.



Marion M. Gee
Director of Finance

ORGANIZATION
(As of June 30, 2022)





Government Finance Officers Association

**Certificate Of
Achievement
For Excellence
In Financial
Reporting**

Presented to

**Metropolitan St. Louis Sewer District
Missouri**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

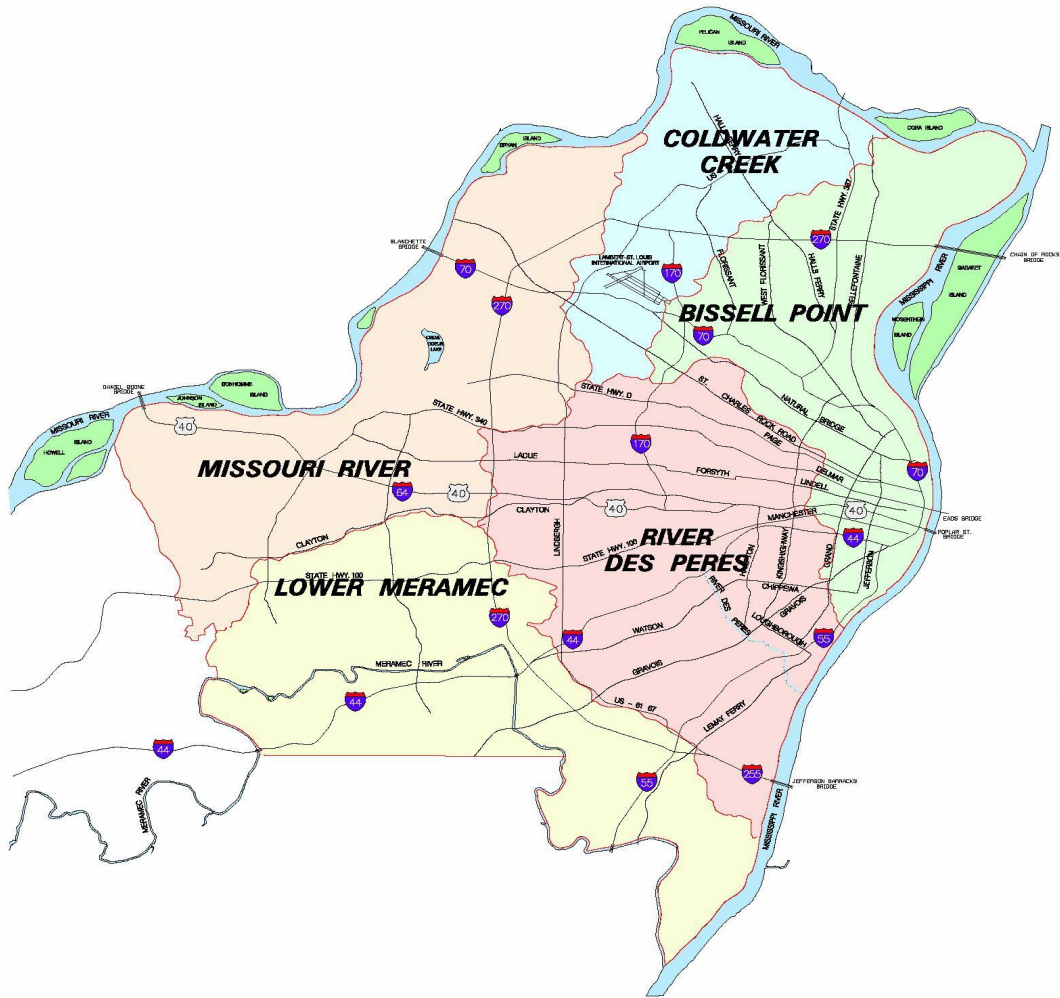
June 30, 2021

Christopher P. Morrell

Executive Director/CEO

Financial Section

METROPOLITAN ST. LOUIS SEWER DISTRICT SERVICE AREAS





INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Metropolitan St. Louis Sewer District
St. Louis, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of The Metropolitan St. Louis Sewer District (the District), as of and for the years ended June 30, 2022 and 2021 (except for the aggregate remaining fund information, which is as of and for the years ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of The Metropolitan St. Louis Sewer District, as of June 30, 2022 and 2021 (except for the aggregate remaining fund information, which is as of and for the years ended December 31, 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 audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 management's discussion and analysis, schedule of changes in net pension liability and related ratios for the employees' pension plan, schedule of employer contributions to employees' pension plan and schedule of changes in total OPEB liability 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.

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 auditors' 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 October 28, 2022, on our consideration of The Metropolitan St. Louis Sewer District'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 Metropolitan St. Louis Sewer District'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 Metropolitan St. Louis Sewer District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Louis, Missouri
October 28, 2022

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Years Ended June 30, 2022 and 2021

The annual report of The Metropolitan St. Louis Sewer District ("MSD" or the "District") includes the independent auditors' report, management's discussion and analysis ("MD&A"), and the financial statements accompanied by notes essential to the user's understanding of the financial statements.

Management of the District has provided this MD&A to be used in combination with the District's financial statements. This narrative is intended to provide the reader with more insight into management's knowledge of the transactions, events, and conditions reflected in the accompanying financial statements and the fiscal policies that govern the District's operations.

2022 Financial Highlights

- The District increased net capital assets by \$166.2 million as a result of increases in land (\$2.6 million) and depreciable capital assets net of depreciation (\$178.3 million) offset by a decrease in construction in progress (\$15.1 million).
- The District placed \$278.6 million of capital assets into service during fiscal year 2022. The continued high level of capitalization reflects the District's work to meet long-term plans. Capitalized assets included:

Collection and pumping plant	\$238.8 million
Treatment and disposal plant and equipment	\$29.2 million
General plant and equipment	\$7.5 million
Land	\$2.6 million
Lease Assets	\$0.5 million

The net increase to accumulated depreciation and amortization was \$93.1 million which takes into consideration the recording of depreciation and amortization relating to new assets in addition to depreciation and amortization on existing assets offset by the accumulated depreciation and amortization relieved for assets retired during the year.

During the 2022 fiscal year the District implemented two Governmental Accounting Standards Board ("GASB") Statements. See Note 1, Summary of Significant Accounting Policies, in the accompanying notes to the financial statements for more detailed information.

2021 Financial Highlights

- The District increased capital assets by \$231.3 million as a result of increases in construction in progress (\$181.1 million), land (\$1.2 million) and depreciable capital assets net of depreciation (\$49.0 million).

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

- The District placed \$142.8 million of capital assets into service during fiscal year 2021. The continued high level of capitalization reflects the District's work to meet long-term plans. Capitalized assets included:

Collection and pumping plant	\$120.3 million
Treatment and disposal plant and equipment	\$14.2 million
General plant and equipment	\$6.1 million
Land	\$1.2 million
Lease Assets	\$1.0 million

The net increase to accumulated depreciation and amortization was \$86.9 million which takes into consideration the recording of depreciation and amortization relating to new assets in addition to depreciation and amortization on existing assets offset by the accumulated depreciation and amortization relieved for assets retired during the year.

During the 2021 fiscal year the District implemented three Governmental Accounting Standards Board ("GASB") Statements and two Implementation Guides. See Note 1, Summary of Significant Accounting Policies, in the accompanying notes to the financial statements for more detailed information.

Required Financial Statements

The basic financial statements presented by the management of the District include the Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; Statements of Fiduciary Net Position; and Statements of Changes in Fiduciary Net Position. These statements are prepared using the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America as applied to government units. This method of accounting recognizes revenue at the time it is earned and expenses when the related liability occurs. As a result of using this method of accounting, the District's performance over the time period being reported is more easily determinable. The District's basic financial statements also include the Notes to the Financial Statements and Required Supplementary Information. In addition, certain statistical supplementary information is presented for additional analysis but is not a required part of the basic financial statements.

The District implemented GASB Statement No. 84, *Fiduciary Activities* ("GASB Statement No. 84") in fiscal 2021 and included the financial statements of the District's fiduciary activities in conformity with generally accepted accounting principles in the United States of America. The fiduciary activities of the District include The Metropolitan St. Louis Sewer District Employees' Pension Plan ("Pension Plan").

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

The Statements of Net Position provide a report of the District's current, restricted, and other non-current assets such as cash, investments, receivables, and capital assets. Also, the Statements of Net Position provide a summary of the District's current, restricted, and non-current liabilities, including contracts and accounts payable, deposits and accrued expenses, pension and OPEB liabilities and bonds and notes payable. Deferred outflows and inflows of resources, where applicable, are also included. The final section of the Statements of Net Position, the net position section, contains earnings retained for use by the District. Increases or decreases in the net position section may be indicative of an improving or declining financial position. This statement provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The Statements of Revenues, Expenses, and Changes in Net Position summarize the years' revenues and expenses. These statements indicate how successful the District was at maintaining expenses below the level of revenue earned.

The Statements of Cash Flows account for the net change in cash and cash equivalents by summarizing cash receipts and cash disbursements resulting from operating activities, non-capital financing activities, capital, and related financing activities, and investing activities. These statements assist the user in determining the sources of cash coming into the District, the items for which cash was expended, and the beginning and ending cash balances.

The Notes to the Financial Statements provide additional information that is essential to obtain a full understanding of the data provided in the basic financial statements, such as the District's significant accounting policies, investment instruments, outstanding debt, employee benefit plans, segment information and subsequent events to name a few.

The Required Supplementary Information section provides detail in support of the changes in the net pension liability and the total other postemployment benefits ("OPEB") liability and information pertaining to the District's actuarially determined contributions to the Pension Plan.

The Statistical Section provides significant data that afford the reader a better historical perspective and assist in assessing the current financial status and trends of the District for which ten years of data is generally provided.

Financial Analysis

The District's financial position improved in the current year, as evidenced by the increase in net position of \$135.6 million. The improvement is due primarily to an increase in net investment in capital assets, subdistrict construction and improvement

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (Continued)

funds, and unrestricted funds of \$108.4 million, \$3.7 million, and \$29.1 million, respectively; offset by a decrease in debt service funds of \$5.6 million. The increase in net investment in capital assets net position is comprised of a \$166.2 million increase in net capital assets and a \$20.4 million increase in unspent bond proceeds and \$8.4 million in construction-related liabilities and is decreased by a \$75.6 million increase in debt related to capital assets, \$8.6 million increase in deferred gain on debt refunding, and the \$2.4 million amortization of deferred losses. The \$5.6 million decrease in the debt service funds net position is due primarily to the \$6.8 million cash reserves paid out in fiscal 2022 to current refund certain debt.

Condensed Financial Statements and Analysis

Condensed Statements of Net Position (000's)

	June 30, 2022	June 30, 2021 As Restated	Increase (Decrease) 2022-2021	June 30, 2020	Increase (Decrease) 2021-2020
Assets:					
Current, non-current, restricted, and other assets	\$ 879,975	\$ 831,541	\$ 48,434	\$ 787,043	\$ 44,498
Capital assets (net of accumulated depreciation)	4,245,478	4,079,233	166,245	3,847,889	231,344
Total Assets	5,125,453	4,910,774	214,679	4,634,932	275,842
Deferred Outflows of Resources:					
Bonds and notes payable-Deferred loss on refunding	3,069	5,469	(2,400)	5,889	(420)
Pension-related outflows	18,477	10,476	8,001	15,673	(5,197)
OPEB-related outflows	4,288	3,537	751	2,843	694
Total Deferred Outflows of Resources	25,834	19,482	6,352	24,405	(4,923)
Liabilities:					
Current liabilities	165,921	165,962	(41)	153,611	12,351
Non-current liabilities	1,910,231	1,833,143	77,088	1,722,223	110,920
Total Liabilities	2,076,152	1,999,105	77,047	1,875,834	123,271
Deferred Inflows of Resources:					
Bonds and notes payable-Deferred gain on refunding	11,427	2,793	8,634	1,393	1,400
Pension-related inflows	23,194	22,671	523	7,150	15,521
OPEB-related inflows	3,446	3,888	(442)	4,331	(443)
Lease inflows	3,426	3,773	(347)	—	3,773
Total Deferred Inflows of Resources	41,493	33,125	8,368	12,874	20,251
Net Position:					
Net investment in capital assets	2,407,702	2,299,302	108,400	2,184,736	114,566
Restricted	96,029	97,920	(1,891)	97,034	886
Unrestricted	529,911	500,804	29,107	488,859	11,945
Total Net Position	\$ 3,033,642	\$ 2,898,026	\$ 135,616	\$ 2,770,629	\$ 127,397

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

2022 Analysis

Current, non-current, restricted, and other assets increased \$48.4 million or 5.8% in the current year. The increase is predominately due to an increase in cash and long-term investments due to increased unspent bond proceeds and more taxes levied and collected. Capital assets net of accumulated depreciation increased by \$166.2 million or 4.1% in the current year as the result of continued high levels of construction and acquisition of assets by the District.

Current liabilities decreased by \$0.4 million or 0.02% due primarily to an decrease in contracts and accounts payable and retainage held on capital projects, offset by increase in current portion of bond and notes payable.

Non-current liabilities increased by \$77.0 million or 4.2% primarily due to net increases in bonds and notes payable, net pension liability and total OPEB liability of \$70.4 million, \$4.4 million, and \$1.9 million, respectively. The net increase in bonds and notes payable is related to the \$197.3 million new senior and direct placement debt issued in fiscal year 2022 and a net increase of \$21.9 million in premiums received in fiscal 2022 on debt issuances offset by \$66.3 million for fiscal 2022 senior and subordinate debt payments reclassified to current liabilities, \$28.4 million current refunding of existing debt, and \$1.6 million amortization of premiums, net of discount.

Net deferred outflows and inflows increased \$14.7 million or 28.0% due primarily to updates to various information provided by the District's actuary such as economic/demographic gains or losses, assumption changes or inputs, and investment gains or losses related to the District's net pension liability or total OPEB liability.

2021 Analysis

Current, non-current, restricted, and other assets increased \$44.5 million or 5.7% in fiscal year 2021. The increase is predominately due to an increase in investments and cash due to increased unspent bond proceeds and more taxes levied and collected.

Capital assets net of accumulated depreciation increased by \$231.3 million or 6.0% in fiscal year 2021 as the result of continued high levels of construction and acquisition of assets by the District.

Current liabilities increased by \$12.4 million or 8.0% due primarily to an increase in contracts and accounts payable, current portion of bond and notes payable and retainage held on capital projects.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

Non-current liabilities increased by \$110.9 million or 6.4% primarily due to net increases in bonds and notes payable, total OPEB liability and deposits and accrued expenses of \$135.1 million, \$1.8 million, and \$1.6 million, respectively; offset by a decrease in net pension liability of \$28.3 million. The net increase in bonds and notes payable is related to the \$178.6 million new senior and subordinate debt issued in fiscal year 2021 and a net increase in premiums received on debt issuances of \$37.4 million due to premiums on the fiscal 2021 new debt exceeding the premium retired resulting from the fiscal 2021 direct placement refunding; offset by \$61.2 million for fiscal 2022 senior and subordinate debt payments reclassified to current liabilities, \$11.4 million current refunding of existing debt, \$6.4 million amortization of premiums, net of discount, and \$1.9 million for fiscal 2021 senior debt payment reclassified to current liabilities payable on new fiscal 2021 debt.

Net deferred outflows and inflows decreased \$21.4 million or 185.6% due primarily to updates to various information provided by the District's actuary such as economic/demographic gains or losses, assumption changes or inputs, and investment gains or losses related to the District's net pension liability or total OPEB liability.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (Continued)

Statements of Revenues, Expenses, and Changes in Net Position (000's)

	For the Fiscal Year Ended June 30, 2022	For the Fiscal Year Ended June 30, 2021 As Restated	Increase (Decrease) 2022-2021	For the Fiscal Year Ended June 30, 2020	Increase (Decrease) 2021-2020
Operating Revenues:					
Sewer service charges	\$ 452,645	\$ 425,248	\$ 27,397	\$ 430,398	\$ (5,150)
Provision for doubtful sewer service charge accounts	(5,076)	(5,347)	271	(5,612)	265
Licenses, permits, and other fees	3,937	3,754	183	3,012	742
Other	6,763	3,497	3,266	10,193	(6,696)
Total Operating Revenues	458,269	427,152	31,117	437,991	(10,839)
Non-operating Revenues:					
Property taxes levied by the District	44,480	43,624	856	35,439	8,185
Investment income (loss)	(12,514)	1,392	(13,906)	16,259	(14,867)
Rent and other income	439	428	11	302	126
Total Non-operating Revenues	32,405	45,444	(13,039)	52,000	(6,556)
Total Revenues	490,674	472,596	18,078	489,991	(17,395)
Operating Expenses:					
Pumping and treatment	65,550	64,475	1,075	62,030	2,445
Collection system maintenance	45,870	48,113	(2,243)	47,652	461
Engineering	11,674	11,501	173	11,628	(127)
General and administrative	59,094	54,868	4,226	65,947	(11,079)
Water backup claims	2,031	3,985	(1,954)	4,653	(668)
Depreciation	95,494	91,352	4,142	87,633	3,719
Lease amortization	158	142	16	—	142
Asset management	18,776	16,024	2,752	17,195	(1,171)
Total Operating Expenses	298,647	290,460	8,186	296,738	(6,277)
Non-operating Expenses:					
Net loss on disposal and sale of capital assets	1,523	990	533	962	28
Non-recurring projects and studies	13,243	11,828	1,415	12,458	(630)
Interest expense	56,932	56,622	310	36,119	20,503
Total Non-operating Expenses	71,698	69,440	2,258	49,539	19,901
Total Expenses	370,345	359,900	10,444	346,277	13,623
Income Before Capital Grants And Contributions					
	120,329	112,696	7,633	143,714	(31,018)
Capital Grants And Contributions	15,287	14,701	586	6,391	8,310
Change in Net Position	135,616	127,397	8,219	150,105	(22,708)
Net Position - Beginning of Year	2,898,026	2,770,629	127,397	2,620,524	150,105
Net Position - End of Year	\$ 3,033,642	\$ 2,898,026	\$ 135,616	\$ 2,770,629	\$ 127,397

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

2022 Analysis

Net position increased \$135.6 million or 4.7% over the prior year which was an \$8.2 million or 6.4% increase from last year's net position increase. The largest impacts to net position were the increase in sewer service charge revenue and the decrease in investment income.

Total revenue increased by \$18.1 million or 3.8% resulting primarily from the increase in sewer service charges. Other operating revenue increased \$3.3 million or 7.3% primarily due to a lawsuit settlement received on a sewer construction project in fiscal year 2020. Property taxes increased \$0.9 million or 2% due primarily to higher property valuation assessments and re-instatement of tax rates for several of the stormwater subdistricts. Investment income decreased \$13.9 million or 998.8% primarily due to an \$12.3 million unrealized loss on investments recorded in fiscal 2022.

Total expenses increased by \$10.4 million or 2.9% resulting primarily from the increase in non-recurring projects and studies. Operating expenses increased \$8.2 million or 2.8% with increases in general and administrative, depreciation, asset management, and pumping and treatment, of \$4.2 million, \$4.1 million, \$2.7 million, and \$1.1 million, respectively; offset by decreases in collection system maintenance of \$2.2 or 4.7%, and water backup claims of \$2.0 million or 49.0%. General and administrative increased \$4.5 million due to an increase in pension expense based on an actuarial study, \$1.2 million increase in general liability insurance premiums, \$1.0 million increase in overall infrastructure operations, and \$0.8 million increase in security invoices. The general and administrative increases were offset by \$2.8 million decrease in accrued vacation in fiscal 2022 compared to fiscal 2021. In fiscal year 2021, District employees began receiving vacation days as a lump sum versus receiving these days on a prorated basis in prior fiscal years. Non-operating expenses increased \$2.3 million or 3.3% due to increases in depreciation expense.

Capital grants and contributions increased \$0.6 million or 4.0% with the majority of the increase resulting from capital contributions as the value of capital projects contributed to the District increased in fiscal 2022.

2021 Analysis

Net position increased \$127.4 million or 4.7% over the prior year which was a \$22.8 million or 15.2% decrease from fiscal year 2020's net position increase. The largest impacts to net position were the decrease in investment income and the increase in interest expense.

Total revenue decreased by \$17.4 million or 3.6% resulting primarily from the decrease in investment income. Sewer service charges decreased \$5.2 million or 1.2% due to the

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

impact of the COVID 19 pandemic on commercial customers' charges. Other operating revenue decreased \$6.7 million or 65.7% primarily due to a lawsuit settlement received on a sewer construction project in fiscal year 2020. Property taxes increased \$8.2 million or 23.1% due primarily to higher property valuation assessments and re-instatement of tax rates for several of the stormwater subdistricts. Investment income decreased \$14.9 million or 91.4% due to an unrealized loss on investments recorded in fiscal 2021 compared to an unrealized gain recognized in fiscal 2020.

Total expenses increased by \$13.6 million or 3.9% resulting primarily from the increase in interest expense. Operating expenses decreased \$6.3 million or 2.1% with decreases in general and administrative, asset management and water backup claims of \$10.9 million, \$1.2 million, and \$0.7 million, respectively; offset by increases in depreciation expense of \$3.7 million or 4.2% and pumping and treatment expenses of \$2.4 million or 3.9%. General and administrative decreased primarily due to a decrease in net pension expense based on the actuarial calculation resulting from favorable market values for pension assets. Non-operating expenses increased \$19.9 million or 40.2% due to a large increase in interest expense of \$20.5 million or 56.7% due to the early implementation in fiscal 2021 of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB Statement No. 89") which discontinued the practice of considering interest costs as one of the ancillary charges necessary to place assets into their intended location and condition for use. Early implementation of GASB Statement No. 89 resulted in 100 percent of the interest costs being expensed in fiscal year 2021 compared to approximately 63 percent being expensed in fiscal year 2020.

Capital grants and contributions increased \$8.3 million or 130.0% with the majority of the increase resulting from capital contributions as the value of capital projects contributed to the District increased in fiscal 2021.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis *(Continued)*

Condensed Statements of Cash Flows (000's)

	For the Fiscal Year Ended June 30, 2022	For the Fiscal Year Ended June 30, 2021	Increase (Decrease) 2022-2021	For the Fiscal Year Ended June 30, 2020	Increase (Decrease) 2021-2020
Cash flows from operating activities	\$ 236,671	\$ 210,674	\$ 25,997	\$ 216,970	\$ (6,296)
Cash flows from non-capital financing activities	43,983	42,689	1,294	34,983	7,706
Cash flows from capital and related financing activities	(223,610)	(211,637)	(11,973)	(305,361)	93,724
Cash flows from investing activities	(44,855)	(16,586)	(28,269)	93,779	(110,365)
Net increase (decrease) in cash and cash equivalents	12,188	25,140	(12,952)	40,371	(15,231)
Cash and cash equivalents at beginning of year	122,265	97,125	25,140	56,754	40,371
Cash And Cash Equivalents At End Of Year	\$ 134,453	\$ 122,265	\$ 12,188	\$ 97,125	\$ 25,140

2022 Analysis

The District ended the year with \$134.5 million in cash and cash equivalents for an increase of \$12.2 million or 10.0% from the prior year. Cash flows from operating activities increased by \$26.0 million or 12.3% as a result of increased receipts from customers. Cash flows from non-capital financing activities increased by \$1.3 million or 3.0% due to higher taxes receipts. Cash flows from capital and related financing activities decreased by \$12.0 million or 5.7% due primarily to a \$47.3 million decrease in bond proceeds and premiums received in fiscal year 2022 compared to fiscal year 2021, an increase of \$8.0 million in principal, interest and fees paid on bonds due, a decrease of \$1.6 million in capital grant proceeds, and \$1.1 million decrease in insurance proceeds, offset by \$45.6 million decrease in spending for capital assets. Cash flows from investing activities decreased by \$28.3 million or 170.4%. The decrease primarily stems from the fact that the difference between investments maturing decreased \$84.9 million while investments purchased increased \$59.2 million in fiscal 2022 compared to fiscal year 2021.

2021 Analysis

The District ended the year with \$122.3 million in cash and cash equivalents for an increase of \$25.1 million or 25.9% from the prior year. Cash flows from operating activities decreased by \$6.3 million or 2.9% as a result of decreased receipts from customers and increased payments to employees for services and to suppliers for goods and services. Cash flows from non-capital financing activities increased by \$7.7 million

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (Continued)

or 22.0% due to higher taxes receipts. Cash flows from capital and related financing activities increased by \$93.7 million or 30.7% due primarily to a \$99.2 million increase in bond proceeds and premiums received in fiscal year 2021 compared to fiscal year 2020, a decrease of \$16.2 million in principal, interest and fees paid on bonds due primarily to the \$26.0 million debt service reserves paid out to advance refund debt in fiscal 2020 compared to the \$4.0 million paid out in fiscal 2021 to current refund debt, and increases of \$2.4 million in capital grant proceeds and \$1.1 million in insurance proceeds; offset by a \$25.2 million increase in spending for capital assets. Cash flows from investing activities decreased by \$110.4 million or 117.7%. The decrease primarily stems from the fact that the difference between investments maturing decreased \$69.1 million while investments purchased increased \$40.5 million in fiscal 2021 compared to fiscal year 2020.

Capital Assets

Condensed Statements of Capital Assets Net of Depreciation (000's)

	June 30, 2022	June 30, 2021 As Restated	Increase (Decrease) 2022-2021	June 30, 2020	Increase (Decrease) 2021-2020
Land	\$ 82,206	\$ 79,569	\$ 2,637	\$ 78,334	\$ 1,235
Construction in progress	1,178,891	1,194,033	(15,143)	1,012,926	181,107
Treatment and disposal plant and equipment	608,440	617,238	(8,798)	638,730	(21,492)
Collection and pumping plant	2,347,735	2,163,327	184,408	2,094,866	68,461
Lease right of use asset	1,248	891	357	—	891
General plant and equipment	26,958	24,175	2,783	23,033	1,142
Total	\$ 4,245,478	\$ 4,079,233	166,245	\$ 3,847,889	\$ 231,344

2022 Analysis

Total capital assets, net of accumulated depreciation, increased by \$166.2 million or 4.1% over the prior year. Collection and pumping plant assets contained the majority of the increase with net additions of \$184.4 million or 8.5%, primarily for capitalization of assets including new and improved sewers, dedicated assets, and infrastructure repairs. Land increased \$2.6 million or 3.3% due to the acquisition of easements and other land, general plant and equipment increased \$2.8 million or 11.5%, and lease assets increased \$0.4 million or 40.1%. These increases are offset by construction in progress decrease of \$15.1 million or 1.3% and net treatment and disposal plant and equipment decrease of \$8.8 million or 1.4% due to no large projects being capitalized in fiscal 2022 to offset the

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

depreciation charge for the year. For more detailed information, see Note 4, Capital Assets, in the accompanying notes to the financial statements.

2021 Analysis

Total capital assets, net of accumulated depreciation, increased by \$166.2 million or 4.1% over the prior year. Collection and pumping plant assets contained the majority of the increase with net additions of \$184.4 million or 8.5%, primarily for capitalization of assets including new and improved sewers, dedicated assets, and infrastructure repairs. Land increased \$2.6 million or 3.3% due to the acquisition of easements and other land, general plant and equipment increased \$2.8 million or 11.5%, and lease assets increased \$0.4 million or 40.1%. These increases are offset by construction in progress decrease of \$15.1 million or 1.3% and net treatment and disposal plant and equipment decrease of \$8.8 million or 1.4% due to no large projects being capitalized in fiscal 2022 to offset the depreciation charge for the year. For more detailed information, see Note 4, Capital Assets, in the accompanying notes to the financial statements.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (Continued)

Long-Term Debt

Condensed Statements of Long-Term Debt (000's)

	June 30, 2022	June 30, 2021	Increase (Decrease) 2022-2021	June 30, 2020	Increase (Decrease) 2021-2020
Senior Revenue Bonds:					
Series 2010B	\$ 85,000	\$ 85,000	\$ —	\$ 85,000	\$ —
Series 2012A	3,675	40,320	(36,645)	13,725	26,595
Series 2012B	940	37,800	(36,860)	45,620	(7,820)
Series 2013B	35,470	38,990	(3,520)	41,525	(2,535)
Series 2015B	162,960	166,030	(3,070)	42,380	123,650
Series 2016C	135,670	138,740	(3,070)	168,950	(30,210)
Series 2017A	300,090	305,580	(5,490)	141,695	163,885
Series 2019B	50,415	51,295	(880)	309,240	(257,945)
Series 2019C (Taxable)	273,200	274,745	(1,545)	52,130	222,615
Series 2020B	116,160	118,055	(1,895)	276,260	(158,205)
Series 2022B	109,070	—	109,070	—	—
Water Infrastructure Finance & Innovation Act (WIFIA) Senior Bonds:					
Series 2018A	262	262	—	262	—
Senior Refunding Revenue Bonds, Direct Placement:					
Series 2021C	5,620	5,620	—	—	5,620
Series 2022A	39,845	—	39,845	—	—
Subordinate Revenue Bonds (State Revolving Funds Program):					
Series 2004B	37,085	46,625	(9,540)	55,730	(9,105)
Series 2005A	2,025	2,400	(375)	2,765	(365)
Series 2006A	13,545	16,075	(2,530)	18,550	(2,475)
Series 2006B	5,110	5,890	(780)	6,650	(760)
Series 2008A/B	15,740	17,790	(2,050)	19,795	(2,005)
Missouri Department of Natural Resources:					
Series 2009A	10,688	11,892	(1,204)	13,068	(1,176)
Series 2010A	4,278	4,683	(405)	5,080	(397)
Series 2010C	19,379	21,269	(1,890)	23,111	(1,842)
Series 2011A	26,727	28,611	(1,884)	30,449	(1,838)
Series 2013A	36,252	38,679	(2,427)	41,044	(2,365)
Series 2015A	55,384	58,973	(3,589)	62,478	(3,505)
Series 2016A	16,102	17,001	(899)	17,158	(157)
Series 2016B	62,492	65,850	(3,358)	61,285	4,565
Series 2018B	24,641	24,303	338	18,228	6,075
Series 2019A	23,952	22,012	1,940	6,292	15,720
Series 2020A	20,872	9,983	10,889	—	9,983
Series 2021A	20,853	5,333	15,520	—	5,333
Series 2021B	25,546	7,260	18,287	—	7,260
Total	\$ 1,739,049	\$ 1,667,065	\$ 71,984	\$ 1,558,469	\$ 108,596

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

2022 Analysis

The District ended fiscal year 2022 with \$1.7 billion in long-term debt outstanding. The District had one senior revenue bond addition this year, Series 2022B, totaling \$109.1 million and one senior refunding revenue bond direct placement addition, Series 2022A, totaling \$39.8 million. 2022A was used to refund \$31.3 million of the Series 2012A senior revenue bond and \$23.5 million of the Series 2012B senior revenue bond. 2022B was used to refund \$9.3 million of senior revenue bond 2012B. The District also received \$0.3 million, and \$1.9 million, \$10.9 million, \$15.5 million, and \$19.2 million in loan proceeds from the Series 2018B, Series 2019A, Series 2020A, Series 2021A, and Series 2021B Missouri Department of Natural Resources bonds, respectively. Total principal payments of \$51.8 million, excluding the refunding referenced above, reduced outstanding debt in fiscal year 2022. For more detailed information, see Note 7, Long-Term Liabilities, in the accompanying notes to the financial statements.

2021 Analysis

The District ended fiscal year 2021 with \$1.7 billion in long-term debt outstanding. The District had one senior revenue bond addition this year, Series 2020B, totaling \$120.0 million and one senior refunding revenue bond direct placement addition, Series 2021C, totaling \$5.6 million which was used to refund \$11.4 million of the Series 2011B senior revenue bond. These amounts represent new borrowings and do not reflect the principal payment made in fiscal 2021 on Series 2020B. In addition, the District added three new Missouri Department of Natural Resources bonds, Series 2020A, 2021A and 2021B, totaling \$10.0 million, \$5.3 million and \$7.3 million, respectively. The District also received \$0.7 million, \$7.9 million, \$6.1 million, and \$15.7 million in loan proceeds from the Series 2016A, Series 2016B, Series 2018B, and Series 2019A Missouri Department of Natural Resources bonds, respectively. These amounts represent new borrowings and do not reflect the principal payments made in fiscal 2021 on Series 2016A and Series 2016B. Total principal payments of \$58.6 million, excluding the refunding referenced above, reduced outstanding debt in fiscal year 2021. For more detailed information, see Note 7, Long-Term Liabilities, in the accompanying notes to the financial statements.

Decisions Impacting the Future

Integral to helping MSD's rate payers understand the District's Consent Decree ("CD") with the U.S. Environmental Protection Agency, the State of Missouri, and the Missouri Coalition for the Environment, which settled a lawsuit for alleged violations of the Clean Water Act, was the initiation of MSD Project Clear. See Note 15, Commitments and Contingencies, for additional information regarding this litigation. The goal of MSD Project Clear is to help MSD's rate payers have a clear understanding of MSD's goals and objectives. MSD Project Clear consists of three main components:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Management's Discussion And Analysis (*Continued*)

- Getting the Rain Out which is focused on reducing excess stormwater from entering the sewer system infrastructure to help reduce basement back-ups and overflows;
- Performing Repair and Maintenance to the existing infrastructure to ensure it operates as well as possible for as long as possible; and
- Building System Improvements where needed to increase the capacity of the system.

MSD Project Clear will greatly affect the daily lives of many of our rate payers and is needed to help the rate payer understand the individual and regional, as well as the immediate and long-term, benefits of the program.

Since February 2004, the voters in the District's service area have authorized the District to issue a total of \$3.1 billion in wastewater revenue bonds. As of June 30, 2022, the District has issued \$2.4 billion of the total authorization. The District's long-term wastewater capital improvement program will continue to be funded through a combination of additional bonds and wastewater rate increases.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed or e-mailed to:

Marion M. Gee, Director of Finance
The Metropolitan St. Louis Sewer District
2350 Market Street
St. Louis, MO 63103-2555
314-768-6200
mgee@stlmsd.com

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

STATEMENTS OF NET POSITION

	June 30,	
	2022	2021
Assets	As restated	
Current Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 64,845,757	\$ 91,337,843
Investments	187,145,188	210,940,744
Sewer service charges receivable, less allowance of \$75,304,317 in 2022 and \$70,666,08 in 2021	69,517,193	66,387,300
Unbilled sewer service charges receivable	36,419,844	34,970,247
Property taxes receivable, less allowance of \$6,023 in 2022 and \$7,430 in 2021	294,552	363,496
Accrued income on investments	1,067,364	1,434,887
Other receivables, less allowance of \$54,456 in 2022 and \$60,373 in 2021	2,814,607	2,623,352
Supplies inventory	8,923,100	8,475,419
Total Unrestricted Current Assets	371,027,605	416,533,288
Restricted Current Assets		
Cash and cash equivalents	2,978,669	4,629,689
Investments	9,896,863	12,587,475
Other receivables	28,747	43,590
Total Restricted Current Assets	12,904,279	17,260,754
Total Current Assets	383,931,884	433,794,042
Non-Current Assets		
Restricted Assets		
Cash and cash equivalents	66,628,666	26,297,303
Investments	98,773,850	125,637,074
Long-term investments	41,824,592	32,199,117
Property taxes receivable, less allowance of \$35,016 in 2022 and \$36,447 in 2021	1,680,621	1,750,616
Accrued income on investments	165,274	169,177
Total Restricted Non-Current Assets	209,073,003	186,053,287
Other Assets		
Notes receivable	8,947,222	9,694,702
Long-term investments	274,713,717	198,404,102
Other Receivables - Non Current (Leases)	3,308,705	3,594,566
Total Other Assets	286,969,644	211,693,370
Capital Assets		
Depreciable:		
Treatment and disposal plant and equipment	1,332,498,020	1,303,648,712
Collection and pumping plant	3,329,457,199	3,093,068,764
General plant and equipment	109,585,527	103,516,644
Lease right of use asset	1,548,555	1,032,853
	4,773,089,301	4,501,266,973
Less: Accumulated depreciation	1,788,407,446	1,695,494,536
Less: Accumulated amortization	300,309	142,204
Net depreciable assets	2,984,381,546	2,805,630,233
Non-depreciable:		
Land	82,205,848	79,569,310
Construction in progress	1,178,890,914	1,194,033,440
Net Capital Assets	4,245,478,308	4,079,232,983
Total Non-Current Assets	4,741,520,955	4,476,979,640
Total Assets	5,125,452,839	4,910,773,682

Continued on Next Page

See the accompanying notes to financial statements.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

STATEMENTS OF NET POSITION *(Continued)*

	June 30,	
	2022	2021
		As restated
Deferred Outflows of Resources		
Bonds and notes payable-Deferred loss on refunding	3,068,689	5,469,323
Pension-related outflows	18,476,825	10,476,420
OPEB-related outflows	4,288,181	3,536,916
Total Deferred Outflows of Resources	25,833,695	19,482,659
Liabilities		
Current Liabilities		
Current Liabilities-Payable From Unrestricted Assets		
Contracts and accounts payable	\$ 36,703,337	\$ 40,797,900
Lease liability	238,285	140,182
Deposits and accrued expenses	42,765,410	42,276,571
Retainage payable	18,224,079	20,326,492
Current portion of bonds and notes payable	66,337,500	61,157,300
Total Current Liabilities-Payable From Unrestricted Assets	164,268,611	164,698,445
Current Liabilities-Payable From Restricted Assets		
Contracts and accounts payable	828,414	702,175
Retainage payable	824,282	561,310
Total Current Liabilities-Payable From Restricted Assets	1,652,696	1,263,485
Total Current Liabilities	165,921,307	165,961,930
Non-Current Liabilities		
Deposits and accrued expenses	9,375,268	9,202,567
Net pension liability	33,871,056	29,495,178
Lease liability	1,007,232	755,991
Total OPEB liability	26,793,582	24,920,628
Bonds and notes payable	1,839,184,214	1,768,769,051
Total Non-Current Liabilities	1,910,231,352	1,833,143,415
Total Liabilities	2,076,152,659	1,999,105,345
Deferred Inflows of Resources		
Bonds and notes payable-Deferred gain on refunding	11,427,026	2,793,162
Pension-related inflows	23,194,024	22,671,398
OPEB-related inflows	3,445,503	3,888,085
Lease Inflows	3,425,569	3,772,962
Total Deferred Inflows of Resources	41,492,122	33,125,607
Net Position		
Net investment in capital assets	2,407,701,626	2,299,301,587
Restricted for:		
Debt service	24,146,279	29,706,793
Subdistrict construction and improvement	71,883,165	68,212,821
Unrestricted	529,910,683	500,804,188
Total Net Position	\$ 3,033,641,753	\$ 2,898,025,389

See the accompanying notes to financial statements.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

	For The Years	
	Ended June 30,	
	2022	2021
		As restated
Operating Revenues		
Sewer service charges	\$ 452,645,091	\$ 425,247,783
Provision for doubtful sewer service charge accounts	(5,076,402)	(5,347,419)
Licenses, permits and other fees	3,937,368	3,753,797
Other	6,763,143	3,497,401
Total Operating Revenues	458,269,200	427,151,562
Operating Expenses		
Pumping and treatment	65,549,965	64,475,064
Collection system maintenance	45,869,500	48,112,996
Engineering	11,674,101	11,500,796
General and administrative	59,094,744	54,869,068
Water backup claims	2,030,765	3,984,849
Depreciation	95,494,079	91,352,269
Lease amortization	158,105	142,204
Asset management	18,776,087	16,023,983
Total Operating Expenses	298,647,346	290,461,229
Operating Income	159,621,854	136,690,333
Non-Operating Revenues		
Property taxes levied by the District	44,479,669	43,624,302
Investment income (loss)	(12,513,973)	1,392,278
Rent and other income	439,491	428,384
Total Non-Operating Revenues	32,405,187	45,444,964
Non-Operating Expenses		
Net loss on disposal and sale of capital assets	1,523,315	990,108
Non-recurring projects and studies	13,243,184	11,827,723
Interest expense	56,931,596	56,622,132
Total Non-Operating Expenses	71,698,095	69,439,963
Income Before Capital Grants And Contributions	120,328,946	112,695,334
Capital Grants And Contributions		
Capital assets contributed	13,349,472	12,943,095
Grant revenue	1,937,946	1,758,069
Total Capital Grants And Contributions	15,287,418	14,701,164
Change In Net Position	135,616,364	127,396,498
Net Position - Beginning Of Year, as restated	2,898,025,389	2,770,628,891
Net Position - End Of Year	\$ 3,033,641,753	\$ 2,898,025,389

See accompanying Notes to Financial Statements.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2022	2021 As restated
Cash Flows From Operating Activities		
Received from customers	\$ 452,184,440	\$ 425,929,012
Paid to employees for services	(105,607,408)	(105,930,520)
Paid to suppliers for goods and services	(109,906,382)	(109,324,477)
Net Cash Provided By Operating Activities	236,670,650	210,674,015
Cash Flows Provided By Non-Capital Financing Activities		
Taxes levied and collected	43,982,614	42,688,546
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital grants	1,944,266	3,537,577
Proceeds from issuance of debt	148,531,457	172,012,156
Premium on sale of bonds	13,362,572	37,194,201
Principal paid on debt	(67,915,074)	(62,599,880)
Interest and fees paid on debt	(65,442,437)	(62,785,703)
Payments for capital assets	(257,484,786)	(303,040,026)
Proceeds from sale of capital assets	174,195	158,652
Proceeds received from other organization for their contribution to construction of treatment plant	1,576,500	1,154,696
Proceeds from insurance on destroyed capital assets	—	1,088,835
Build America Bond tax credit	1,642,857	1,642,857
Net Cash (Used In) Capital And Related Financing Activities	(223,610,450)	(211,636,635)
Cash Flows From Investing Activities		
Purchase of investments	(574,463,863)	(633,675,492)
Proceeds from sale and maturity of investments	521,629,000	606,554,500
Investment income	7,667,949	10,297,068
Proceeds from rents	312,357	238,122
Net Cash Provided By (Used In) Investing Activities	(44,854,557)	(16,585,802)
Net Increase In Cash And Cash Equivalents	12,188,257	25,140,124
Cash And Cash Equivalents At Beginning Of Year	122,264,835	97,124,711
Cash And Cash Equivalents At End Of Year	\$ 134,453,092	\$ 122,264,835
Statements of Net Position Classification		
Current Assets - Unrestricted Cash and cash equivalents	\$ 64,845,757	\$ 91,337,843
Current Assets - Restricted Cash and cash equivalents	2,978,669	4,629,689
Non-Current Assets - Restricted Cash and cash equivalents	66,628,666	26,297,303
Statements of Net Position Total Cash And Cash Equivalents	\$ 134,453,092	\$ 122,264,835
Non-Cash Capital And Investing Activities		
Net proceeds from debt issuance placed into escrow to refund bonds	\$ 57,528,822	\$ 7,371,752
Principal amount reduced and placed in escrow and related deferred loss/gain and premium	(57,939,536)	(7,371,752)
Proceeds from debt issuance used to pay underwriters directly	388,277	932,589
Capital asset additions included in accounts payable	18,069,169	23,958,166
Capital assets contributed by other governments and developers	13,349,472	12,943,095
Fair value investment adjustment (gain) loss	20,249,148	7,406,329
Grant revenue (expense)	479,585	288,446

Continued on Next Page

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
STATEMENTS OF CASH FLOWS (Continued)

	For The Years Ended June 30,	
	2022	2021 As restated
Reconciliation Of Operating Income To Net Cash Flows Provided By Operating Activities		
Operating Income	\$ 159,621,854	\$ 136,690,333
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	95,494,079	91,494,473
Non-recurring projects and studies	(13,243,184)	(11,827,723)
Tax commission fees	642,255	637,362
Change in operating assets and liabilities:		
(Increase) in billed and unbilled sewer service charges receivable	(4,579,490)	(516,584)
Decrease in other receivables	(115,378)	(3,839,928)
Decrease (increase) in supplies inventory	(447,681)	(461,822)
Decrease in pension-related outflows	(8,000,405)	5,197,232
(Increase) in OPEB-related outflows	(751,265)	(694,047)
(Decrease) increase in contracts and accounts payable	1,244,071	693,426
(Decrease) increase in deposits and accrued expenses	824,311	990,938
(Decrease) in net pension liability	4,375,878	(28,297,735)
(Decrease) increase in total OPEB liability	1,872,954	1,756,010
Increase in pension-related inflows	522,626	15,521,700
(Decrease) increase in OPEB-related inflows	(442,582)	(442,582)
(Decrease) increase in Lease-related inflows	(347,393)	3,772,962
Net Cash Provided By Operating Activities	\$ 236,670,650	\$ 210,674,015

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION EMPLOYEES' PENSION PLAN

	December 31,	
	2021	2020
Assets		
Investments at Fair Value:		
Collective Investment Funds	\$ 185,031,152	\$ 171,767,753
Mutual Funds	62,608,137	60,179,174
Real Estate Investments	29,021,383	30,265,219
Corporate Obligations	27,025,796	27,630,867
Domestic Common Stocks	21,934,156	18,552,256
US Treasury and Agency Obligations	19,727,449	13,994,724
Money Market Funds	3,666,492	3,237,837
Municipal Obligations	1,370,872	1,292,527
Total Investments	<u>350,385,437</u>	<u>326,920,357</u>
Receivables		
Interest and Dividends Receivable	237,314	236,729
Total Receivables	<u>237,314</u>	<u>236,729</u>
Total Assets	<u>350,622,751</u>	<u>327,157,086</u>
Liabilities		
Accrued Expenses	248,908	244,402
Total Liabilities	<u>248,908</u>	<u>244,402</u>
Fiduciary Net Position Restricted for Pension Benefits	<u>\$ 350,373,843</u>	<u>\$ 326,912,684</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION EMPLOYEES' PENSION PLAN

	For the Years	
	Ended December 31,	
	2021	2020
Additions to Fiduciary Net Position Attributed to:		
Investment Income:		
Net Appreciation in Fair Value of Investments	\$ 28,693,382	\$ 32,083,437
Interest and Dividends	4,440,589	5,514,283
	<hr/>	<hr/>
Total Investment Income	33,133,971	37,597,720
Less - Investment Managers' and Advisors' Fees	1,051,185	922,422
	<hr/>	<hr/>
Net Investment Income	32,082,786	36,675,298
Employer Contributions	12,159,284	13,416,065
	<hr/>	<hr/>
Total Additions	44,242,070	50,091,363
Deductions from Fiduciary Net Position Attributed to:		
Benefits Paid to Retirees and Beneficiaries	20,665,530	19,273,097
Administrative Expenses	115,381	108,229
	<hr/>	<hr/>
Total Deductions	20,780,911	19,381,326
Net Increase	23,461,159	30,710,037
Fiduciary Net Position Restricted for Pension Benefits, January 1	326,912,684	296,202,647
	<hr/>	<hr/>
Fiduciary Net Position Restricted for Pension Benefits, December 31	\$ 350,373,843	\$ 326,912,684
	<hr/>	<hr/>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS June 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Organization

The Metropolitan St. Louis Sewer District (“District”) was authorized by the voters, established and chartered under Article VI, Section 30 of the Constitution of Missouri as a municipal corporation and a political subdivision of the State of Missouri. Upon creation in 1954, the District assumed responsibilities to provide for the construction, operation, and maintenance of the sewer facilities within its defined boundaries. The District’s service area now comprises all of the City of St. Louis and most of St. Louis County. Subdistricts within the District’s total service area represent separate geographic areas within which specific taxes can be levied to operate and maintain wastewater or stormwater facilities within the area or construct improvements within the subdistrict. The District also maintains all of the publicly owned stormwater sewers within its original boundaries and is continuing to accept maintenance of the stormwater sewers in the remainder of its service area.

Pursuant to provisions of its Charter and subject to limitations imposed by the Constitution of Missouri, all powers of the District are vested in a six-member Board of Trustees (“Board”), three of whom are appointed by the Mayor of the City of St. Louis and three of whom are appointed by the County Executive of St. Louis County. Not more than two Trustees appointed from said City or County, as the case may be, shall be a member of the same political party.

Reporting Entity

The District defines its financial reporting entity to include all component units for which the District’s governing body is financially accountable. To be considered financially accountable, the component unit must be fiscally dependent on the District and the District must either 1) be able to impose its will on the component unit or 2) the relationship must have the potential for creating a financial benefit or imposing a financial burden on the District.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The District sponsors a single employer defined benefit pension plan and trust for which the District contributes the actuarially determined contribution each year. Pursuant to the adoption in fiscal year 2021 of Statement No. 84 of the Governmental Accounting Standards Board, *Fiduciary Activities*, it was determined that the defined benefit pension plan and trust qualifies as a fiduciary component unit that meets the criteria of a fiduciary activity and the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position for The Metropolitan St. Louis Sewer District Employees' Pension Plan are presented following the District's basic financial statements. The District issues a publicly available report for the defined benefit pension plan and trust with audited financial statements that is available upon request and is also available on the District's msdprojectclear.org website. While included in the separately issued report, the Cash and Investments and the Fair Value Measurement and Application note disclosures for the fiduciary activity are presented herein as Notes 9 and 10.

Based on the foregoing, the District's financial statements include all funds that are established under the authority of the District's charter. There are no agencies, boards, commissions, or authorities that are controlled by or dependent on the District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing accounting and financial reporting standards for U.S. state and local governments that follow generally accepted accounting principles ("GAAP"). As a political subdivision of the State of Missouri, the District follows GASB Pronouncements.

Throughout the year, the District maintains its detailed accounting records on a modified accrual basis of accounting. In order to account for the transactions related to certain subdistricts and restricted resources, separate fund accounting records are maintained. For financial reporting purposes, the District reports its operations as a single enterprise fund and the financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. Accordingly, the accounting records are converted to the accrual basis of accounting and all interfund transactions are eliminated. The District's fiduciary financial statements are also presented in conformity with accounting principles generally accepted in the United States of America on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The District's measurement focus for both the basic

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

financial statements and the financial statements of the District's fiduciary activity is on the flow of economic resources.

Revenues and expenses are divided into operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are user fees, licenses, and permits for wastewater treatment services. Operating expenses include the costs associated with the conveyance and treatment of wastewater and stormwater, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Non-recurring projects and studies (shown as non-operating expenses) consist of expenses related to unusual charges or losses that are unlikely to occur again in the formal course of business such as work related to federally declared disasters, projects originally intended to be capitalized that changed scope when a decision was made to no longer build an asset, and any non-reimbursed work performed on assets not owned or maintained by the District but is necessary to protect District owned assets or to mitigate a threat to the health and safety of the general public.

The District follows GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. GASB Statement No. 33 groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

The District recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used for the first period that use is permitted. The District recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include licenses, permits, and other fees.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received where all requirements are met with the exception of the time requirement are recorded as deferred inflows. All other resources received before any other eligibility requirements are met are reported as unearned revenues.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Cash and Cash Equivalents

The District considers highly liquid investments that have original maturity of less than 91 days to the District to be Cash Equivalents.

Investments

The District accounts for its investments at fair value. 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. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statements of Revenues, Expenses and Changes in Net Position.

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.

Accounts Receivable

Accounts receivable is composed primarily of charges to customers for wastewater services. Accounts are considered past due 30 days from the invoice date. Receivables are reported at their gross values net of an allowance for uncollectible amounts. This allowance for uncollectible amounts is based on historical collection experience. Throughout the fiscal year unbilled sewer service charge revenues are accrued by the District based on estimated billings for services provided and then actual unbilled sewer service charge revenue is accrued at the end of the fiscal year as all ratepayers are billed in the following month for the previous calendar month's services with the billings spread over twenty-three different billing cycles.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Capital Assets

Acquired capital assets are recorded at historical cost on the acquisition date. In accordance with GASB Statement No. 72, donated capital assets are recorded at their estimated acquisition value at the acquisition date. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

<u>Class of Assets</u>	<u>Useful Life in years</u>
Buildings (recorded within other categories)	20 to 50
Collection System	20 to 100
Pumping System	5 to 50
Treatment & Disposal Plant	5 to 50
Vehicles	7 to 10
General Support Equipment & Furniture	3 to 10

When developing user charge rates, the District includes funding for replacement cost of assets, which may differ from depreciation expense recorded for financial reporting purposes.

Normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Betterments are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. The District defines capital assets as assets with an initial, individual cost between \$5,000 and \$15,000, depending on the asset category, and an estimated useful life of at least three years. At the time of retirement or disposal of capital assets, the related cost and accumulated depreciation are removed from the accounts and the resulting net gain or loss on disposal and sale of capital assets is reflected in non-operating expenses.

Costs incurred for capital construction and acquisition are carried in construction in progress until completion of the related projects. The major components of construction in progress are the costs incurred to construct new tunnels, storage facilities and sewer lines, rehabilitate and separate existing sewer lines, and to make improvements to pump stations and treatment plants. Costs related to projects not pursued are expensed when terminated.

Supplies Inventory

Supplies inventory consists of parts and supplies to be used to operate and maintain treatment facilities and various treatment-related equipment at the District. This inventory figure is netted against those materials and supplies deemed to be potentially obsolete. All inventory is stated at weighted average cost and expenses are recognized when the inventory is consumed.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Net Position

One component of the District's net position is the net investment in capital assets which consists of capital assets, net of accumulated depreciation, reduced by the net outstanding debt and construction-related liabilities, including premiums and discounts on such debt, which is attributable to the acquisition, construction, or improvement of those assets. The outstanding debt is net of the cash and investments from the debt that has not yet been expended. Deferred gains and losses on refundings are also included in the net investment in capital assets net position.

The restricted component of net position consists of assets and liabilities regulated by external constraints imposed by creditors, grantors, contributors, laws, or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Property taxes levied by the various subdistricts and other revenues received for construction in those subdistricts have also been restricted for that use. Sewer extension and connection fees, grants, and other revenues received for construction within certain subdistricts have been restricted for that use. In addition, a portion of wastewater sewer charges have been restricted for the payment of principal and interest, including accrued interest, on outstanding debt of the District.

The unrestricted net position component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources consist of the consumption of net position that is applicable to a future reporting period and so will not be recognized as an outflow of resources until then. Deferred outflows of resources related to refunding long-term debt is reported in the Statements of Net Position. A deferred bond refunding amount results from the difference in the carrying value of refunded debt and its reacquisition price which is amortized over the shorter of the life of the refunded or refunding debt. The pension related deferred outflows of resources represent contributions made to the plan between the measurement date of the pension liability and the beginning of the next fiscal year as well as certain actuarial differences and changes that are amortized over future periods. The other postemployment benefit ("OPEB") related deferred outflows of resources represent benefit payments made between the measurement date of the total OPEB liability and the beginning of the fiscal year following the

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

measurement date and certain actuarial differences and changes that are amortized over future periods.

In addition to liabilities, financial statements may report a separate section for deferred inflows of resources. Deferred inflows of resources consist of the acquisition of net position that is applicable to a future reporting period and so will not be recognized as an inflow of resources until then. Deferred inflows of resources related to refunding long-term debt is also reported in the Statements of Net Position due to the recognition of a deferred gain resulting from the difference in the carrying value of refunded debt and its reacquisition price and this gain is amortized over the shorter of the life of the refunded or refunding debt. The District also has deferred inflows of resources related to certain changes in pension, leases and OPEB obligations that are amortized over future periods.

Lease-related amounts are recognized at the inception of leases in which the District is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain ancillary amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Capital Contributions

Capital contributions to the District represent government grants and other aid used to fund capital projects and are reported at their estimated acquisition value. In accordance with GASB Statement No. 33, capital contributions are recognized as revenue when the expenditure is made and the amount becomes subject to claim for reimbursement.

Bonds, Bond Premiums, Discounts and Issuance Costs

Bonds and notes payable are recorded at the principal amount outstanding and are reported net of any applicable bond premium or discount. In the District's financial statements, bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Bonds which have been advance refunded and in substance defeased are not included in long-term debt and the related assets deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt are not included in investments.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Compensated Absences

Vacation

Under the terms of the District's personnel policies, employees are allowed to carry a maximum of 30 to 45 days of vacation (depending on length of service) from one calendar year to the next. Since vacation remaining at year-end is expected to be used by the employee during the following fiscal year, the value is reported as a component of current deposits and accrued expenses payable.

Sick Leave

Employees earn sick pay benefits ranging from 10 days per year to 12 days per year (depending on length of service). Unused sick leave can be carried over at year-end without limitation. An employee retiring or an employee who dies while in active service with five or more years of service with the District, will be compensated for any unused accrued sick leave at the rate of 1.25% for each year of District service multiplied by the unused accrued sick leave remaining at the employee's current rate of pay up to a maximum of \$50,000. The District has recorded a liability which has been actuarially determined to be equal to the accumulated expense charge that will amortize the employees' benefits over their period of District service. The liability, included in current deposits and accrued expenses payable, includes vested accumulated rights to receive sick leave benefits estimated to be paid within one year. The portion of sick leave expected to be paid after one year is recorded as a component of non-current deposits and accrued expenses payable.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the fiduciary net position of The Metropolitan St. Louis Sewer District Employees' Pension Plan ("Pension Plan") and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan, which has a December 31 reporting period. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Income Tax Status

The District is exempt from federal income tax under the Internal Revenue Code as a political subdivision of the State of Missouri.

Adoption of New Accounting Standards

During fiscal year 2022, the District implemented GASB Statement No. 87, Leases, ("GASB Statement No. 87"). GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

The District's adoption of GASB Statement No. 87 in fiscal year 2022 resulted in retroactively restating the beginning balance of net position due to the recognition of lease receivable, right of use lease asset, lease liability, and deferred inflow of resources. The cumulative effect of applying GASB Statement No. 87 and the resulting restatement of beginning net position on the District's Statement of Revenues, Expenses, and Changes in Net Position is detailed as follows:

	July 1, 2021
Net Position - Beginning Of Year, As Previously Stated	\$2,897,926,670
Effect of Adoption of GASB 87	98,719
Net Position - Beginning Of Year, As Restated	<u>\$2,898,025,389</u>
Effect of Adoption of GASB 87 - Restatement Consists Of	
Total lease receivables	\$ 3,877,683
Lease right of use asset, net of amortization	890,649
Recognition of interest payable reported as contracts and accounts payable	(478)
Lease liability	(896,473)
Deferred inflows related to leases	<u>(3,772,962)</u>
Effect of Adoption of GASB 87	<u>\$ 98,419</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

During fiscal year 2022, the District implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym, ACFR. That new term and acronym replaces the prior name, comprehensive annual financial report, and its acronym.

During fiscal year 2022, the District implemented portions of GASB Statement No. 99, Omnibus 2022. This statement clarified provisions in GASB Statement No. 87, Leases, relating to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of lease liability and a lease asset, and identification of lease incentives. This statement also clarified provisions in GASB Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. The updates to GASB 96 will be reflected when the District implements this statement in fiscal year 2023.

During fiscal year 2022, the District implemented all applicable and relevant sections of Implementation Guide No. 2019-3, *Leases*, for which the objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, Leases.

During fiscal year 2021 the District implemented GASB Statement No. 84, *Fiduciary Activities* (“GASB Statement No. 84”), originally effective for reporting periods beginning after December 15, 2018. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (“GASB Statement No. 95”), postponed the effective date to reporting periods beginning after December 15, 2019. GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds; (2) investment trust funds; (3) private-purpose trust funds; and (4) custodial funds. The criteria for identifying fiduciary activities are established and the focus for the criteria is on (1) whether a government is controlling the assets of the activity and (2) the beneficiaries with whom a fiduciary relationship exists. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. After adoption of GASB Statement No. 84, the District began reporting the fiduciary activities of The Metropolitan St. Louis Sewer District Employees’ Pension Plan in the financial statements.

During fiscal year 2021 the District early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (“GASB Statement No. 89”), originally effective for reporting periods beginning after December 15, 2019, and subsequently postponed to reporting periods

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

beginning after December 15, 2020, by GASB Statement No. 95. The requirements of this Statement are applied prospectively and discontinue the practice of considering interest costs as one of the ancillary charges necessary to place the asset into its intended location and condition for use. This authoritative guidance states that decisions regarding how to finance the acquisition of capital assets do not impact the service capacity of those assets and the requirements of this Statement will improve financial reporting by providing more relevant information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. In financial statements prepared using the economic resources measurement focus, which is the District's measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred and should not be capitalized as part of the historical cost of a capital asset. In fiscal year 2021 interest during construction is now expensed whereas interest costs related to the construction of capital assets incurred prior to fiscal year 2021 were included as a cost of those assets and will be capitalized when construction is completed, and the assets are placed in service.

During fiscal year 2021 the District reviewed GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* (“GASB Statement No. 97”), for which certain requirements were effective immediately while other requirements were effective for fiscal years and reporting periods beginning after June 15, 2021, (earlier application of these requirements was encouraged and permitted by requirement as specified within this Statement). The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (“Section 457 plan”) that meet the definition of a pension plan and for benefits provided through those plans. Based on the requirements in this Statement, the District's defined contribution plan and Section 457 plan do not qualify as fiduciary activities and their financial statements are not required to be reported with the District's basic financial statements.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

During fiscal year 2021 the District implemented all applicable and relevant sections of Implementation Guide No. 2019-1, *Implementation Guidance Update-2019*, for which the objective is to provide guidance that clarifies, explains, or elaborates on various GASB Statements and Implementation Guide No. 2019-2, *Fiduciary Activities*, for which the objective is to provide guidance that clarifies, explains, or elaborates on the requirements of Statement No. 84, *Fiduciary Activities*.

The following GASB Statements which became effective during fiscal year 2022 and 2021 are not applicable to the District and there is no implementation impact on the District's financial reporting at this time.

- Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* (fiscal 2021)
- Statement No. 92, *Omnibus 2020* (fiscal 2022)
- Statement No. 93, *Replacement of Interbank Offered Rates* (fiscal 2022)

Recent Accounting Standards

GASB has issued additional guidance that is not yet effective. In addition, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued in May 2020 which postponed several of the GASB Statements listed below. The new effective dates are indicated below. The District is currently reviewing the provisions of the following GASB Statements to determine the impact of implementation in future periods.

- Statement No. 101 *Compensated Absences* (fiscal 2024)
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB 62* (fiscal 2023)
- Statement No. 91, *Conduit Debt Obligations* (fiscal 2023)
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (fiscal 2023)
- Statement No. 96, *Subscription-Based Information Technology Arrangements* (fiscal 2023)

Reclassifications

Prior period financial statement amounts may have been reclassified to conform to current period presentation. These reclassifications had a \$98,719 increase to fiscal year 2021's total net position.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

2. Deposits and Investments

Deposits

At June 30, 2022, the reported amount of the District's deposits was \$63,887,919 and the bank balance was \$73,069,173. Of the bank balance, \$936,976 was covered by the Federal Deposit Insurance Corporation ("FDIC"); \$72,132,197 was collateralized with securities held by a third-party financial institution in the District's name. In addition, the District has money market mutual funds of \$21,617,850 held in a trusted escrow account for the State that will be used to make future bond payments.

At June 30, 2021, the reported amount of the District's deposits was \$97,274,120 and the bank balance was \$104,666,278. Of the bank balance, \$935,107 was covered by the Federal Deposit Insurance Corporation ("FDIC"); \$103,731,171 was collateralized with securities held by a third-party financial institution in the District's name. In addition, the District has money market mutual funds of \$19,990,860 held in a trusted escrow account for the State that will be used to make future bond payments.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District's deposits may not be returned to the District. Deposits in each bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and noninterest bearing accounts. The District's investment policy complies with the provisions of state laws and requires collateralization on repurchase agreements, time certificates of deposit and deposits with banking institutions that are not covered by the FDIC, and the collateralization level shall be 103% and shall be based on the fair value of the pledged collateral.

Investments

The Secretary-Treasurer is authorized to invest, with the approval of the Board, funds not immediately needed for the purpose to which said funds are applicable, in the same manner as the state treasurer may invest funds of the State of Missouri pursuant to Section 15, Article IV of the Constitution of Missouri, as amended from time to time. The District's investment policy conforms to the investment policy guidelines for the State of Missouri. The District's investment policy authorizes the District to invest in the following instruments: U.S. Treasury obligations, certificates of deposit, obligations of any agency or instrumentality of the U.S., repurchase agreements, bankers' acceptances, and commercial paper, all according to terms specified in the policy. The District also has investments in money market mutual funds that hold securities approved by the District's investment policy. At June 30, 2022, and June 30, 2021, all of the District's investments were in compliance with the District's investment policy and Charter.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

A summary of deposits and investments as of June 30, 2022, and June 30, 2021 is as follows:

Investment Type	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Deposits	\$ 63,887,919	\$ 63,887,919	\$ 97,274,120	\$ 97,274,120
Money Market Mutual Funds	21,617,850	21,617,850	19,990,860	19,990,860
U.S. Treasury and Agency Obligations	501,598,900	489,050,072	539,097,325	538,632,467
Commercial Paper	173,000,000	172,251,461	46,126,622	46,135,900
Total	\$ 760,104,669	\$ 746,807,302	\$ 702,488,927	\$ 702,033,347

A reconciliation to the Statements of Net Position is as follows:

	2022	2021
<u>Cash and Cash Equivalents</u>		
Unrestricted Current	\$ 64,845,757	\$ 91,337,843
Restricted Current	2,978,669	4,629,689
Restricted Non-Current	66,628,666	26,297,303
<u>Investments</u>		
Unrestricted Current	187,145,188	210,940,744
Restricted Current	9,896,863	12,587,475
Restricted Non-Current	98,773,850	125,637,074
<u>Long-Term Investments</u>		
Restricted Non-Current	41,824,592	32,199,117
Other	274,713,717	198,404,102
Total	\$ 746,807,302	\$ 702,033,347

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Interest Rate Risk

As of June 30, 2022, and 2021, the District had the following investments and maturities:

Investment Type	2022		2021	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Obligations	\$ 306,177,567	1.66	\$ 338,993,883	1.16
U.S. Agency Obligations	182,872,505	1.45	199,638,584	1.13
Commercial Paper	172,251,461	0.23	46,135,900	0.24
Total	\$ 661,301,533	1.23	\$ 584,768,367	1.07

In accordance with the District's investment policy, the District will minimize the risk that the fair value of debt securities in the portfolio will fall due to increases in general interest rates by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity;
2. Investing operating funds primarily in short-term securities;
3. Complying with state law which limits the maximum stated maturities to five years on any investment from the date of purchase.

Long-Term Investments

While the majority of the District's portfolio is made up of short-term investments, the District also categorizes a sizeable amount as long-term under the categories discussed in Note 1, Summary of Significant Accounting Policies. The District is allowed to purchase long-term callable securities. These callable securities give the issuer the right to redeem at predetermined prices at a specific time prior to maturity. When a security is called, the District reflects an immediate reclassification from long-term investment to cash.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Custodial/Credit Risk

The District will minimize credit risk for investments, the risk of loss due to failure of the security issuer or backer, by:

1. Prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business;
2. Diversifying the portfolio so that potential losses on individual securities will be minimized.

In accordance with its investment policy, the District limits its investments in these investment types to those investments with the top rating issued by Nationally Recognized Statistical Rating Organizations. As of June 30, 2022, and June 30, 2021, the District's investments in commercial paper were rated A-1 by Standard & Poor's ("S&P"), F-1 by Fitch and P-1 by Moody's Investors Service ("Moody's"). The District's investments in U.S. Agency obligations that do not carry the explicit guarantee of the U.S. Government all carry a rating assigned by S&P of AA+, by Fitch AAA and Moody's Aaa. Money market investments are rated as AAAm and Aaa-mf by S&P and Moody's, respectively.

Concentration of Credit Risk

The District's investment policy places no limit on the amount the District may invest in any one issuer with respect to collateralized time and demand deposits. U.S. Treasury obligations are not limited. U.S. Agency obligations and government-sponsored enterprises are limited to 60% of the portfolio, with no more than 30% of the total portfolio invested in securities of any one agency; and collateralized repurchase agreements are limited to 50% of the portfolio. U.S. Agency callable securities are limited to 30% of the portfolio, and commercial paper and bankers' acceptances are limited to 25% each, with no more than 5% of the total portfolio invested in any one issuer. The following table lists investments in issuers that represent 5% or more of total investments at either June 30, 2022, or June 30, 2021:

Issuer	Percent Of	
	2022	2021
Treasury Notes	46.3	58.0
Federal Home Loan Bank	8.3	13.3
Federal Agriculture Mortgage Association	5.9	1.4
Federal Home Loan Bank Discount Note	5.2	2.7
Federal Farm Credit Funding Corp	2.1	10.7

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

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.

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

- Money Market Mutual Funds of \$21.6 million and \$20.0 million, respectively, are valued using a market approach to measuring fair value prices that considers relevant information generated by market transactions involving identical or similar assets or groups of assets. (Level 2 inputs)
- U.S. Treasury and Agency Obligations of \$489.0 million and \$538.6 million, respectively, are valued using a market approach to measuring fair value prices that considers relevant information generated by market transactions involving identical or similar assets or groups of assets. (Level 2 inputs)
- Commercial Paper of \$172.3 million and \$46.1 million, respectively, is valued using a market approach to measuring fair value prices that considers relevant information generated by market transactions involving identical or similar assets or group of assets. (Level 2 inputs)

See Notes 9 and 10 for information regarding the cash and investments held by the Fiduciary Pension Trust Fund.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

3. Notes Receivable

The District has a note receivable with Missouri American Water Company (“MOAM”) for its portion of the capital costs related to the Lower Meramec Wastewater Treatment Plant. The original loan established in fiscal year 2008 bears interest at 4.35%, while the two loans added during fiscal year 2013 bear interest at 4.50% and 3.52%. The current portion of this note is included in the Unrestricted Other receivables line on the Statements of Net Position. The note receivable will mature in fiscal year 2033.

At June 30, 2022, future payments are as follows:

2023	\$	1,154,696
2024		1,154,696
2025		1,154,696
2026		1,154,696
2027		1,154,696
2028-2032		5,773,479
2033		563,799
		<u>12,110,758</u>
Less: Amount representing interest		<u>2,416,056</u>
Total Notes Receivable	\$	<u>9,694,702</u>
Classification in Statement of Net Position:		
Current - Other receivables	\$	747,480
Non-current - Notes receivable		<u>8,947,222</u>
Total Notes Receivable	\$	<u>9,694,702</u>

At June 30, 2021, future payments were as follows:

2022	\$	1,154,696
2023		1,154,696
2024		1,154,696
2025		1,154,696
2026		1,154,696
2027-2031		5,773,479
2032-2033		1,718,494
		<u>13,265,453</u>
Less: Amount representing interest		<u>2,854,724</u>
Total Notes Receivable	\$	<u>10,410,729</u>
Classification in Statement of Net Position:		
Current - Other receivables	\$	716,027
Non-current - Notes receivable		<u>9,694,702</u>
Total Notes Receivable	\$	<u>10,410,729</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

4. Capital Assets

The following is a summary of capital assets changes for the fiscal years ended June 30, 2022 and 2021:

	Balance June 30, 2021			Balance June 30, 2022	
	as restated	Additions	Deletions		
Capital assets not being depreciated:					
Land	\$ 79,569,310	\$ 2,636,538	\$ —	\$ 82,205,848	
Construction in progress	1,194,033,441	243,968,862	(259,111,388)	1,178,890,914	
Total capital assets not being depreciated	1,273,602,751	246,605,399	(259,111,388)	1,261,096,762	
Capital assets, being depreciated					
Treatment and disposal plant and equipment	1,303,648,712	29,236,363	(387,056)	1,332,498,020	
Collection and pumping plant	3,093,068,764	238,812,299	(2,423,864)	3,329,457,199	
General plant and equipment	103,516,644	7,536,642	(1,467,759)	109,585,527	
Total capital assets being depreciated	4,500,234,120	275,585,305	(4,278,679)	4,771,540,746	
Less Accumulated depreciation for					
Treatment and disposal plant and equipment	(686,410,998)	(37,884,475)	237,651	(724,057,822)	
Collection and pumping plant	(929,741,932)	(52,881,431)	900,805	(981,722,558)	
General plant and equipment	(79,341,606)	(4,728,173)	1,442,713	(82,627,066)	
Total accumulated depreciation	(1,695,494,536)	(95,494,079)	2,581,169	(1,788,407,446)	
Total capital assets being depreciated, net	2,804,739,584	180,091,226	(1,697,510)	2,983,133,300	
Lease Assets, being amortized	1,032,853	515,702	—	1,548,555	
Less Accumulated amortization	(142,204)	(158,105)	—	(300,309)	
Total Lease Assets being amortized, net	890,649	357,597	—	1,248,246	
Total Capital Assets	\$4,079,232,984	\$ 427,054,222	\$ (260,808,898)	\$4,245,478,308	

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021 As Restated
Capital assets not being depreciated:				
Land	\$ 78,333,629	\$ 1,235,681	\$ —	\$ 79,569,310
Construction in progress	1,012,925,929	299,650,837	(118,543,325)	1,194,033,441
Total capital assets not being depreciated	<u>1,091,259,558</u>	<u>300,886,518</u>	<u>(118,543,325)</u>	<u>1,273,602,751</u>
Capital assets being depreciated:				
Treatment and disposal plant and equipment	1,289,884,442	14,244,282	(480,012)	1,303,648,712
Collection and pumping plant	2,974,542,039	120,283,066	(1,756,341)	3,093,068,764
General plant and equipment	100,949,737	6,083,654	(3,516,747)	103,516,644
Total capital assets being depreciated	<u>4,365,376,218</u>	<u>140,611,002</u>	<u>(5,753,100)</u>	<u>4,500,234,120</u>
Less: Accumulated depreciation:				
Treatment and disposal plant and equipment	(651,154,735)	(35,699,307)	443,044	(686,410,998)
Collection and pumping plant	(879,675,620)	(50,729,803)	663,491	(929,741,932)
General plant and equipment	(77,916,252)	(4,923,159)	3,497,805	(79,341,606)
Total accumulated depreciation	<u>(1,608,746,607)</u>	<u>(91,352,269)</u>	<u>4,604,340</u>	<u>(1,695,494,536)</u>
Total capital assets being depreciated, net	<u>2,756,629,611</u>	<u>49,258,733</u>	<u>(1,148,760)</u>	<u>2,804,739,584</u>
Lease Assets, being amortized	—	1,032,853	—	1,032,853
Less Accumulated amortization	—	(142,204)	—	(142,204)
Total Lease Assets being amortized, net	<u>—</u>	<u>890,649</u>	<u>—</u>	<u>890,649</u>
Total Capital Assets	<u>\$3,847,889,169</u>	<u>\$ 351,035,900</u>	<u>\$ (119,692,085)</u>	<u>\$4,079,232,984</u>

A restatement of assets for FY21 is reflective of the GASB 87 implementation.

5. Leases

MSD, as a Lessee, has entered into lease agreements for fire hydrant keys & reducers, order control chemical treatment equipment, printing and imaging equipment, antenna, and equipment space. In fiscal years 2022 and 2021, the district recorded lease assets in the amount of \$1,032,853 and \$515,702, less accumulated amortization of \$142,204 and \$158,105, respectively.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The future principal and interest lease payments as of June 30, 2022, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 238,285	\$ 15,614	\$ 253,899
2024	241,903	12,517	254,420
2025	245,957	9,000	254,957
2026	247,369	5,411	252,780
2027	199,736	1,812	201,548
2028 - 2031	72,266	347	72,613
	<u>\$ 1,245,516</u>	<u>\$ 44,701</u>	<u>\$ 1,290,217</u>

MSD, as a lessor, has entered into lease agreements with four companies involving land usage and one company for building usage. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease related inflows, recognized during the fiscal years 2022, and 2021 was \$4,155,434 and \$731,194, respectively.

At June 30, 2022, the principle and interest requirements to maturity for the lease receivable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 285,860	\$ 34,226	\$ 320,086
2024	295,945	32,001	327,946
2025	321,965	29,444	351,409
2026	150,570	27,158	177,728
2027	163,173	25,290	188,463
2028 - 2032	886,636	95,374	982,010
2033 - 2037	892,563	38,069	930,632
2038 - 2042	157,914	12,455	170,369
2043 - 2047	166,200	8,564	174,764
2048 - 2052	196,697	4,281	200,978
2053 - 2055	77,042	350	77,392
	<u>\$ 3,594,565</u>	<u>\$ 307,212</u>	<u>\$ 3,901,777</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

6. Property Tax

On or before October 1 of each year, the District levies ad valorem taxes on all taxable tangible property, real and personal, within its boundaries based on assessed valuations established by the City of St. Louis and St. Louis County Assessors. Taxes levied are used for stormwater operations, maintenance, and construction. Taxes are recorded as non-operating revenues and recognized, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Property tax bills are typically mailed in October. They become delinquent and represent a lien on the related property if not paid by December 31. All property taxes are billed and collected by the City of St. Louis and St. Louis County Collectors of Revenue and are remitted to the District monthly.

In fiscal years 2022 and 2021, the District recorded revenue from property taxes in the amount of \$44,479,669 and \$43,624,302, respectively.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

7. Long-Term Liabilities

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2022:

	Original Issuance Amounts	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Bonds and Notes Payable:						
Wastewater System Senior Revenue Bonds:						
Series 2010B	\$ 85,000,000	\$ 85,000,000	\$ —	\$ —	\$ 85,000,000	\$ —
Series 2012A	225,000,000	40,320,000	—	(36,645,000)	3,675,000	—
Series 2012B	141,730,000	37,800,000	—	(36,860,000)	940,000	—
Series 2013B	150,000,000	38,990,000	—	(3,520,000)	35,470,000	3,695,000
Series 2015B	223,855,000	166,030,000	—	(3,070,000)	162,960,000	3,220,000
Series 2016C	150,000,000	138,740,000	—	(3,070,000)	135,670,000	3,195,000
Series 2017A	316,175,000	305,580,000	—	(5,490,000)	300,090,000	11,040,000
Series 2019B	52,130,000	51,295,000	—	(880,000)	50,415,000	920,000
Series 2019C (Taxable)	276,260,000	274,745,000	—	(1,545,000)	273,200,000	1,570,000
Series 2020B	120,000,000	118,055,000	—	(1,895,000)	116,160,000	1,990,000
Series 2022B	109,070,000	—	109,070,000	—	109,070,000	6,345,000
Water Infrastructure Finance and Innovation Act (WIFIA) Senior Bonds:						
Series 2018A	47,722,204	261,480	—	—	261,480	—
Wastewater System Senior Refunding Revenue Bonds, Direct Placement:						
Series 2021C	5,620,000	5,620,000	—	—	5,620,000	—
Series 2022A	39,845,000	—	39,845,000	—	39,845,000	—
Water Pollution Control and Drinking Water Subordinate Revenue Bonds (State Revolving Funds Program):						
Series 2004B	161,280,000	46,625,000	—	(9,540,000)	37,085,000	9,610,000
Series 2005A	6,800,000	2,400,000	—	(375,000)	2,025,000	385,000
Series 2006A	42,715,000	16,075,000	—	(2,530,000)	13,545,000	2,590,000
Series 2006B	14,205,000	5,890,000	—	(780,000)	5,110,000	800,000
Series 2008A/B	40,000,000	17,790,000	—	(2,050,000)	15,740,000	2,095,000
Missouri Department of Natural Resources:						
Series 2009A	23,000,000	11,891,700	—	(1,203,700)	10,688,000	1,231,600
Series 2010A	7,980,700	4,682,900	—	(404,600)	4,278,300	412,900
Series 2010C	37,000,000	21,269,000	—	(1,890,000)	19,379,000	1,939,000
Series 2011A	39,769,300	28,611,300	—	(1,884,000)	26,727,300	1,932,000
Series 2013A	52,000,000	38,679,000	—	(2,427,000)	36,252,000	2,490,000
Series 2015A	75,000,000	58,973,000	—	(3,589,000)	55,384,000	3,674,000
Series 2016A	20,000,000	17,001,000	—	(899,000)	16,102,000	919,000
Series 2016B	75,500,000	65,850,000	—	(3,358,000)	62,492,000	3,432,000
Series 2018B	25,174,403	24,302,912	871,491	(533,000)	24,641,403	1,082,000
Series 2019A	23,952,000	22,011,686	1,940,314	—	23,952,000	—
Series 2020A	22,000,000	9,983,418	10,888,992	—	20,872,410	—
Series 2021A	63,101,000	5,333,065	15,520,285	—	20,853,350	—
Series 2021B	40,201,000	7,260,558	19,159,765	(874,000)	25,546,323	1,770,000
	<u>\$2,712,085,607</u>	<u>\$1,667,066,019</u>	<u>\$ 197,295,847</u>	<u>\$ (125,312,300)</u>	<u>\$1,739,049,566</u>	<u>\$ 66,337,500</u>
Add:						
Unamortized premium, net of discount					166,472,148	
Total Bonds and Notes Payable					<u>\$ 1,905,521,714</u>	
Current Portion of Bonds and Notes Payable					\$ 66,337,500	
Non-Current Bonds and Notes Payable					<u>1,839,184,214</u>	
Total Bonds and Notes Payable					<u>\$ 1,905,521,714</u>	
Net Pension Liability	\$ 29,495,178	\$ 4,375,878	\$ —	\$ —	\$ 33,871,056	\$ —
Total OPEB Liability	\$ 24,920,628	\$ 1,872,954	\$ —	\$ —	\$ 26,793,582	\$ —
Deposits and Accrued Expenses						
Landfill closure and postclosure costs	\$ 686,968	\$ 63,980	\$ —	\$ —	\$ 750,948	\$ —
Compensated absences	9,461,777	792,714	(671,912)	—	9,582,579	958,259
Total Deposits and Accrued Expenses	<u>\$ 10,148,745</u>	<u>\$ 856,694</u>	<u>\$ (671,912)</u>	<u>\$ —</u>	<u>\$ 10,333,527</u>	<u>\$ 958,259</u>
Current Portion (Compensated absences) in Current Deposits and Accrued Expenses					\$ 958,259	
Non-Current Deposits and Accrued Expenses					<u>9,375,268</u>	
Total Deposits and Accrued Expenses					<u>\$ 10,333,527</u>	

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

The following is a summary of changes in the District's long-term liabilities for the year ended June 30, 2021:

	Original Issuance Amounts	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Bonds and Notes Payable:						
Wastewater System Senior Revenue Bonds:						
Series 2010B	\$ 85,000,000	\$ 85,000,000	\$ —	\$ —	\$ 85,000,000	\$ —
Series 2011B	52,250,000	13,725,000	—	(13,725,000)	—	—
Series 2012A	225,000,000	45,620,000	—	(5,300,000)	40,320,000	5,300,000
Series 2012B	141,730,000	41,525,000	—	(3,725,000)	37,800,000	4,050,000
Series 2013B	150,000,000	42,380,000	—	(3,390,000)	38,990,000	3,520,000
Series 2015B	223,855,000	168,950,000	—	(2,920,000)	166,030,000	3,070,000
Series 2016C	150,000,000	141,695,000	—	(2,955,000)	138,740,000	3,070,000
Series 2017A	316,175,000	309,240,000	—	(3,660,000)	305,580,000	5,490,000
Series 2019B	52,130,000	52,130,000	—	(835,000)	51,295,000	880,000
Series 2019C (Taxable)	276,260,000	276,260,000	—	(1,515,000)	274,745,000	1,545,000
Series 2020B	120,000,000	—	120,000,000	(1,945,000)	118,055,000	1,895,000
Water Infrastructure Finance and Innovation Act (WIFIA) Senior Bonds:						
Series 2018A	47,722,204	261,480	—	—	261,480	—
Wastewater System Senior Refunding Revenue Bonds, Direct Placement:						
Series 2021C	5,620,000	—	5,620,000	—	5,620,000	—
Water Pollution Control and Drinking Water Subordinate Revenue Bonds (State Revolving Funds Program):						
Series 2004B	161,280,000	55,730,000	—	(9,105,000)	46,625,000	9,540,000
Series 2005A	6,800,000	2,765,000	—	(365,000)	2,400,000	375,000
Series 2006A	42,715,000	18,550,000	—	(2,475,000)	16,075,000	2,530,000
Series 2006B	14,205,000	6,650,000	—	(760,000)	5,890,000	780,000
Series 2008A/B	40,000,000	19,795,000	—	(2,005,000)	17,790,000	2,050,000
Missouri Department of Natural Resources:						
Series 2009A	23,000,000	13,068,200	—	(1,176,500)	11,891,700	1,203,700
Series 2010A	7,980,700	5,079,500	—	(396,600)	4,682,900	404,600
Series 2010C	37,000,000	23,111,000	—	(1,842,000)	21,269,000	1,890,000
Series 2011A	39,769,300	30,449,300	—	(1,838,000)	28,611,300	1,884,000
Series 2013A	52,000,000	41,044,000	—	(2,365,000)	38,679,000	2,427,000
Series 2015A	75,000,000	62,478,000	—	(3,505,000)	58,973,000	3,589,000
Series 2016A	20,000,000	17,158,430	722,570	(880,000)	17,001,000	899,000
Series 2016B	75,500,000	61,285,085	7,850,915	(3,286,000)	65,850,000	3,358,000
Series 2018B	25,267,000	18,228,388	6,074,524	—	24,302,912	533,000
Series 2019A	23,952,000	6,291,992	15,719,694	—	22,011,686	—
Series 2020A	22,000,000	—	9,983,418	—	9,983,418	—
Series 2021A	63,101,000	—	5,333,065	—	5,333,065	—
Series 2021B	40,201,000	—	7,260,558	—	7,260,558	874,000
	<u>\$ 2,615,513,204</u>	<u>\$ 1,558,470,375</u>	<u>\$ 178,564,744</u>	<u>\$ (69,969,100)</u>	<u>\$ 1,667,066,019</u>	<u>\$ 61,157,300</u>
Add:						
Unamortized premium, net of discount					162,860,332	
Total Bonds and Notes Payable					<u>\$ 1,829,926,351</u>	
Current Portion of Bonds and Notes Payable					\$ 61,157,300	
Non-Current Bonds and Notes Payable					1,768,769,051	
Total Bonds and Notes Payable					<u>\$ 1,829,926,351</u>	
Net Pension Liability		\$ 57,792,913	\$ (28,297,735)	\$ —	\$ 29,495,178	\$ —
Total OPEB Liability		\$ 23,164,618	\$ 1,756,010	\$ —	\$ 24,920,628	\$ —
Deposits and Accrued Expenses						
Landfill closure and postclosure costs		\$ 622,913	\$ 64,055	\$ —	\$ 686,968	\$ —
Compensated absences		9,249,172	799,410	(586,805)	9,461,777	946,178
Total Deposits and Accrued Expenses		\$ 9,872,085	\$ 863,465	\$ (586,805)	\$ 10,148,745	\$ 946,178
Current Portion (Compensated absences) in Current Deposits and Accrued Expenses					\$ 946,178	
Non-Current Deposits and Accrued Expenses					9,202,567	
Total Deposits and Accrued Expenses					<u>\$ 10,148,745</u>	

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Voter Approved Bond Authorizations

The District has received voter authorization for revenue bonds on the dates and in the amounts presented below. These funds were sought to enable the District to comply with federal and state clean water requirements. Only new bond issuances count against these authorizations while none of the refunding issuances count against them. From the total voter authorization of \$3,120,000,000, \$744,149,393 has not been issued as of June 30, 2022.

<u>Date of Authorization</u>	<u>Voter Authorized Amount</u>
February 2004	\$ 500,000,000
August 2008	275,000,000
June 2012	945,000,000
April 2016	900,000,000
April 2021	500,000,000
Total	\$ 3,120,000,000

Wastewater System Senior Refunding Revenue Bonds Payable, Direct Placement

In March 2020, the District entered into a forward-delivery direct purchase agreement to issue \$39,845,000 of Wastewater System Senior Refunding Revenue Bonds Series 2022A (“Series 2022A”) which closed in May 2022. These Series 2022A bonds were issued to partially refund the Series 2012A bonds maturing in fiscal years 2033 through 2039 totaling \$31,345,000 and partially refund the Series 2012B bonds maturing in fiscal years 2025 through 2027 totaling \$23,500,000. Proceeds of \$48,087,226, including a premium of \$8,242,226 and \$6,771,267 in excess debt service reserves contributed by the District were used to partially defease Series 2012A and 2012B and the related balances for those bonds were reduced from the District’s financial statements in fiscal year 2022.

This direct placement refunding decreased total debt service payments by \$17,896,368, resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt adjusted for the additional cash paid) of \$8,201,500. These Series 2022A senior direct placement bonds have interest rates of 5.00% and are payable in semiannual installments at varying amounts through May 1, 2039.

In March 2020, the District entered into a forward-delivery direct purchase agreement to issue \$5,620,000 of Wastewater System Senior Refunding Revenue

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Bonds Series 2021C (“Series 2021C”) which closed in May 2021 to coincide with the call date of the outstanding Series 2011B bonds. These Series 2021C bonds, which were previously identified as Series 2021A but were subsequently renamed due to the timing of their issuance, were issued to refund the Series 2011B bonds maturing in fiscal years 2030 through 2032 totaling \$11,395,000. Proceeds of \$7,371,752, including a premium of \$1,751,752, and \$4,025,780 in excess debt service reserves the District contributed were used to refund all the remaining outstanding Series 2011B bonds and the \$2,532 interest accrued thereon. The related liability for the Series 2011B bonds refunded were removed from the District’s financial statements in fiscal 2021.

This direct placement refunding decreased total debt service payments by \$7,527,111, resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt adjusted for the additional cash paid) of \$2,553,241. These Series 2021C senior direct placement bonds have interest rates of 5.00% and are payable in semiannual installments at varying amounts through May 1, 2032.

Principal and Interest Requirements on Senior Refunding Revenue Bonds Payable, Direct Placement

The annual principal and interest requirements to maturity on direct placement senior refunding revenue bonds payable outstanding as of June 30, 2022, are as follows:

Wastewater System Senior Refunding Revenue Bonds Payable			
Direct Placement			
Years ending June 30,	Principal	Interest	Total
2023	\$ —	\$ 2,262,182	\$ 2,262,182
2024	—	2,273,250	2,273,250
2025	3,360,000	2,273,250	5,633,250
2026	6,915,000	2,105,250	9,020,250
2027	7,110,000	1,759,500	8,869,500
2028-2032	5,620,000	6,751,250	12,371,250
2033-2037	8,285,000	4,700,750	12,985,750
2038-2039	14,175,000	1,213,750	15,388,750
Total	\$ 45,465,000	\$ 23,339,182	\$ 68,804,182

Wastewater System Revenue Bonds Payable

In June 2022, the District issued \$109,070,000 of Wastewater System Senior Refunding Revenue Bonds Series 2022B (“Series 2022B”). These bonds were issued for two purposes: \$9,070,000 to partially refund the Series 2012B bonds maturing

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

in fiscal years 2023 through 2024 totaling \$9,310,000. The remaining \$100,000,000 was issued pursuant to the April 2016 authorization for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. None of the funds from this issuance have been expended. A premium of \$13,362,572 was received on the \$100,000,000 portion of the Series 2022B. These Series 2022B senior bonds have an interest rate of 5.0% and are payable in semiannual installments at varying amounts through June 1, 2052.

The Series 2022B refunding net proceeds of \$9,382,256 (including a premium of \$371,595 less payments of \$20,617 in underwriter fees and \$35,584 in issuance costs) were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments defined above on the Series 2012B, the sum of the \$9,382,256 deposited into escrow and the earnings on the U.S. government securities refunded \$9,070,000 in principal payments for call dates May 1, 2023 and May 1, 2024 for Series 2012B and the interest thereon, this leaves a principal payment of \$940,000 due on May 2031 and the related balance for Series 2012B was reduced from the District's financial statements in fiscal year 2022. This refunding decreased total debt service payments by \$303,860 resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt adjusted for the additional cash paid) of \$294,263. Interest payments of \$72,256 and principal payments of \$9,310,000 were made from the escrow account in fiscal year 2022.

In December 2020, the District issued \$120,000,000 of Wastewater System Senior Revenue Bonds Series 2020B ("Series 2020B"). These bonds were issued pursuant to the April 2016 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities and as of June 30, 2022, \$156,829,736 has been expended. A premium of \$37,194,201 was received on the issuance of Series 2020B. These Series 2020B senior bonds have an interest rate of 5.0% and are payable in semiannual installments at varying amounts through June 1, 2050.

In December 2019, the District issued \$52,130,000 of Wastewater System Senior Revenue Bonds Series 2019B ("Series 2019B"). These bonds were issued pursuant to the April 2016 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. A premium of \$12,059,977 was received on the issuance of Series 2019B. These Series 2019B senior bonds have an interest rate of 5.0% and are payable in semiannual installments at varying amounts through May 1, 2049.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

In December 2019, the District issued \$276,260,000 of Taxable Wastewater System Senior Refunding Revenue Bonds Series 2019C (“Series 2019C”). These bonds were issued to partially advance refund the Series 2012A bonds maturing in fiscal years 2040 through 2042 totaling \$103,120,000, the Series 2012B bonds maturing in fiscal years 2028 through 2034 totaling \$83,925,000 (excludes \$940,000 of the May 2031 principal payment due), the Series 2013B bonds maturing in fiscal years 2031 and 2032, 2036 through 2038, and 2040 through 2043 totaling \$67,985,000 and the Series 2015B bonds maturing in fiscal years 2044 through 2045 totaling \$18,400,000.

The Series 2019C refunding net proceeds of \$274,474,218 (after payments of \$1,063,039 in underwriter fees and \$722,743 in issuance costs) and the \$26,045,142 in excess debt service reserves the District contributed were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments defined above on the Series 2012A, Series 2012B, Series 2013B and Series 2015B bonds. The sum of the \$300,519,360 deposited into escrow and the earnings on the U.S. government securities will fund the \$273,430,000 advanced refunded principal payments on their call dates (May 1, 2022 for Series 2012A and Series 2012B, May 1, 2023 for Series 2013B and May 1, 2025 for Series 2015B) and the interest thereon. Interest payments of \$13,671,500 and principal payments of \$187,045,000 were made from the escrow account in fiscal year 2022. All \$273,430,000 debt defeased in substance to be paid from the escrow account with an outstanding amount of \$86,385,000 as of June 30, 2022. As a result of placing the cash with an escrow agent in a trust, Series 2012A, Series 2012B, Series 2013B, and Series 2015B bonds were partially defeased and the related liability for those bonds were removed from the District’s financial statements in fiscal year 2020. This advance refunding decreased total debt service payments by \$98,737,402, resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt adjusted for the additional cash paid) of \$42,691,317. These Series 2019C senior bonds have interest rates ranging from 1.824% to 3.259% and are payable in semiannual installments at varying amounts through May 1, 2045.

In December 2017, the District issued \$316,175,000 of Wastewater System Senior Revenue Bonds Series 2017A (“Series 2017A”). These bonds were issued for two purposes: \$116,175,000 was issued to partially advance refund the Series 2011B bonds maturing in fiscal years 2022 through 2029 totaling \$23,345,000, the Series 2012A bonds maturing in fiscal years 2023 through 2032 totaling \$50,060,000 (excludes \$240,000 of the May 2030 principal payment due), the Series 2013B bonds maturing in fiscal years 2024 through 2029 totaling \$26,385,000, and the Series 2015B bonds maturing in fiscal years 2026 through 2029 totaling \$25,970,000. The remaining \$200,000,000 was issued for the purpose of

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. Approximately \$47,500,000 was issued pursuant to the June 2012 authorization and \$152,500,000 was issued pursuant to the April 2016 authorization. A premium of \$37,823,556 was received on the \$200,000,000 portion of the Series 2017A. These Series 2017A senior bonds have interest rates ranging from 2.0% to 5.0% and are payable in semiannual installments at varying amounts through May 1, 2047.

The Series 2017A refunding net proceeds of \$141,343,662 (including a premium of \$25,967,878 and additional proceeds of \$1,220 and after payments of \$428,483 in underwriting fees and \$371,953 in issuance costs) and the \$934,325 in excess debt service reserves the District contributed were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments defined above on the Series 2011B, Series 2012A, Series 2013B, and Series 2015B bonds. The sum of the \$142,277,987 deposited into escrow and the earnings on the U.S. government securities will fund the \$125,760,000 advanced refunded principal payments on their call dates (May 1, 2021 for Series 2011B, May 1, 2022 for Series 2012A, May 1, 2023 for Series 2013B, and May 1, 2025 for Series 2015B) and the interest thereon. Interest payments of \$5,058,775 and principal payments of \$50,060,000 were made from the escrow account in fiscal year 2022. Of the \$125,760,000 debt defeased in substance to be paid from the escrow account, \$52,355,000 remains outstanding as of June 30, 2022. As a result of placing the cash with an escrow agent in a trust, Series 2011B, Series 2012A, Series 2013B, and Series 2015B bonds were partially defeased and the related liability for those bonds were removed from the District's financial statements in fiscal 2018. This advance refunding decreased total debt service payments by \$12,623,385, resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt adjusted for the additional cash paid) of \$9,481,147.

In December 2016, the District issued \$150,000,000 of Wastewater System Senior Revenue Bonds Series 2016C ("Series 2016C"). These bonds were issued pursuant to the June 2012 authorization: in this case for the purpose of construction, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. A premium of \$17,678,054 was received on the issuance of Series 2016C. These Series 2016C senior bonds have interest rates ranging from 2.0% to 5.0% and are payable in semiannual installments at varying amounts through May 1, 2046.

In December 2015, the District issued \$223,855,000 of Wastewater System Senior Revenue Bonds Series 2015B ("Series 2015B"). These bonds were issued for two purposes: \$73,855,000 was issued to advance refund the Series 2006C and Series

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

2008A bonds and \$150,000,000 was issued pursuant to the June 2012 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. These Series 2015B senior bonds have interest rates ranging from 3.0% to 5.0% and are payable in semiannual installments at varying amounts through May 1, 2045; however, in December 2017, there was an advance refunding of the non-refunding Series 2015B bonds for the fiscal years 2026 through 2029 totaling \$25,970,000. See the explanation for Series 2017A above for further information. In December 2019, there was a taxable advance refunding of the Series 2015B bonds for the fiscal years 2044 through 2045 totaling \$18,400,000. See the explanation for Series 2019C above for further information. As a result of the advance refundings, Series 2015B bonds are considered partially defeased.

The Series 2015B refunding net proceeds of \$86,848,034 (including a premium of \$13,623,487 and after payments of \$337,848 in underwriting fees and \$292,605 in issuance costs) and the \$8,945,557 in excess debt service reserves the District contributed were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2006C and Series 2008A bonds. All principal and interest payments on the advance refunded Series 2006C and Series 2008A bonds have been paid from escrow and no amounts remain outstanding on these bonds. As a result of placing the cash with an escrow agent in a trust, Series 2006C and Series 2008A bonds were defeased and the liability for those bonds were removed from the District's financial statements in fiscal 2016. The original \$60,000,000 Series 2006C bonds were issued pursuant to the February 2004 authorization and the original \$30,000,000 Series 2008A bonds were issued pursuant to the August 2008 authorization. This refunding decreased total debt service payments by \$33,032,176, resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt adjusted for additional cash paid) of \$14,544,866.

In December 2013, the District issued \$150,000,000 of Wastewater System Senior Revenue Bonds Series 2013B ("Series 2013B"). These bonds were issued pursuant to the June 2012 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. These Series 2013B senior bonds have interest rates ranging from 2.0% to 5.0% and are payable in semiannual installments at varying amounts through May 1, 2043; however, in December 2017, there was an advance refunding of the Series 2013B bonds for the fiscal years 2024 through 2029 totaling \$26,385,000. As a result of this advance refunding, Series 2013B bonds are considered partially defeased. See the explanation for Series 2017A above for further information. In December 2019, there was a taxable

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

advance refunding of the Series 2013B bonds for nine years within a span of 12 years from 2031 through 2043 totaling \$67,985,000. As a result of this advance refunding, Series 2013B bonds are considered partially defeased. See the explanation for Series 2019C above for further information.

In November 2012, the District issued \$141,730,000 of Wastewater System Senior Refunding Bonds Series 2012B (“Series 2012B”). These bonds were issued to advance refund the Series 2004A bonds maturing in fiscal years 2015 and thereafter. These Series 2012B senior bonds have interest rates ranging from 1.3% to 5.0% and are payable in semiannual installments at varying amounts through May 1, 2034. The Series 2012B bond’s net proceeds of \$169,991,298 (including a premium of \$29,613,138 and after payments of \$761,593 in underwriting fees and \$590,247 in issuance costs) were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. All principal and interest payments on the advance refunded Series 2004A bonds have been paid from escrow and no amounts remain outstanding on these bonds. As a result of placing the cash with an escrow agent in a trust, Series 2004A bonds were partially defeased and the liability for those bonds related to a date after May 1, 2014, were removed from the District’s financial statements in fiscal 2013. The original \$175,000,000 Series 2004A bonds were issued pursuant to the February 2004 authorization. This refunding decreased total debt service payments by \$28,601,189, resulting in an economic gain (difference between the present values of the debt service requirements on the old and new debt) of \$22,439,375. In December 2019, there was a taxable advance refunding of the Series 2012B bonds for the fiscal years 2028 through 2034 totaling \$83,925,000 (excludes \$940,000 of the May 2031 principal payment due). See the explanation for Series 2019C above for further information. In May 2022, there was direct placement senior refunding revenue bonds issued to refund fiscal years 2025-2027 totaling \$23,500,000. See the explanation for Series 2022A above for further information. As a result of the advance refunding, and the direct placement refunding, Series 2012B bonds are considered partially defeased.

In August 2012, the District issued \$225,000,000 of Wastewater System Senior Revenue Bonds Series 2012A (“Series 2012A”). These bonds were issued pursuant to the June 2012 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. These Series 2012A senior bonds have interest rates ranging from 2.5% to 5.3% and are payable in semiannual installments at varying amounts through May 1, 2042. In December 2017, there was an advance refunding of the Series 2012A bonds for the fiscal years 2023 through 2032 totaling \$50,060,000 (excludes \$240,000 of the May 2030 principal payment due). See the explanation for Series 2017A above for further information.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

In December 2019, there was a taxable advance refunding of the Series 2012A bonds for the fiscal years 2040 through 2042 totaling \$103,120,000. In May 2022, there was direct placement senior refunding revenue bonds issued to refund fiscal years 2033-2039 totaling \$31,345,000. See the explanation for Series 2022A above for further information. As a result of the advance refundings, and direct placement refunding Series 2012A bonds are considered partially defeased.

In December 2011, the District issued \$52,250,000 of Wastewater System Senior Revenue Bonds Series 2011B (“Series 2011B”). These bonds were issued pursuant to the August 2008 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. These Series 2011B senior bonds have interest rates ranging from 3.0% to 5.0% and are payable in semiannual installments at varying amounts through May 1, 2032; however, in December 2017, there was an advance refunding of the Series 2011B bonds for the fiscal years 2022 through 2029 totaling \$23,345,000. See the explanation for Series 2017A above for further information. In May 2021 there were direct placement senior refunding revenue bonds issued to refund the remaining fiscal years 2030 through 2032 totaling \$11,395,000. See the explanation for Series 2021C above for further information. As a result of the advance refunding and direct placement, Series 2011B bonds are considered fully defeased.

In January 2010, the District issued \$85,000,000 of Taxable Wastewater System Senior Revenue Bonds (Build America Bonds – Direct Pay) Series 2010B (“Series 2010B”). These bonds were issued pursuant to the August 2008 authorization: in this case for the purpose of constructing, repairing, replacing, and equipping new and existing District wastewater facilities. All funds from this issuance have been expended. These Series 2010B senior bonds have an interest rate of 5.9% and are payable in semiannual installments at varying amounts through May 1, 2039. As Build America Bonds under The American Recovery and Reinvestment Act (“ARRA”) of 2009, the District receives a subsidy payment from the Federal government equal to a percentage of the interest paid. In fiscal years 2013 and prior the rate was 35%. Beginning with refund payments processed on March 1, 2013, and annually beginning on October 1, 2013, the IRS has adjusted this rate as part of the sequestration. In fiscal year 2020 the subsidy percentage was 32.9% while for 2021 the subsidy percentage was 33.0%. In fiscal year 2022 the subsidy percentage was 33.0% and is expected to be 33.0% in fiscal year 2023.

The revenue bonds do not constitute a legal debt or liability for the District, the State of Missouri, or for any political subdivision thereof and do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Revenue derived from the operations of the Wastewater System is pledged for the retirement of the outstanding Wastewater System Senior Revenue

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Bonds listed above. Under the provisions of the bond indentures, the District covenants to establish rates for the services of the Wastewater System sufficient to fund operations, maintain reserves, and provide revenues to apply principal and interest on these bonds.

The issuance of the revenue bonds does not obligate the District to levy any form of taxation or to make any appropriation for their payments in any fiscal year. The principal and interest on the bonds are expected to be paid from future wastewater revenues.

Water Pollution Control and Drinking Water Revenue Bonds Payable

In October 2008, the State Environmental Improvement and Energy Resources Authority (“Authority”) authorized and issued \$69,435,000 of Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2008A/B (“Series 2008A/B”). The Series 2008A/B bonds provided funds to issue loans to 14 Missouri political subdivisions that used the funds to finance water pollution control and drinking water projects. A portion of the proceeds of the Series 2008A/B bonds issued by the Authority were used to purchase subordinate Participant Revenue Bonds (“Participant Bonds”) authorized and issued by the District from the February 2004 authorization in the aggregate principal amount of \$40,000,000, the proceeds of which were used for constructing, repairing, and equipping new and existing wastewater facilities. All funds from this issuance have been expended. The District’s Series 2008A/B Participant Bonds originally had interest rates ranging from 4.0% to 5.7% but effective April 1, 2021, the District’s interest rate on all outstanding principal was modified to 0.83% but are still payable in semiannual installments at varying amounts through January 1, 2029.

In November 2006, the Authority authorized and issued \$22,105,000 of State Revolving Funds Programs Series 2006B (“Series 2006B”). The Series 2006B bonds provided funds to issue loans to seven Missouri political subdivisions that used the funds to finance water pollution control and drinking water projects. A portion of the proceeds of the Series 2006B bonds issued by the Authority were used to purchase Participant Bonds authorized and issued by the District from the February 2004 authorization in the aggregate principal amount of \$14,205,000, the proceeds of which were used for constructing, repairing, and equipping new and existing wastewater facilities. All funds from this issuance have been expended. The District’s Series 2006B Participant Bonds have interest rates ranging from 4.0% to 5.0% and are payable in semiannual installments at varying amounts through July 1, 2027.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

In May 2006, the Authority authorized and issued \$87,505,000 of State Revolving Funds Programs Series 2006A (“Series 2006A”). The Series 2006A bonds provided funds to issue loans to 13 Missouri political subdivisions that used the funds to finance water pollution control and drinking water projects. A portion of the proceeds of the Series 2006A bonds issued by the Authority were used to purchase subordinate Participant Bonds authorized and issued by the District from the February 2004 authorization in the aggregate principal amount of \$42,715,000, the proceeds of which were used for constructing, repairing, and equipping new and existing wastewater facilities. All funds from this issuance have been expended. The District’s Series 2006A Participant Bonds have interest rates ranging from 3.5% to 4.5% and are payable in semiannual installments at varying amounts through July 1, 2026.

In May 2005, the Authority authorized and issued \$53,060,000 of State Revolving Funds Programs Series 2005A (“Series 2005A”). The Series 2005A bonds provided funds to issue loans to 10 Missouri political subdivisions and one Missouri non-profit corporation that were used to finance water pollution control and drinking water projects. A portion of the proceeds of the Series 2005A bonds issued by the Authority were used to purchase subordinate Participant Bonds authorized and issued by the District from the February 2004 authorization in the aggregate principal amount of \$6,800,000, the proceeds of which were used for constructing, repairing, and equipping new and existing wastewater facilities. All funds from this issuance have been expended. The District’s Series 2005A Participant Bonds have interest rates ranging from 3.0% to 5.0% and are payable in semiannual installments at varying amounts through July 1, 2026.

In May 2004, the Authority authorized and issued \$179,780,000 of State Revolving Funds Programs Series 2004B (“Series 2004B”). The Series 2004B bonds provided funds to issue loans to seven Missouri political subdivisions that were used to finance water pollution control projects. A portion of the proceeds of the Series 2004B bonds issued by the Authority were used to purchase subordinate Participant Bonds authorized and issued by the District from the February 2004 authorization in the aggregate principal amount of \$161,280,000, the proceeds of which were used to finance the District’s three water pollution control construction projects outlined in the agreement. All funds from this issuance have been expended. The District’s Series 2004B Participant Bonds have interest rates ranging from 2.0% to 5.3% and are payable in semiannual installments at varying amounts through January 1, 2027.

The Series 2004B, 2005A, 2006A, 2006B, and 2008A/B bonds do not constitute a legal debt or liability for the District, the State of Missouri, or for any political subdivision thereof and do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2004B, 2005A, 2006A, 2006B, and 2008A/B bonds and the Series 2009A, 2010A,

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

2010C, 2011A, 2013A, 2015A, 2016A, 2016B, 2018B, 2019A, 2020A, 2021A, and 2021B direct loans (pages 61-70) do not obligate the District to levy any form of taxation or to make any appropriation for their payments in any fiscal year. The principal and interest on the bonds are expected to be paid from future wastewater revenues.

In connection with the District's issuance of the Participant Bonds, which were purchased with the proceeds of the Series 2004B, 2005A, 2006A, 2006B, and 2008A/B bonds, the District participates in the State Revolving Loan Program established by the Missouri Department of Natural Resources ("DNR"). Monies from federal capitalization grants and state matching funds are used to fund a bond reserve account for the participants.

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account and deposited in a bond reserve account, in the District's name, an additional 60% of the expenditure amount for the Series 2004B bonds and 70% for the Series 2005A, 2006A, and 2006B bonds. For the Series 2008A/B bonds, 70% of the entire anticipated borrowed amount was deposited into this bond reserve account at the beginning of the loan versus as the expenditures were reimbursed. Interest earned from this bond reserve account can be used by the District to fund interest payments on the bonds.

On the date of each payment of the principal amount of the District's Participant Bonds, the trustee transfers from this bond reserve account to the master trustee account an amount equal to 60% of the principal payment for the Series 2004B bonds and 70% for the Series 2005A, 2006A, 2006B and 2008A/B bonds.

In accordance with the District's Master Bond Ordinance No. 11713, adopted April 22, 2004, the District's annual net operating revenues from wastewater activities, as defined in the agreement, coupled with investments earnings, must be at least 125% of the current year's principal and interest due on all senior bonds and at least 115% of the current year's principal and interest due on all bonds. On June 30, 2022 and 2021, the District was in compliance with this covenant.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Principal and Interest Requirements on Revenue Bonds Payable

The annual principal and interest requirements to maturity on revenue bonds payable outstanding as of June 30, 2022, are as follows:

Wastewater System Revenue Bonds Payable/ Water Pollution Control and Drinking Water Revenue Bonds Payable			
Years ending June 30,	Principal	Interest	Total
2023	\$ 47,455,000	\$ 57,132,565	\$ 104,587,565
2024	48,385,000	55,939,449	104,324,449
2025	45,145,000	54,147,503	99,292,503
2026	43,270,000	52,482,991	95,752,991
2027	41,095,000	50,809,456	91,904,456
2028-2032	252,645,000	224,723,894	477,368,894
2033-2037	280,845,000	168,844,864	449,689,864
2038-2042	349,590,000	103,118,252	452,708,252
2043-2047	181,965,000	39,032,661	220,997,661
2048-2052	55,760,000	7,222,375	62,982,375
Total	\$ 1,346,155,000	\$ 813,454,010	\$ 2,159,609,010

Water Infrastructure Finance and Innovation Act (WIFIA) Series 2018A

In December 2018, the Environmental Protection Agency (“EPA”) issued to the District an amount totaling \$47,722,204 for the purpose of constructing the Deer Creek Sanitary Tunnel Pump Station and Sanitary Sewers Project. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the April 2016 authorization. The Series 2018A bonds are not subordinated. The District’s interest rate is 3.06% and is payable in semiannual installments at varying amounts through May 1, 2053.

Principal and Interest Requirements on Water Infrastructure Finance and Innovation Act (WIFIA) Series 2018A

As the District incurs approved capital expenditures, the EPA reimburses the District for the expenditures from the bond proceeds account. The District repays the loan at an interest rate of 3.06% based on the amount that has been borrowed. As of June 30, 2022, the outstanding loan balance was \$261,480. The payment requirements to maturity will be determined after the debt is fully issued.

State of Missouri Direct Loan Series 2021B

In January 2021, the State of Missouri Direct Loan Program issued to the District an amount totaling \$40,201,000 for the purpose of improving, renovating, repairing, replacing, and equipping the District’s Wastewater System. The

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the April 2016 authorization. The District's interest rate is 0.78% and is payable in semiannual installments at varying amounts through January 1, 2041.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2021B

As the District incurs approved capital expenditures, the DNR reimburses the District for the expenditures from the bond proceeds account. The District repays the loan at an interest rate of 0.78% based on the amount that has been borrowed. As of June 30, 2022, the outstanding loan balance was \$25,546,323. The payment requirements to maturity will be determined after the debt is fully issued.

State of Missouri Direct Loan Series 2021A

In January 2021, the State of Missouri Direct Loan Program issued to the District an amount totaling \$63,101,000 for the purpose of constructing the Lower Meramec Tunnel. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the April 2016 authorization. The District's interest rate is 0.78% and is payable in semiannual installments at varying amounts through July 1, 2044.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2021A

As the District incurs approved capital expenditures, the DNR reimburses the District for the expenditures from the bond proceeds account. The District repays the loan at an interest rate of 0.78% based on the amount that has been borrowed. As of June 30, 2022, the outstanding loan balance was \$20,853,350. The payment requirements to maturity will be determined after the debt is fully issued.

State of Missouri Direct Loan Series 2020A

In September 2020, the State of Missouri Direct Loan Program issued to the District an amount totaling \$22,000,000 for the purpose of constructing the Deer Creek Tunnel Pump Stations. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the April 2016 authorization. The District's interest rate is 0.80% and is payable in semiannual installments at varying amounts through July 1, 2042.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Principal and Interest Requirements on State of Missouri Direct Loan Series 2020A

As the District incurs approved capital expenditures, the DNR reimburses the District for the expenditures from the bond proceeds account. The District repays the loan at an interest rate of 0.80% based on the amount that has been borrowed. As of June 30, 2022, the outstanding loan balance was \$20,872,410. The payment requirements to maturity will be determined after the debt is fully issued.

State of Missouri Direct Loan Series 2019A

In September 2019, the State of Missouri Direct Loan Program issued to the District an amount totaling \$23,952,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the April 2016 authorization. The District's interest rate is 0.98% and is payable in semiannual installments at varying amounts through July 1, 2042.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2019A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2019A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2019A			
Years ending June 30,	Principal	Interest	Total
2023	\$ —	\$ 234,730	\$ 234,730
2024	1,015,000	232,255	1,247,255
2025	1,035,000	222,259	1,257,259
2026	1,057,000	212,062	1,269,062
2027	1,078,000	201,655	1,279,655
2028-2032	5,724,000	844,657	6,568,657
2033-2037	6,321,000	551,279	6,872,279
2038-2042	6,985,000	227,189	7,212,189
2043	737,000	3,611	740,611
Total	\$ 23,952,000	\$ 2,729,697	\$ 26,681,697

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

State of Missouri Direct Loan Series 2018B

In December 2018, the State of Missouri Direct Loan Program issued to the District an amount totaling \$25,267,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. In April 2022, the total loan amount was reduced to \$25,174,403 due to the expiration of the SRF loan. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the April 2016 authorization. The District's interest rate is 1.38% and is payable in semiannual installments at varying amounts through January 1, 2041.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2018B

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn down on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2018B outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2018B			
Years ending June 30,	Principal	Interest	Total
2023	\$ 1,079,403	\$ 335,409	\$ 1,414,812
2024	1,100,000	321,381	1,421,381
2025	1,122,000	306,125	1,428,125
2026	1,144,000	290,566	1,434,566
2027	1,168,000	274,696	1,442,696
2028-2032	6,202,000	1,123,831	7,325,831
2033-2037	6,840,000	676,483	7,516,483
2038-2041	5,986,000	188,039	6,174,039
Total	\$ 24,641,403	\$ 3,516,530	\$ 28,157,933

State of Missouri Direct Loan Series 2016B

In December 2016, the State of Missouri Direct Loan Program issued to the District an amount totaling \$75,500,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds were issued from the June 2012 authorization. The District's interest rate is 1.2% and is payable in semiannual installments at varying amounts through July 1, 2037.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Principal and Interest Requirements on State of Missouri Direct Loan Series 2016B

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2016B outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2016B			
Years ending June 30,	Principal	Interest	Total
2023	\$ 3,432,000	\$ 739,662	\$ 4,171,662
2024	3,507,000	698,256	4,205,256
2025	3,583,000	655,944	4,238,944
2026	3,661,000	612,714	4,273,714
2027	3,741,000	568,548	4,309,548
2028-2032	19,966,000	2,145,630	22,111,630
2033-2037	22,242,000	887,466	23,129,466
2038	2,360,000	14,160	2,374,160
Total	\$ 62,492,000	\$ 6,322,380	\$ 68,814,380

State of Missouri Direct Loan Series 2016A

In December 2016, the State of Missouri Direct Loan Program issued to the District an amount totaling \$20,000,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds are issued from the June 2012 authorization. The District's interest rate is 1.2% and is payable in semiannual installments at varying amounts through January 1, 2037.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2016A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2016A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2016A			
Years ending June 30,	Principal	Interest	Total
2023	\$ 919,000	\$ 190,482	\$ 1,109,482
2024	939,000	179,394	1,118,394
2025	959,000	168,066	1,127,066
2026	981,000	156,492	1,137,492
2027	1,002,000	144,660	1,146,660
2028-2032	5,347,000	536,598	5,883,598
2033-2037	5,955,000	199,686	6,154,686
Total	\$ 16,102,000	\$ 1,575,378	\$ 17,677,378

State of Missouri Direct Loan Series 2015A

In August 2015, the State of Missouri Direct Loan Program issued to the District an amount totaling \$75,000,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds were issued from the June 2012 authorization. The District's interest rate is 1.2% and is payable in semiannual installments at varying amounts through January 1, 2035.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2015A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2015A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2015A			
Years ending June 30,	Principal	Interest	Total
2023	\$ 3,674,000	\$ 664,452	\$ 4,338,452
2024	3,762,000	619,455	4,381,455
2025	3,852,000	573,284	4,425,284
2026	3,943,000	526,015	4,469,015
2027	4,038,000	477,624	4,515,624
2028-2032	21,763,000	1,619,001	23,382,001
2033-2035	14,352,000	309,368	14,661,368
Total	\$ 55,384,000	\$ 4,789,199	\$ 60,173,199

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

State of Missouri Direct Loan Series 2013A

In October 2013, the State of Missouri Direct Loan Program issued to the District an amount totaling \$52,000,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds were issued from the June 2012 authorization. Effective April 1, 2021, the District's interest rate on all outstanding principal was modified to 0.83% from 1.6% but is still payable in semiannual installments at varying amounts through July 1, 2034.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2013A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2013A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2013A			
<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,490,000	\$ 295,698	\$ 2,785,698
2024	2,555,000	274,958	2,829,958
2025	2,622,000	253,611	2,875,611
2026	2,691,000	231,707	2,922,707
2027	2,760,000	209,231	2,969,231
2028-2032	14,920,000	688,020	15,608,020
2033-2035	8,214,000	103,169	8,317,169
Total	\$ 36,252,000	\$ 2,056,394	\$ 38,308,394

State of Missouri Direct Loan Series 2011A

In November 2011, the State of Missouri Direct Loan Program issued to the District an amount totaling \$39,769,300 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds were issued from the August 2008 authorization. The District's interest rate is 1.5% and is payable in semiannual installments at varying amounts through January 1, 2034.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Principal and Interest Requirements on State of Missouri Direct Loan Series 2011A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2011A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2011A			
Years ending June 30,	Principal	Interest	Total
2023	\$ 1,932,000	\$ 398,939	\$ 2,330,939
2024	1,982,000	369,403	2,351,403
2025	2,032,000	339,086	2,371,086
2026	2,083,000	308,010	2,391,010
2027	2,137,000	276,143	2,413,143
2028-2032	11,528,000	873,491	12,401,491
2033-2035	5,033,300	96,233	5,129,533
Total	\$ 26,727,300	\$ 2,661,305	\$ 29,388,605

State of Missouri Direct Loan Series 2010C

In December 2010, the State of Missouri Direct Loan Program issued to the District an amount totaling \$37,000,000 for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. The principal and interest on the bonds are expected to be paid from future wastewater revenues and the bonds were issued from the August 2008 authorization. The District's interest rate is 1.7% and is payable in semiannual installments at varying amounts through January 1, 2031.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2010C

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2010C outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2010C			
Years ending June 30,	Principal	Interest	Total
2023	\$ 1,939,000	\$ 311,790	\$ 2,250,790
2024	1,989,000	279,609	2,268,609
2025	2,041,000	246,576	2,287,576
2026	2,094,000	212,685	2,306,685
2027	2,148,000	177,911	2,325,911
2028-2031	9,168,000	345,527	9,513,527
Total	\$ 19,379,000	\$ 1,574,098	\$ 20,953,098

State of Missouri Direct Loan Series 2010A

In January 2010, the State of Missouri's Direct Loan Program - ARRA issued to the District an amount totaling \$7,980,700 for the construction, improvement, renovation, repair, replacement and equipping of its Wastewater System, under the authority of and in full compliance with the District's Charter ("Plan") and the bonds were issued from the August 2008 authorization. The District's interest rate is 1.5% and is payable in semiannual installments at varying amounts through July 1, 2031.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2010A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2010A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2010A			
Years ending June 30,	Principal	Interest	Total
2023	\$ 412,900	\$ 61,795	\$ 474,695
2024	421,300	55,657	476,957
2025	429,800	49,390	479,190
2026	438,500	42,998	481,498
2027	447,400	36,475	483,875
2028-2032	2,128,400	79,807	2,208,207
Total	\$ 4,278,300	\$ 326,122	\$ 4,604,422

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

State of Missouri Direct Loan Series 2009A

In October 2009, the DNR loaned \$23,000,000 to the District. The State of Missouri Direct Loan Series 2009A note bears interest at a rate of 1.5% per annum and is payable through January 1, 2030. The purpose of this note was to finance the designing, constructing, improving, renovating, repairing, replacing and equipping of new and existing sewer facilities within the District. The principal and interest on the note are expected to be paid from future wastewater revenues and the note was issued from the August 2008 authorization.

Principal and Interest Requirements on State of Missouri Direct Loan Series 2009A

As the District incurred approved capital expenditures, the DNR reimbursed the District for the expenditures from the bond proceeds account. All funds have been drawn on this loan.

The annual principal and interest requirements to maturity on the State of Missouri Direct Loan Series 2009A outstanding as of June 30, 2022, are as follows:

State of Missouri Direct Loan Series 2009A			
Years ending June 30,	Principal	Interest	Total
2023	\$ 1,231,600	\$ 151,537	\$ 1,383,137
2024	1,260,000	133,491	1,393,491
2025	1,289,200	114,989	1,404,189
2026	1,319,000	96,059	1,415,059
2027	1,349,500	76,690	1,426,190
2028-2031	4,238,700	109,330	4,348,030
Total	\$ 10,688,000	\$ 682,096	\$ 11,370,096

In accordance with the Direct Loan Series 2009A, 2010A, 2010C, 2011A, 2013A, 2015A, 2016A, 2016B, 2018B, 2019A, 2020A, 2021A, and 2021B ordinances, the District's annual net operating revenues from wastewater activities, as defined in the agreement, coupled with investments earnings must be at least 115% of the current year's principal and interest due on all bonds. At June 30, 2022 and 2021, the District was in compliance with this covenant.

Wastewater System Cash and Investments

The following accounts have been established in accordance with bond ordinances and financing agreements that require receipts generated from operations be segregated and certain reserve accounts be established:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Revenue Fund

The Revenue Fund will be used for the purpose of depositing wastewater and stormwater operating revenues, providing funds to pay for expenses related to the operation and maintenance of the District, and fulfilling Sinking Fund requirements in accordance with the bond ordinances.

Sinking Fund

The bond ordinances provide for deposits to and the use of monies in the Sinking Fund to be used for the sole purpose of principal and interest payments on the bonds. Sufficient monies shall be paid in periodic installments from the Revenue Fund.

Debt Service Fund

The Debt Service Fund shall be used by the Trustee for the sole purpose of paying the principal and interest on the bonds, as and when the same become due.

Debt Service Reserve Fund

After initial deposit of the amount required pursuant to the bond ordinances and financing agreements of the Series 2010B, 2012A, 2012B and 2013B bonds, monies in the Debt Service Reserve Fund shall be disbursed and expended by the District solely for the payment of the principal and interest on the bonds and notes to the extent of any deficiency in the Debt Service Fund for such purpose. The District may disburse and expend monies from the Debt Service Reserve Fund for such purpose immediately. As of June 30, 2022, and 2021, cash and investments in the Debt Service Reserve Fund totaled \$14,220,682 and \$21,045,454, respectively.

Series 2015B was issued without a debt service reserve fund requirement and at that time \$8,945,557 in excess debt service reserves along with part of the Series 2015B proceeds were used to advance refund Series 2006C and Series 2008A bonds.

Series 2016C was issued without a debt service reserve fund requirement.

Series 2017A was issued without a debt service reserve fund requirement and at that time \$934,325 in excess debt service reserves along with part of the Series 2017A proceeds were used to partially advance refund Series 2011B, Series 2012A, Series 2013B and Series 2015B.

Series 2018A was issued without a debt service reserve fund requirement.

Series 2019B was issued without a debt service reserve fund requirement.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Series 2019C was issued without a debt service reserve fund requirement and at that time \$26,045,142 in excess debt service reserves along with the Series 2019C proceeds were used to partially advance refund Series 2012A, Series 2012B, Series 2013B and Series 2015B.

Series 2020B was issued without a debt service reserve fund requirement.

Series 2021C was issued without a debt service reserve fund requirement and at that time \$4,025,780 in excess debt service reserves along with the Series 2021C proceeds were used in a current refunding of Series 2011B.

Series 2022A was issued without a debt service reserve fund requirement and at that time \$6,771,267 in excess debt service reserves along with the Series 2022A proceeds were used in a current refunding of Series 2012A and 2012B.

Series 2022B was issued without a debt service reserve fund requirement.

Special Participant Bond Reserve Account

For the Series 2004B, 2005A, 2006A, 2006B, and 2008A/B bonds, the DNR deposited into the Special Participant Bond Reserve Account, amounts in accordance with the bond ordinances, which shall be disbursed and expensed by the District solely for the payment of the principal and interest on the Participant Bonds to the extent of any deficiency in the Sinking Fund for such purpose. At June 30, 2022 and 2021, cash and investments in the Special Participant Bond Reserve Account held on behalf of the District totaled \$48,137,652 and \$58,050,189, respectively. Monies in this account are not considered to be District funds. However, interest earnings on this account are used by the District to reduce interest payments on the bonds outstanding.

Renewal and Extension Fund

All sums accumulated and retained in the Renewal and Extension Fund shall be first used to prevent default in the payment of principal and interest on the bonds when due and shall then be applied by the District for purposes pursuant to the trust indenture. No monies have been deposited into this account at June 30, 2022.

Project Fund

The Project Funds for all bond issuances outstanding will be used for the purpose of providing monies to pay project costs. The proceeds from the bonds and notes, after a deposit into the Debt Service Reserve Fund for the amounts required pursuant to the bond ordinances and note agreements of Series 2010B, 2012A, 2012B and 2013B bonds, shall be deposited into the Project Fund. At June 30, 2022

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

and 2021, cash and investments in the Project Funds totaled \$112,835,735 and \$92,415,533, respectively.

Rebate Fund

The bond ordinances provide for the creation of a Rebate Fund into which shall be deposited such amounts as are required to be deposited therein pursuant to the arbitrage instructions regarding the calculation and payment of rebate amounts due. The District does not have any rights in or claims to such money; provided, however, any funds remaining in the Rebate Fund after redemption and payment of all bonds and payment of any rebatable arbitrage amount, or provision having been made therefore, shall be remitted to the District. At June 30, 2022 and 2021, cash and investments in the Rebate Fund totaled \$228,446 and \$228,349, respectively.

Administrative Fee Fund

The Administrative Fee Fund will be used for the payment of the Trustee's fees and other administrative fees pursuant to the note agreement. The Trustee has the ability to immediately withdraw the fee amounts when due. Monies held in this account shall not be invested.

Pledged Revenues

The District pledges revenues to ensure the repayment of all outstanding revenue bonds. These bonds' proceeds are used for the District's capital improvement and replacement program and their repayment comes from, and is collateralized by, the District's wastewater revenues. These revenues are pledged through 2052 at an approximate amount of \$2.2 billion. The proportion of future pledged revenues to future wastewater revenues is not estimable as annual total revenues fluctuate. Principal and interest paid out during fiscal year 2022 was \$123.9 million with pledged revenues of \$283.0 million. This provided a coverage ratio of 2.3 and pledged revenues represented 61.8% of all net operating revenues.

Direct Borrowings and Direct Placements

For the fiscal years ending June 30, 2022 and 2021, the District had bonds and notes from direct borrowings of \$769,678,403 and \$769,771,000, respectively.

Each series of the District's subordinate debt evidence a loan from the Missouri Department of Natural Resources. The net revenues of the wastewater system are pledged to the payment of the subordinate debt; however, payment of the subordinate debt from pledged revenues are junior and subordinate to the Senior

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Bonds. The subordinate debt contain terms regarding events of default with finance-related consequences that are classified as (1) delinquent or non-payment of principal and interest payment on the District's bonds, (2) failure to perform obligations under the agreement with the bond purchaser, (3) misrepresentation to the bond purchaser, and (4) bankruptcy.

The District's Series 2018 Bond evidences a loan from the United States Environmental Protection Agency. The net revenues of the wastewater system are pledged to the payment of the Series 2018 Bond, which was issued as a Senior Bond. The Series 2018 Bond contains terms regarding events of default with finance-related consequences that are classified as (1) delinquent or non-payment of principal and interest payment on the District's bonds, (2) failure to perform obligations under the agreement with the bond purchaser, (3) misrepresentation to the bond purchaser, (4) bankruptcy, (5) covenant default, (6) judgments in excess of \$50,000,000 and (7) failure to maintain existence.

The District had direct placement bonds of \$45,465,000 and \$5,620,000 in the fiscal years ending June 30, 2022 and 2021, respectively. In addition, the District had no unused lines of credit and had no assets pledged as collateral for bonds from direct placements in the fiscal years ending June 30, 2022 and 2021.

The District has authorized the issuance of Wastewater System Senior Refunding Revenue Bonds, Direct Placement Series 2023A, Series 2025A and 2026A to be issued on May 1, 2023, May 1, 2025, and May 1, 2026, respectively. The par amount of the bonds will total \$263,530,000. The Series 2023A and Series 2025A bonds will be purchased by Morgan Stanley Municipal Funding, Inc. pursuant to the Amended and Restated Forward Delivery Bond Purchase Agreement dated March 23, 2020 and the Series 2026A bonds will be purchased by Barclays Capital pursuant to the Forward Delivery Bond Purchase Agreement dated October 6, 2021. Upon issuance, the District plans to use the proceeds of the bonds to refund a portion of the outstanding Wastewater System Senior Revenue Bonds Series 2013B, Series 2015B and Series 2016B. Wastewater System Senior Refunding Revenue Bonds, Direct Placement Series 2022A, was issued May 3, 2022, and the \$39,845,000 proceeds were used to partially refund the outstanding debt issues 2012A and 2012B. See the explanation for Series 2022A above for further information. Wastewater System Senior Refunding Revenue Bonds, Direct Placement Series 2021A, renamed Series 2021C due to the timing of their issuance, was included in the original authorization, and was issued on May 3, 2021, and the \$5,620,000 proceeds were used to refund the outstanding Wastewater System Senior Revenue Bonds Series 2011B. See the explanation for Series 2021C above for further information.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The Amended and Restated Forward Delivery Bond Purchase Agreement for the Series 2023A, Series 2025A and Series 2026A Bonds contain terms regarding events of default between closing and settlement with finance-related consequences that are classified as (1) an event of default under other debt instruments, (2) repudiation of the District's obligations under the Agreement, (3) dissolution, (4) bankruptcy, (5) consolidation or merger into another entity resulting in materially weaker creditworthiness, (6) misrepresentation, (7) significant rating downgrade or rating withdrawal or (8) refusal or inability of bond counsel to deliver an opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and is exempt from income taxation by the State of Missouri. Upon the occurrence of an event of default the District may be required to make a termination payment to the purchaser of the Bonds equal to fees and expenses, and on demand of the purchaser, a make-whole termination payment.

8. Pension Plan

General Information About the Pension Plan

Pension Plan Description. The Metropolitan St. Louis Sewer District Employees' Pension Plan ("Pension Plan") is a noncontributory single employer defined benefit plan providing retirement benefits as well as death and disability benefits. As a condition of employment, all full-time employees of the District commencing service prior to January 1, 2011, were eligible to be covered by the Pension Plan. As of January 1, 2011, the Pension Plan was frozen to new employees. Instead, new employees of the District may participate in The Metropolitan St. Louis Sewer District Defined Contribution Plan ("DC Plan") and/or The Metropolitan St. Louis Sewer District Deferred Compensation Plan and Trust. Current employees with less than ten years of service on January 1, 2011, could also voluntarily elect to transfer from the Pension Plan and enter the DC Plan.

Benefits Provided. All benefits vest after five years of credited service. Members retiring at or after age 65 with five or more years credited service are entitled to a pension benefit. The Pension Plan permits early retirement with reduced benefits beginning at age 55 if the member has completed five years of employment. Ordinance No. 10664 provides for unreduced retirement benefits to any member whose combined age and term of service is equal to 75.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Effective August 1, 2004, Ordinance No. 11781 amended the Pension Plan to change the benefit formula to 1.7% of final average earnings plus 0.4% of final average earnings that are in excess of covered earnings multiplied by the period of years and months of credited service not to exceed 35 years without including accrued sick leave. For vested employees who retire or die while in active service, sick leave is paid out at 1.25% per year of service multiplied by the amount of the unused accrued sick leave remaining at the employee's current rate of pay, up to a maximum of \$50,000. Also, the Pension Plan was amended to provide the retiring member with a 10% partial lump sum payment option. The balance of the distribution will be paid in accordance with any one of the other payment options available under the Pension Plan.

The retirement benefit payable to a member who retires after the normal retirement date is the greater of a) the benefit that would have been payable on the normal retirement date plus a special annual retirement benefit provided by the accumulated value, at 4% per annum interest, of the monthly benefit that would have been received prior to the postponed retirement date or b) the benefit determined as of the postponed retirement date under the normal formula.

Effective August 27, 2011, Ordinance No. 13288 amended the Pension Plan to include the following: "Upon termination or complete discontinuance of contributions under the Pension Plan, the rights of all Members to benefits accrued to the date of such termination or discontinuance shall be non-forfeitable, to the extent then funded."

Effective September 14, 2017, Ordinance No. 14776 amended the Pension Plan to require enrollment in Medicare Parts A and B when Members first become eligible for such Medicare programs due to disability in order to receive, or continue to receive, retiree medical benefits under the Pension Plan and to clarify that any retiree medical benefits under the Pension Plan will be secondary to Medicare disability benefits in accordance with the Medicare secondary payor rules.

Effective February 14, 2019, Ordinance No. 15110 amended the Pension Plan to update the language of Pension Plan benefits for death of a member after retirement and retiree medical coverage.

Amounts in participants' accounts are distributed upon retirement, death, disability, or termination of employment. The normal form of retirement benefit is either a lump sum payment or equal monthly installments.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

The Pension Plan reports financial data on a calendar year basis and issues a publicly available financial report that includes audited financial statements and required supplementary information. That report is available on the District's website at msdprojectclear.org and may be obtained by writing: The Metropolitan St. Louis Sewer District, 2350 Market Street, St. Louis, MO 63103-2555.

Employees Covered by Benefit Terms. At December 31, 2021, and 2020, the financial reporting period of the Pension Plan, the following employees were covered by the benefit terms:

	As of December 31,		
	2021	2020	Increase (Decrease)
Active plan members	396	450	(54)
Retirees and beneficiaries currently receiving benefits	841	800	41
Terminated members entitled to receive benefits	164	172	(8)
Total	1,401	1,422	(21)

Required Employer Contributions. The District's employees do not contribute to the Pension Plan. Ordinances establishing the Pension Plan provide for actuarially determined annual contributions, paid solely by the District, that are sufficient to pay benefits when due. The Entry Age Normal actuarial funding method is used to determine contributions.

Contributions of \$12,243,539 and \$12,771,525, excluding certain professional fees paid by the District, were made to the Pension Plan during the District's fiscal years ended June 30, 2022, and 2021, respectively. These contributions were made in accordance with actuarially determined contribution requirements based on actuarial valuations performed at December 31, 2021, and 2020, respectively.

Net Pension Liability

The net pension liability was measured as of December 31, 2021, and 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2021, and 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	4.25 percent, average, including inflation
Investment Rate of Return	6.25 and 6.75 percent, net of pension plan investment expense, including inflation for years ended December 31, 2021 and 2020

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Effective December 31, 2021, and December 31, 2020, for current employees, healthy retirees, disabled retirees and contingent survivors, mortality rates were based on the Pub-2010 General Amount-Weighted Mortality Tables, male and female rates, with generational projection from 2010 using MP-2021 and MP-2020 improvement scale (improvement scale updates published annually), respectively.

The actuarial assumptions are based on prior and current year experiences. *Long-Term Expected Rate of Return.* The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions at December 31, 2021, and 2020 are as follows:

Asset Class	December 31, 2021	
	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap US Equity	25.0%	4.0%
Domestic Core Bonds	14.0%	-0.2%
Core "Plus" Bonds	13.0%	0.4%
Real Estate	12.0%	2.7%
Developed International Equity	12.0%	5.0%
Small Cap US Equity	10.0%	4.5%
Global Fixed Income	8.0%	3.4%
Emerging Markets Equity	6.0%	5.6%
Total	100.0%	

Asset Class	December 31, 2020	
	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap US Equity	25.0%	4.2%
Domestic Core Bonds	14.0%	0.1%
Core "Plus" Bonds	13.0%	0.7%
Real Estate	12.0%	2.9%
Developed International Equity	12.0%	5.0%
Small Cap US Equity	10.0%	4.7%
Global Fixed Income	8.0%	3.5%
Emerging Markets Equity	6.0%	5.2%
Total	100.0%	

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Discount Rate. The discount rate used to measure the total pension liability at December 31, 2021, and 2020, was 6.25 and 6.75 percent, respectively. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Changes in Net Pension Liability for the Year Ending December 31, 2021

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2020	\$ 356,407,862	\$ 326,912,684	\$ 29,495,178
Changes for the year:			
Service cost	4,477,486	—	4,477,486
Interest	23,673,688	—	23,673,688
Effect of economic/demographic gains or losses	1,563,845	—	1,563,845
Effect of assumptions changes or inputs	18,787,548	—	18,787,548
Benefit payments	(20,665,530)	(20,665,530)	—
Employer contributions	—	12,144,484	(12,144,484)
Net investment income	—	31,982,205	(31,982,205)
Balances as of December 31, 2021	\$ 384,244,899	\$ 350,373,843	\$ 33,871,056

Changes in Net Pension Liability for the Year Ending December 31, 2020

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2019	\$ 353,995,560	\$ 296,202,647	\$ 57,792,913
Changes for the year:			
Service cost	4,832,125	—	4,832,125
Interest	23,581,022	—	23,581,022
Effect of economic/demographic gains or losses	(6,727,748)	—	(6,727,748)
Effect of assumptions changes or inputs	—	—	—
Benefit payments	(19,273,097)	(19,273,097)	—
Employer contributions	—	13,398,565	(13,398,565)
Net investment income	—	36,584,569	(36,584,569)
Balances as of December 31, 2020	\$ 356,407,862	\$ 326,912,684	\$ 29,495,178

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the 6.25 and 6.75 percent discount rate for December 31, 2021, and December 31, 2020, respectively, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

		December 31, 2021		
		1%	Current	1%
		Decrease	Discount Rate	Increase
		(5.25%)	(6.25%)	(7.25%)
Net Pension Liability	\$	76,413,375	\$ 33,871,056	\$ (2,259,652)

		December 31, 2020		
		1%	Current	1%
		Decrease	Discount Rate	Increase
		(5.75%)	(6.75%)	(7.75%)
Net Pension Liability	\$	68,384,716	\$ 29,495,178	\$ (3,623,239)

Pension Plan Fiduciary Net Position. Fiduciary net position is the fair value of all plan assets. Net pension liability is the plan's total pension liability less its fiduciary net position, i.e., the plan's unfunded accrued liability.

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

For the years ended June 30, 2022, and 2021, the District recognized pension expense of \$9,141,638 and \$5,192,722, respectively, after accounting for all deferred outflows and inflows of resources. The District reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 912,243	\$ 1,744,230	\$ —	\$ 5,077,158
Changes of assumptions	10,959,403	—	3,970,296	—
Net difference between projected and actual earnings	—	21,449,794	—	17,594,240
Contributions made subsequent to measurement date	6,605,179	—	6,506,124	—
Total	<u>\$ 18,476,825</u>	<u>\$ 23,194,024</u>	<u>\$ 10,476,420</u>	<u>\$ 22,671,398</u>

In the years ending June 30, 2022, and 2021, amounts currently reported as deferred outflows of resources, \$6,605,179 and \$6,506,124, respectively, related to the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2023, and 2022, respectively.

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

Year ended June 30,:	Net Deferrals of Resources
2023	\$ 2,944,605
2024	(6,792,974)
2025	(5,421,444)
2026	(2,052,565)
	<u>\$ (11,322,378)</u>

Payable to The Pension Plan

At June 30, 2022, and 2021, the District did not have outstanding required contributions to the Pension Plan.

9. Fiduciary Pension Trust Fund Cash and Investments

The Metropolitan St. Louis Sewer District Employees' Pension Plan ("Pension Plan") is reported as a Fiduciary Pension Trust Fund. The Plan reports financial data on a calendar year basis and issues a publicly available financial report with audited financial statements which can be found on the District's www.msdpjrojectclear.org website or may be obtained by writing: The Metropolitan St. Louis Sewer District, 2350 Market Street, St. Louis, MO 63103-

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

2555. The cash and investment information for this plan is included below and the fair value measurement and application is included in note 17.

Categories of Asset Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. Pursuant to Resolution 3597, the Pension Plan is authorized to invest in the following:

- **Equity Investments:** Common stocks of corporations, mutual funds, or co-mingled equity funds (Domestic and International, target range 6% to 25%, allowable range 2% to 30%).
- **Fixed Income Investments:** U.S. government and agency securities, corporate bonds, debentures, notes, or other evidence of indebtedness assumed or guaranteed by corporations (Domestic and International, target range 8% to 14%, allowable range 3% to 19%).
- **Short-term Securities:** Commercial paper, treasury bills, certificates of deposit, and/or money market funds.
- **Real Estate Investments:** Real estate investment trusts and multi-employer property trusts (Target range 12%, allowable range 0% to 15%).
- **Hedge Funds, Global Tactical, Real Assets, Market Neutral, and Absolute Return Investments;** these investment strategies help diversify the investment portfolio.

The fair value of investments managed consisted of the following:

	As of December 31,	
	2021	2020
Investments, at Fair Value		
Collective Investment Funds	\$ 185,031,152	\$ 171,767,753
Mutual Funds	62,608,137	60,179,174
Real Estate Investments	29,021,383	30,265,219
Corporate Obligations	27,025,796	27,630,867
Domestic Common Stocks	21,934,156	18,552,256
US Treasury and Agency Obligations	19,727,449	13,994,724
Money Market Funds	3,666,492	3,237,837
Municipal Obligations	1,370,872	1,292,527
Total Investments	\$ 350,385,437	\$ 326,920,357

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rates. The Pension Plan had the following debt securities and maturities:

	<u>As of December 31, 2021</u>	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
Corporate Obligations	\$ 27,025,796	4.09
U.S. Treasury and Agency Obligation	19,727,449	4.90
Municipal Obligations	1,370,872	4.28
Total	<u>\$ 48,124,117</u>	
Portfolio Weighted Average Maturity in Years		4.43

	<u>As of December 31, 2020</u>	
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
Corporate Obligations	\$ 27,630,867	3.92
U.S. Treasury and Agency Obligations	13,994,724	5.46
Municipal Obligations	1,292,527	3.57
Total	<u>\$ 42,918,118</u>	
Portfolio Weighted Average Maturity in Years		4.42

The Pension Plan will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

- Structuring the investment portfolio so that securities mature to meet cash requirements for benefit payments, thereby avoiding the need to sell securities on the open market prior to maturity; and
- Monitoring fixed income investment managers' performances to be sure the fixed income portion of the investment portfolio is managed to predetermined indexes.

Credit Risk

Investment credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Pension Plan does not have a formal credit risk policy. The Pension Plan will minimize credit risk by:

- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Pension Plan will do business; and
- Diversifying the portfolio so that potential losses on individual securities will be minimized.
- The following tables provide information on the credit ratings associated with the Pension Plan's investments in debt securities:

Credit Rating by Investment as of December 31, 2021

S & P Rating	U.S. Treasury			Total
	& Agency Obligations	Municipal Obligations	Corporate Obligations	
AAA	\$ —	\$ —	\$ 3,746,560	\$ 3,746,560
AA	19,727,449	981,242	998,815	21,707,506
A	—	219,601	5,991,808	6,211,409
BBB	—	30,684	11,176,202	11,206,886
BB	—	—	206,003	206,003
Not Rated	—	139,345	4,906,408	5,045,753
Total	\$ 19,727,449	\$ 1,370,872	\$ 27,025,796	\$ 48,124,117

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Credit Rating by Investment as of December 31, 2020				
S & P Rating	U.S. Treasury & Agency Obligations	Municipal Obligations	Corporate Obligations	Total
AAA	\$ —	\$ —	\$ 3,328,025	\$ 3,328,025
AA	13,994,724	1,039,765	876,954	15,911,443
A	—	221,605	5,645,923	5,867,528
BBB	—	31,157	12,531,702	12,562,859
BB	—	—	221,720	221,720
Not Rated	—	—	5,026,543	5,026,543
Total	\$ 13,994,724	\$ 1,292,527	\$ 27,630,867	\$ 42,918,118

Investments Greater Than 5% of Net Position Restricted for Pension Benefits or Total Investments

Investments that exceed 5% of net position restricted for pension benefits or total investments at December 31, 2021 or 2020 are as follows:

	December 31,			
	2021	%	2020	%
BlackRock Russell 1000 Index Non-Lendable Fund	\$ 92,394,458	26.4 %	\$ 83,783,652	25.9 %
Prudential Core Plus Bond Fund	45,880,955	13.1	40,461,722	12.5
Morgan Stanley International Equity Fund I	41,919,939	12.0	40,216,372	12.4
UBS Trumbull Property Fund	29,022,521	8.3	30,265,219	9.3
Brandywine Global Opportunistic Fixed Income	25,976,417	7.4	27,297,538	8.4
Kennedy Mid Cap Value	22,776,255	6.5	18,571,060	5.7
Morgan Stanley Emerging Markets Fund I	20,688,321	5.9	19,962,802	6.2
TimesSquare Small Cap Growth Fund	19,581,409	5.6	19,005,439	5.9

10. Fiduciary Pension Trust Fund Fair Value Measurement and Application

The Pension Plan categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted process in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The Pension Plan had the following fair value measurements of invested assets as of December 31, 2021 and December 31, 2020:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Investments Measured at Fair Value

Investments by Fair Value Level	12/31/2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Corporate Obligations	\$ 27,025,796	\$ —	\$ 27,025,796	\$ —
US Treasury Notes and Bonds	13,576,666	13,576,666	—	—
US Government Agency Obligations	6,150,783	—	6,150,783	—
Municipal Obligations	1,370,872	—	1,370,872	—
Total Debt Securities	48,124,117	13,576,666	34,547,451	—
Equity Securities:				
Domestic Equities	21,934,156	21,934,156	—	—
International Equities	41,919,816	—	41,919,816	—
Emerging Markets Fund	20,688,321	—	20,688,321	—
Total Equity Securities	84,542,293	21,934,156	62,608,137	—
Total Investments by Fair Value Level	132,666,410	\$ 35,510,822	\$ 97,155,588	\$ —

Investments Measured at the Net Asset Value (NAV)	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Domestic Equities ⁽¹⁾	111,961,752	—	Daily	Varies
Core Plus Bond Commingled Trust Fund ⁽²⁾	45,880,947	—	Daily	1 Day
Real Estate Funds ⁽³⁾	29,021,383	—	Quarterly	60 Days
Global Fixed Income Collective Trust Fund ⁽⁴⁾	25,976,417	—	Daily	10 Days
Diversified Hedge Fund of Fund ⁽⁵⁾	1,212,036	—	Quarterly	90 Days
Total Investments Measured at the Net Asset Value	214,052,535			
Money Market at Amortized Cost	3,666,492			
Total Investments at Fair Value	\$ 350,385,437			

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Investments Measured at Fair Value

Investments by Fair Value Level	12/31/2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Corporate Obligations	\$ 27,630,867	\$ —	\$ 27,630,867	\$ —
US Treasury Notes and Bonds	8,491,150	8,491,150	—	—
US Government Agency Obligations	5,503,574	—	5,503,574	—
Municipal Obligations	1,292,527	—	1,292,527	—
Total Debt Securities	42,918,118	8,491,150	34,426,968	—
Equity Securities:				
Domestic Equities	18,552,256	18,552,256	—	—
International Equities	40,216,372	—	40,216,372	—
Emerging Markets Fund	19,962,802	—	19,962,802	—
Total Equity Securities	78,731,430	18,552,256	60,179,174	—
Total Investments by Fair Value Level	121,649,548	\$ 27,043,406	\$ 94,606,142	\$ —

Investments Measured at the Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic Equities ⁽¹⁾	102,789,091	—	Daily	Varies
Core Plus Bond Commingled Trust Fund ⁽²⁾	40,461,722	—	Daily	5 Days
Real Estate Funds ⁽³⁾	30,265,219	—	Quarterly	60 Days
Global Fixed Income Collective Trust Fund ⁽⁴⁾	27,297,538	—	Daily	10 Days
Diversified Hedge Fund of Fund ⁽⁵⁾	1,219,402	—	Quarterly	90 Days
Total Investments Measured at the Net Asset Value	202,032,972			
Money Market at Amortized Cost	3,237,837			
Total Investments at Fair Value	\$ 326,920,357			

⁽¹⁾ Domestic Equities – These funds seek long-term capital appreciation through passive or active management of equity securities listed on U.S. stock exchanges. Redemption is daily and the notice period is two days or less.

⁽²⁾ Core Plus Bond Commingled Trust Fund – Seeks to outperform the Barclays Capital U.S. Aggregate Bond Index by investing primarily in fixed income securities in the U.S. investment grade sectors, as well as U.S. fixed income securities below investment grade, the debt of developed international markets, and the debt of emerging markets. Redemption is daily with a 1-day notice.

⁽³⁾ Real Estate Funds – The portfolio assets in this investment consist primarily of high-quality real estate investments located in major markets throughout the U.S. and are diversified by property type, geographic region and economic sector. The majority of the investments are

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

stable, primarily income-oriented properties. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The District has elected to liquidate holdings in the UBS Trumbull Property Fund. Redemption requests from fund investors currently exceed the amount available for redemption. Redemptions are calculated on a pro rata basis according to the ratio of the requesting investor's units to the total of all investors then requesting redemptions. Any redemption request that is not fully honored will be deemed effective in following quarters until completed.

⁽⁴⁾ Global Fixed Income Collective Trust Fund – This fund invests in sovereign debt and currencies of countries in its benchmark index, the investment-grade corporate bond and mortgage-backed securities markets in those countries, as well as, to limited degrees, emerging market, high yield debt, and securities of countries rated A or better by a nationally recognized statistical rating organization. Redemption is daily with a 10-day notice.

⁽⁵⁾ Diversified Hedge Fund of Fund – Seeks return, long-term capital growth and diversification through a combination of Managers trading a range of strategies, including, but not limited to, hedging, distressed securities, arbitrage and special situations. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The District's remaining investment in this fund is limited to its pro rata interest in Peruvian sovereign bonds held through an investment in the Fund, whose advisor has endeavored to sell said interest, on a best efforts' basis, and distribute any proceeds to shareholders.

	December 31,			
	2021	%	2020	%
BlackRock Russell 1000 Index Non-Lendable Fund	\$ 92,394,458	26.4 %	\$ 83,783,652	25.9 %
Prudential Core Plus Bond Fund	45,880,955	13.1	40,461,722	12.5
Morgan Stanley International Equity Fund I	41,919,939	12.0	40,216,372	12.4
UBS Trumbull Property Fund	29,022,521	8.3	30,265,219	9.3
Brandywine Global Opportunistic Fixed Income	25,976,417	7.4	27,297,538	8.4
Kennedy Mid Cap Value	22,776,255	6.5	18,571,060	5.7
Morgan Stanley Emerging Markets Fund I	20,688,321	5.9	19,962,802	6.2
TimesSquare Small Cap Growth Fund	19,581,409	5.6	19,005,439	5.9

11. Other Retirement Plans

Deferred Compensation Plan and Trust

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Metropolitan St. Louis Sewer District Deferred Compensation Plan and Trust ("Plan"), available to all District employees, permits them to defer a portion of their salary up to Internal Revenue Code limits. The District does not contribute to the Plan except where mandated by the Internal Revenue Service to compensate participants for lost deferral contributions. The deferred compensation is not available to employees until termination, retirement, death, disability or due to financial hardship as defined by the Plan.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

At June 30, 2022 and 2021, the District had outstanding liabilities owed to the Plan of \$192,964 and \$176,954, respectively.

The Plan was amended and restated to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 (“Act”). The Act made significant changes to Section 457(b) of the Internal Revenue Code of 1986, as previously amended. The Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries under Section 1448 of the Small Business Job Protection Act of 1996. As a result, the assets and liabilities of the Plan are not included in the accompanying financial statements.

The Metropolitan St. Louis Sewer District Deferred Compensation Plan and Trust issues a publicly available financial report that includes audited financial statements and supplementary information. That report is available on the District’s website at msdprojectclear.org and may be obtained by writing: The Metropolitan St. Louis Sewer District, 2350 Market Street, St. Louis, MO 63103-2555.

Defined Contribution Plan

The Metropolitan St. Louis Sewer District Defined Contribution Plan (“DC Plan”) was established by the District’s Board of Trustees, through Ordinance 13180, which became effective January 1, 2011. The following full time employees are eligible to participate in the DC Plan: (i) employees first hired on or after January 1, 2011, and (ii) employees hired prior to January 1, 2011 who elected to terminate participation in The Metropolitan St. Louis Sewer District Employees’ Pension Plan (“Pension Plan”), effective as of April 1, 2011, in accordance with the provisions of such Pension Plan, and (iii) employees rehired on or after January 1, 2011 who are not eligible to accrue benefits under the Pension Plan. An employee shall become a participant in the DC Plan on the first day on which he or she performs an hour of service for the District. The District’s Board of Trustees, primarily to improve benefits to members, amends the DC Plan in all its respects. A pension committee consisting of two members of the District’s Board of Trustees, two elected employee members and four members of the District’s management staff administer the DC Plan. A committee of the District’s Board of Trustees, with the aid of an investment advisor, reviews and evaluates the DC Plan’s investment options and the related rates of return on a periodic basis.

This DC Plan is intended to provide a means whereby the District may provide retirement benefits to eligible employees and encourage such employees to establish a regular method of savings, thereby providing a measure of financial security for such employees and their beneficiaries upon retirement or in the event of death or disability. All assets of the DC Plan are the sole property of the DC

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Plan and are not subject to the claims of creditors of the District and the assets and liabilities of the DC Plan are not included in the accompanying financial statements.

Employer Basic Contributions: For each payroll period, the District contributes an amount equal to 7% of the covered compensation earned during such period by each participant entitled to an allocation of such contribution. Upon a participant's severance from service, the unvested amount credited to his/her individual account shall be forfeited and credited to the Employer Basic Contributions account and shall be used to reduce future Employer Basic Contributions. If a participant is rehired before incurring two consecutive years break in service, the amount previously forfeited will be restored. If rehired after two consecutive years of break in service, the amounts previously forfeited will not be restored.

Employer Matching Contributions: For each payroll period, the District contributes an amount equal to 50% of the covered compensation of such participant withholding as an annual deferral (as defined in The Metropolitan St. Louis Sewer District Deferred Compensation Plan and Trust) pursuant to The Metropolitan St. Louis Sewer District Deferred Compensation Plan and Trust; provided that, before-tax contributions in excess of 4% of the covered compensation of the participant for the payroll period shall not be considered for purposes of Employer Matching Contributions. Employer Matching Contributions shall be up to the maximum amount of compensation that may be taken into account for the DC Plan year and the amount credited to the participant's Employer Matching Contributions Account shall be fully vested at all times.

In no event shall the sum of the employer contributions and employee contributions allocated to the account of a participant for the DC Plan year exceed the lesser of:

- (a) The amount specified in the applicable Internal Revenue Code, as adjusted annually for any applicable increases in the cost of living;
- (b) 100% of the participant's compensation for such year.

The compensation limit referred to in (b) shall not apply to any contribution from medical benefits after separation from service.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The District's contributions to the DC Plan amounted to \$3,034,606 and \$2,816,157 for the years ended June 30, 2022 and 2021, respectively. Forfeitures were \$214,069 and \$99,855, for the years ended June 30, 2022 and 2021, respectively, and the balances in the prepaid forfeitures account as of June 30, 2022 and 2021 were \$17,508 and \$6,097, respectively. At June 30, 2022 and 2021, the District had outstanding liabilities owed to the DC Plan of \$118,731 and \$101,147, respectively.

Vesting: As of any time before the normal retirement age of a participant, the first day of the month coinciding with or next following a person's sixty-fifth birthday and completion of sixty months of continuous service (other than upon death or permanent disability), the vested percentage of the amounts credited to the participant's Employer Basic Contributions account shall be determined in accordance with the following schedule:

Months Of Continuous Service	Vested (Non- Forfeitable) Percentage
Less than 12	0%
12 but less than 24	20%
24 but less than 36	40%
36 but less than 48	60%
48 but less than 60	80%
60	100%

The Metropolitan St. Louis Sewer District Defined Contribution Plan issues a publicly available financial report that includes audited financial statements and supplementary information. That report is available on the District's website at msdprojectclear.org and may be obtained by writing: The Metropolitan St. Louis Sewer District, 2350 Market Street, St. Louis, MO 63103-2555.

12. Postemployment Benefits Other Than Pensions ("OPEB")

General Information About The OPEB Plan

Plan Description. The District's defined benefit OPEB plan, The Metropolitan St. Louis Sewer District Retiree Medical Coverage Plan ("OPEB Plan"), provides retiree medical coverage for all permanent full-time employees who retire from the District on or after age 62 with five years of service or whose age plus years of service equal 75 points ("Rule of 75") as part of a total compensation package effective August 1, 2004 for general employees and, with respect for union members, the later of August 1, 2004 or the date of union ratification of a Memorandum of Understanding with respect to this Plan modification. The OPEB Plan is a single employer defined benefit OPEB plan administered by the District. The OPEB Plan was established by Ordinance No. 9826 and became effective

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

January 1, 1996. This ordinance has been repealed and new ordinances enacted in lieu thereof with Ordinance No. 15109 covering defined contribution retirees and Ordinance No. 15110 covering defined benefit retirees, both of which were adopted on February 14, 2019, being the most current ordinances covering the OPEB Plan in its entirety. The District offers two medical plan options, a traditional open access plan and a high deductible health plan, and both plans offer wellness rates for those employees who qualify. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (“GASB Statement No. 75”).

Benefits Provided. The OPEB Plan provides healthcare for qualified retirees and their dependents. The District pays the same amount of the monthly group health insurance premium for the qualified retiree as it would for an active single employee until the retiree becomes eligible for Medicare at age 65.

In the last six months of fiscal year 2022 the monthly amount the District paid towards the retiree’s premium was \$647.22 for retirees qualifying for the wellness incentive (\$658.06 for retirees with wellness qualified spouse). The \$647.22 paid by the District equates to 86% of the traditional plan’s premium and 92% of the high deductible plan’s premium. For retirees not qualifying for the wellness incentive, the District paid \$603.89 of the premium which equates to 80% for the traditional plan and 86% for the high deductible plan. The retiree paid 100% of the spousal, children or family premium incremental increases in addition to the remaining 8-20% of the retiree’s total monthly premium. The OPEB Plan also provided life insurance coverage for a very small closed group of disabled former employees.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The monthly premiums for calendar year 2022 plans and coverage tiers are as follows:

Coverage Tier	Total Retiree Premium	OPEB Benefit Paid by District	Net Cost to Retiree
Traditional Plan with wellness incentive			
Retiree	\$ 754.86	\$ 647.22	\$ 107.64
Retiree + Spouse	1,608.07	658.06	950.01
Retiree + Child(ren)	1,461.10	647.22	813.88
Retiree + Family	2,228.70	658.06	1,570.64
Traditional Plan with no wellness incentive			
Retiree	754.86	603.89	150.97
Retiree + Spouse	1,608.07	603.89	1,004.18
Retiree + Child(ren)	1,461.10	603.89	857.21
Retiree + Family	2,228.70	603.89	1,624.81
High Deductible Plan with wellness incentive			
Retiree	702.36	647.22	55.14
Retiree + Spouse	1,496.18	658.06	838.12
Retiree + Child(ren)	1,359.44	647.22	712.22
Retiree + Family	2,073.62	658.06	1,415.56
High Deductible Plan with no wellness incentive			
Retiree	702.36	603.89	98.47
Retiree + Spouse	1,496.18	603.89	892.29
Retiree + Child(ren)	1,359.44	603.89	755.55
Retiree + Family	2,073.62	603.89	1,469.73

In fiscal year 2021, and in the first six months of fiscal year 2022, the monthly amount the District paid towards the retiree's premium was \$610.52 for retirees qualifying for the wellness incentive (\$621.36 for retirees with wellness qualified spouse). The \$610.52 paid by the District equates to 86% of the traditional plan's premium and 93% of the high deductible plan's premium. For retirees not qualifying for the wellness incentive, the District paid \$567.19 of the premium which equates to 80% for the traditional plan and 86% for the high deductible plan. The retiree paid 100% of the spousal, children or family premium incremental increases in addition to the remaining 7-20% of the retiree's total monthly premium. The OPEB Plan also provided life insurance coverage for a very small closed group of disabled former employees.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The monthly premiums for calendar year 2021 plans and coverage tiers are as follows:

Coverage Tier	Total Retiree Premium	OPEB Benefit Paid by District	Net Cost to Retiree
Traditional Plan with wellness incentive			
Retiree	\$ 708.99	\$ 610.52	\$ 98.47
Retiree + Spouse	1,510.35	621.36	888.99
Retiree + Child(ren)	1,372.31	610.52	761.79
Retiree + Family	2,093.26	621.36	1,471.90
Traditional Plan with no wellness incentive			
Retiree	708.99	567.19	141.80
Retiree + Spouse	1,510.35	567.19	943.16
Retiree + Child(ren)	1,372.31	567.19	805.12
Retiree + Family	2,093.26	567.19	1,526.07
High Deductible Plan with wellness incentive			
Retiree	659.68	610.52	49.16
Retiree + Spouse	1,405.26	621.36	783.90
Retiree + Child(ren)	1,276.83	610.52	666.31
Retiree + Family	1,947.61	621.36	1,326.25
High Deductible Plan with no wellness incentive			
Retiree	659.68	567.19	92.49
Retiree + Spouse	1,405.26	567.19	838.07
Retiree + Child(ren)	1,276.83	567.19	709.64
Retiree + Family	1,947.61	567.19	1,380.42

The ordinance establishing the OPEB Plan assigned the authority to establish and amend OPEB Plan benefit provisions to the District. The contribution requirements of the District and OPEB Plan members are established by the District and may be amended by the District. The OPEB Plan does not issue a publicly available report.

Employees Covered by Benefit Terms. At June 30, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Inactive employees or beneficiaries currently receiving benefit payments	118	117
Active employees	916	956
Total	<u>1,034</u>	<u>1,073</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Total OPEB Liability

The District's total OPEB liability measured as of December 31, 2021, and December 31, 2020, was \$26,793,582 and \$24,920,628, respectively. The District's total OPEB liabilities for both years were determined based on an actuarial valuation dates, June 30, 2021 and June 30, 2019, respectively, and were calculated based on the discount rates and actuarial assumptions below and were then projected forward to the measurement dates. There have been no significant changes between the valuation dates of June 30, 2021 and June 30, 2019, respectively, and the reporting fiscal year end dates of June 30, 2022, and June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liabilities based on the June 30, 2021 and June 30, 2019 actuarial valuation were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Healthcare cost trend rates	5.70 percent for 2021, gradually decreasing to an ultimate rate of 3.70 percent for 2073 and beyond
Salary increases	4.25 percent, average, including inflation
Retiree's share of benefit-related costs	8 - 20 percent and 7-20 percent of projected health insurance premiums for retirees depending on plan selected (traditional or high deductible) and wellness qualification for 2022 and 2021, respectively
Discount rate	2.06 percent for December 31, 2021 2.12 percent for December 31, 2020

The discount rate was based on the 20 Year Bond General Obligation Index.

Mortality rates were based on the Pub-2010 General Amount-Weighted Mortality Tables for Employees, Healthy Retirees, Disabled Retirees and Contingent Survivors, male and female rates, with generational projection from 2010 using the MP-2021 scale for the measurement date of December 31, 2021 and using the MP-2020 scale for the measurement date of December 31, 2020.

The actuarial assumptions are based on prior and current year experiences. The plan has not had a formal actuarial experience study performed.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability for the Years Ending

	Increase (Decrease)	
	December 31, 2021	December 31, 2020
Total OPEB Liability Beginning Balance	\$ 24,920,628	\$ 23,164,618
Changes for the year:		
Service cost	2,106,855	1,826,622
Interest on total OPEB liability	553,336	662,562
Effect of plan changes	—	—
Effect of economic/demographic gains or losses	533,798	—
Changes of assumptions or other inputs	542,115	898,156
Benefit payments	(1,863,150)	(1,631,330)
Net changes	1,872,954	1,756,010
Total OPEB Liability Ending Balance	\$ 26,793,582	\$ 24,920,628

Changes of assumptions or other inputs reflect a change in the discount rate from 2.12 percent in 2020 to 2.06 percent in 2021 and the change in mortality assumptions referenced above.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District as of December 31, 2021, calculated using the discount rate of 2.06%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate.

	December 31, 2021		
	1% Decrease (1.06%)	Current Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB Liability	\$ 28,436,953	\$ 26,793,582	\$ 25,217,639

The following presents the total OPEB liability of the District as of December 31, 2020, calculated using the discount rate of 2.12%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

	December 31, 2020		
	1% Decrease (1.12%)	Current Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB Liability	\$ 26,426,249	\$ 24,920,628	\$ 23,475,956

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District as of December 31, 2021, calculated using the current range of healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using the range of healthcare cost trend rates that were 1-percentage-point lower (4.70% decreasing to 2.70%) or 1-percentage-point higher (6.70% decreasing to 4.70%) than the current range of healthcare cost trend rates of 5.70% decreasing to 3.70%.

	December 31, 2021		
	1% Decrease (4.70% decreasing to 2.70%)	Current Healthcare Cost Trend Rates (5.70% decreasing to 3.70%)	1% Increase (6.70% decreasing to 4.70%)
Total OPEB Liability	\$ 24,033,084	\$ 26,793,582	\$ 30,064,474

The following presents the total OPEB liability of the District as of December 31, 2020, calculated using the current range of healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using the range of healthcare cost trend rates that were 1-percentage-point lower (3.90% decreasing to 2.70%) or 1-percentage-point higher (5.90% decreasing to 4.70%) than the current range of healthcare cost trend rates of 4.90% decreasing to 3.70%.

	December 31, 2020		
	1% Decrease (3.90% decreasing to 2.70%)	Current Healthcare Cost Trend Rates (4.90% decreasing to 3.70%)	1% Increase (5.90% decreasing to 4.70%)
Total OPEB Liability	\$ 22,177,915	\$ 24,920,628	\$ 28,178,622

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

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

For the years ended June 30, 2022 and 2021, the District recognized OPEB expense of \$2,606,467 and \$2,343,501, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 488,174	\$ 2,858,373	\$ —	\$ 3,201,103
Changes of assumptions or other inputs	2,873,737	587,130	2,674,856	686,982
Benefit payments made subsequent to measurement date	926,270	—	862,060	—
Total	<u>\$ 4,288,181</u>	<u>\$ 3,445,503</u>	<u>\$ 3,536,916</u>	<u>\$ 3,888,085</u>

In the years ending June 30, 2022 and 2021, amounts currently reported as deferred outflows of resources, \$926,270 and \$862,060, respectively, related to the District's benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the years ended June 30, 2023 and 2022, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferrals of Resources
Year ended June 30:	
2023	\$ (53,724)
2024	(53,724)
2025	(53,724)
2026	(53,724)
2027	(53,724)
Thereafter	185,028
	<u>\$ (83,592)</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

13. Self-Insurance Programs

The District 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 District has established a risk management program and retains the risk related to its obligation to provide workers' compensation and medical and hospitalization benefits to its employees; and to pay water backup claims to its customers. The estimated liabilities for payment of incurred (both reported and unreported) but unpaid claims relating to these matters are included as a component of current deposits and accrued expenses, and as such, are expected to be paid within one year of the date of the Statement of Net Position. At June 30, 2022 and 2021, these liabilities amounted to \$5,057,417 and \$5,148,770, respectively.

The claims liabilities reported are based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Changes in the balance of claims liabilities during fiscal 2022, 2021, and 200 were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Liability - Beginning of Year	\$ 5,148,770	\$ 4,755,168	\$ 7,920,684
Current year claims and changes in estimates	16,230,426	17,588,499	18,916,140
Claim payments	<u>(16,321,779)</u>	<u>(17,194,897)</u>	<u>(22,081,656)</u>
Liability - End of Year	<u>\$ 5,057,417</u>	<u>\$ 5,148,770</u>	<u>\$ 4,755,168</u>

The District obtains periodic funding valuations from the third-party administrators managing the self-insurance programs and adjusts the charges as required to maintain the appropriate level of estimated claims liability. The District also maintains excess liability insurance coverage for workers' compensation and medical and hospitalization claims; general liability; and water backup damage to customers' property.

The District purchases commercial insurance for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

14. Closure and Post-Closure Care Costs

State and federal laws and regulations require the District to place a final cover on its Prospect Hill Reclamation Project landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the District reports a portion of these closure and post-closure care costs as an operating expense in each fiscal year. The \$750,948 and \$686,968 reported as landfill closure and post-closure care liabilities at June 30, 2022 and 2021, respectively, represent the cumulative amounts reported at fiscal year-end and represent 76.7% of the estimated closure and post-closure care costs of the landfill for fiscal years ended June 30, 2022 and 2021. These amounts are based on what it would cost to perform all closure and post-closure care in 2022 and 2021, respectively.

The remaining disposal life estimate was calculated in 2009 and was estimated at eight years factoring in a future annual average disposal rate of 96,500 cubic yards. It was noted in the 2009 Black and Veatch study that this life could be extended further if the actual disposal rate is less than projected or alternative uses and off-site beneficial options for the incinerator ash are later developed. Since the actual average disposal rate has been less than 96,500 cubic yards, the landfill is not at capacity and MSD expects the landfill to be in use for another 8-11 years and the total capacity of the landfill and the available space as of 2017 was adjusted in 2017. In addition, a new survey of the landfill was performed in December of 2017 which increased the remaining capacity due to settlement and minor vehicle compaction. The District will continue to accrue the remaining estimated cost of closure and post-closure care annually.

The District is required to demonstrate that it has the financial capability to close the landfill to the State of Missouri through the use of a financial test as specified in 10 CSR 80-2.030(4)(D)6 of the Missouri Solid Waste Management Rules. The District has complied with the State's requirement. The District recognizes that estimates of closure costs may change as a result of inflation, deflation, and/or changes in technology and applicable laws and regulations. If closure cost estimates change, the liability currently reported on the Statements of Net Position will be adjusted accordingly.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

15. Commitments And Contingencies

United States And State Of Missouri V. Metropolitan St. Louis Sewer District; In The United States District Court For The Eastern District Of Missouri; Case No. 07-1120.

On April 27, 2012, the Court entered the consent decree (“CD”) involving the Environmental Protection Agency, Missouri Department of Natural Resources, Missouri Coalition for the Environment and The Metropolitan St. Louis Sewer District (“MSD”). At the time the District entered into the CD, the CD required the District to spend approximately \$4.7 billion, in 2010 dollars, over a 23-year implementation period. Throughout this period improvements will be made to the District’s separate sewer system, combined sewer system, and wastewater treatment plants. On June 1, 2011, the State of Missouri approved Chapter 11, Chapter 12, and Appendix Q of the District’s Combined Sewer Overflow Long-Term Control Plan Updated Report, dated February 2011.

On June 22, 2018, a United States District Judge approved an amendment to the CD to extend it by five years from a 23-year program to a 28-year program. The amount the District is required to spend in 2018 dollars pursuant to the CD is \$6 billion. Recent regulatory changes have compelled MSD to accelerate certain non-consent decree work. This amendment will allow MSD to meet these new regulatory requirements in a fiscally responsible way while better controlling rate increases over the coming years. The District continues to comply with the CD.

Other Commitments and Contingencies

The District is a defendant in various other matters of litigation. Of these matters, management and District’s legal counsel do not anticipate any material effect on the June 30, 2022 and 2021 financial statements.

The District has entered into construction and other contracts amounting to approximately \$540,000,000 and \$470,000,000 at June 30, 2022 and 2021, respectively, and through the respective audit report date. The District had \$744,149,393 and \$853,126,796 in revenue bonds authorized by the voters but unissued as of June 30, 2022 and 2021, respectively.

16. Restricted Net Position

The Statements of Net Position report \$96,029,444 and \$97,919,614 of restricted net position at June 30, 2022 and 2021, respectively, of which \$71,883,165 and \$68,212,821 are restricted due to enabling legislation, as of June 30, 2022 and 2021, respectively.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

17. Segment Information

The District issued wastewater revenue bonds to finance wastewater infrastructure projects. The District accounts for both wastewater and stormwater activities in a single enterprise fund, but investors in those bonds rely solely on the revenue generated by the wastewater activities for repayment. Fiscal year 2022 and 2021 summary financial information for each business segment is presented below.

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specifically identifiable revenue stream pledged in support of the revenue bonds and has related expenses, gains and losses and assets, deferred outflows, liabilities and deferred inflows that are required by external parties to be accounted for separately. The wastewater system is the only reportable segment that meets the requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The stormwater system is reported on for informational purposes only.

Financial information as of and for the years ended June 30, 2022 and 2021 of the District's Wastewater Segment is as follows:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

WASTEWATER SEGMENT STATEMENTS OF NET POSITION

	June 30,	
	2022	2021 As Restated
Assets		
Current Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 62,741,070	\$ 88,014,051
Investments	180,153,078	201,964,355
Sewer service charges receivable, less allowance of \$75,207,244 in 2022 and \$70,561,791 in 2021	69,470,552	66,333,963
Unbilled sewer service charges receivable	36,419,844	34,970,247
Accrued income on investments	1,045,802	1,386,438
Other receivables, less allowance of \$54,456 in 2022 and \$60,373 in 2021	2,814,607	2,623,352
Supplies inventory	8,923,100	8,475,419
Total Unrestricted Current Assets	361,568,053	403,767,825
Restricted Current Assets		
Other receivables	28,747	43,590
Total Restricted Current Assets	28,747	43,590
Total Current Assets	361,596,800	403,811,415
Non-Current Assets		
Restricted Assets		
Cash and cash equivalents	62,288,385	20,680,722
Investments	84,353,060	110,366,490
Long-term investments	5,152,944	5,996,719
Property taxes receivable	(17,972)	(17,971)
Accrued income on investments	22,769	(120,562)
Total Restricted Non-Current Assets	151,799,186	136,905,398
Other Assets		
Notes receivable	8,947,222	9,694,702
Long-term investments	264,169,435	189,961,198
Other Receivables - Non Current (Leases)	3,308,705	3,594,566
Total Other Assets	276,425,362	203,250,466
Capital Assets		
Depreciable:		
Treatment and disposal plant and equipment	1,332,498,020	1,303,648,712
Collection and pumping plant	2,630,842,605	2,411,802,786
General plant and equipment	91,204,300	86,303,314
Lease right of use asset	1,548,555	1,032,853
	4,056,093,480	3,802,787,665
Less: Accumulated depreciation	1,541,823,124	1,459,412,219
Less: Accumulated amortization	300,309	142,204
Net depreciable assets	2,513,970,047	2,343,233,242
Non-depreciable:		
Land	72,328,276	71,102,122
Construction in progress	1,146,653,155	1,163,985,241
Net Capital Assets	3,732,951,478	3,578,320,605
Total Non-Current Assets	4,161,176,026	3,918,476,469
Total Assets	4,522,772,826	4,322,287,884

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

WASTEWATER SEGMENT STATEMENTS OF NET POSITION (Continued)

	June 30,	
	2022	2021 As Restated
Deferred Outflows of Resources:		
Bonds and notes payable-Deferred loss on refunding	3,068,689	5,469,323
Pension-related outflows	16,090,775	9,199,570
OPEB-related outflows	3,696,507	3,049,400
Total Deferred Outflows of Resources	22,855,971	17,718,293
Liabilities		
Current Liabilities-Payable From Unrestricted Assets		
Contracts and accounts payable	\$ 36,602,049	\$ 40,758,787
Lease liability	238,285	140,182
Deposits and accrued expenses	33,265,734	33,961,774
Retainage payable	18,128,103	20,326,492
Current portion of bonds and notes payable	66,337,500	61,157,300
Total Current Liabilities-Payable From Unrestricted Assets	154,571,671	156,344,535
Current Liabilities-Payable From Restricted Assets		
Contracts and accounts payable	—	510
Total Current Liabilities-Payable From Restricted Assets	—	510
Total Current Liabilities	154,571,671	156,345,045
Non-Current Liabilities		
Deposits and accrued expenses	9,375,268	9,202,567
Net pension liability	28,320,167	24,550,973
Lease liability	1,007,232	755,991
Total OPEB liability	23,111,464	21,498,182
Bonds and notes payable	1,839,184,214	1,768,769,051
Total Non-Current Liabilities	1,900,998,345	1,824,776,764
Total Liabilities	2,055,570,016	1,981,121,809
Deferred Inflows of Resources:		
Bonds and Notes payable - Deferred gain on refunding	11,427,026	2,793,162
Pension-related inflows	20,688,338	20,238,170
OPEB-related inflows	2,947,746	3,328,967
Lease-related Inflows	3,425,569	3,772,962
Total Deferred Inflows of Resources	38,488,679	30,133,261
Net Position		
Net investment in capital assets	1,896,771,593	1,799,542,191
Restricted for:		
Debt service	24,146,279	29,706,793
Subdistrict construction and improvement	1,930,828	1,957,758
Unrestricted	528,721,402	497,544,364
Total Net Position	\$ 2,451,570,102	\$ 2,328,751,106

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

WASTEWATER SEGMENT STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2022	2021 As Restated
Operating Revenues		
Sewer service charges	\$ 452,645,902	\$ 425,250,174
Recovery of (provision for) doubtful sewer service charge accounts	(5,082,815)	(5,353,771)
Licenses, permits, and other fees	3,937,368	3,753,797
Other	6,748,206	3,495,172
Total Operating Revenues	458,248,661	427,145,372
Operating Expenses		
Pumping and treatment	65,549,965	64,475,064
Collection system maintenance	32,688,059	35,006,085
Engineering	1,074,617	902,282
General and administrative	58,779,438	55,195,106
Water backup claims	2,030,765	3,984,849
Depreciation	84,210,777	80,604,140
Lease amortization	158,105	142,204
Asset management	17,202,182	15,141,153
Total Operating Expenses	261,693,908	255,450,883
Operating Income	196,554,753	171,694,489
Non-Operating Revenues		
Investment income	(10,800,614)	1,304,545
Rent and other income	439,491	428,384
Total Non-Operating Revenues	(10,361,123)	1,732,929
Non-Operating Expenses		
Net loss on disposal and sale of capital assets	832,835	608,073
Non-recurring projects and studies	11,351,959	10,555,396
Interest expense	56,931,596	56,622,130
Total Non-Operating Expenses	69,116,390	67,785,599
Income Before Capital Grants And Contributions	117,077,240	105,641,819
Capital Grants And Contributions		
Capital assets contributed	5,262,151	8,608,122
Grant revenue	479,605	1,288,444
Total Capital Grants And Contributions	5,741,756	9,896,566
Change In Net Position	122,818,996	115,538,385
Net Position - Beginning Of Year	2,328,751,106	2,213,212,721
Net Position - End Of Year	\$ 2,451,570,102	\$ 2,328,751,106

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

WASTEWATER SEGMENT STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2022	2021 As Restated
Cash Flows From Operating Activities		
Received from customers	\$ 450,977,641	\$ 427,556,320
Paid to employees for services	(105,607,408)	(105,930,520)
Paid to suppliers for goods and services	(82,702,143)	(83,426,791)
Net Cash Provided By Operating Activities	262,668,090	238,199,009
Cash Flows Provided By Non-Capital Financing Activities		
Taxes levied and collected	15,215	4,032
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital grants	485,924	3,067,953
Proceeds from issuance of debt	148,531,457	172,012,156
Premium on sale of bonds	13,362,572	37,194,201
Principal paid on debt	(67,915,074)	(62,599,880)
Interest and fees paid on debt	(65,442,437)	(62,785,703)
Payments for capital assets	(243,034,353)	(290,256,122)
Proceeds from sale of capital assets	713,306	158,652
Proceeds from note receivable for other organization's contribution to construction of treatment plant	1,576,500	1,154,696
Proceeds from insurance on destroyed capital assets	—	1,088,835
Build America Bond tax credit	1,642,857	1,642,857
Net Cash (Used In) Capital And Related Financing Activities	(210,079,248)	(199,322,355)
Cash Flows From Investing Activities		
Purchase of investments	(507,982,689)	(557,806,139)
Proceeds from sale and maturity of investments	464,511,080	530,033,856
Investment income	6,889,877	9,337,384
Proceeds from rents	312,357	238,122
Net Cash (Used In) Provided By Investing Activities	(36,269,375)	(18,196,777)
Net Increase In Cash And Cash Equivalents	16,334,682	20,683,909
Cash And Cash Equivalents At Beginning Of Year	108,694,773	88,010,864
Cash And Cash Equivalents At End Of Year	\$ 125,029,455	\$ 108,694,773

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

Financial information as of and for the years ended June 30, 2022 and 2021 of the District's Stormwater Segment is as follows:

STORMWATER SEGMENT STATEMENTS OF NET POSITION

	June 30,	
	2022	2021
Assets		
Current Assets		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 2,104,687	\$ 3,323,792
Investments	6,992,110	8,976,389
Sewer service charges receivable, less allowance of \$97,073 in 2022 and \$104,297 in 2021	46,641	53,337
Property taxes receivable, less allowance of \$6,023 in 2022 and \$7,430 in 2021	294,552	363,496
Accrued income on investments	21,562	48,449
Total Unrestricted Current Assets	9,459,552	12,765,463
Restricted Current Assets		
Cash and cash equivalents	2,978,669	4,629,689
Investments	9,896,863	12,587,475
Total Restricted Current Assets	12,875,532	17,217,164
Total Current Assets	22,335,084	29,982,627
Non-Current Assets		
Restricted Assets		
Cash and cash equivalents	4,340,281	5,616,581
Investments	14,420,790	15,270,584
Long-term investments	36,671,648	26,202,398
Property taxes receivable, less allowance of \$35,016 in 2022 and \$36,447 in 2021	1,698,593	1,768,587
Accrued income on investments	142,505	289,739
Total Restricted Non-Current Assets	57,273,817	49,147,889
Other Assets		
Long-term investments	10,544,282	8,442,904
Total Other Assets	10,544,282	8,442,904
Capital Assets		
Depreciable:		
Collection and pumping plant	698,614,594	681,265,978
General plant and equipment	18,381,227	17,213,330
	716,995,821	698,479,308
Less: Accumulated depreciation	246,584,322	236,082,317
Net depreciable assets	470,411,499	462,396,991
Non-depreciable:		
Land	9,877,572	8,467,188
Construction in progress	32,237,759	30,048,200
Net Capital Assets	512,526,830	500,912,379
Total Non-Current Assets	580,344,929	558,503,172
Total Assets	602,680,013	588,485,799

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

STORMWATER SEGMENT STATEMENTS OF NET POSITION (Continued)

	June 30,	
	2022	2021
Deferred Outflows of Resources:		
Pension-related outflows	2,386,050	1,276,850
OPEB-related outflows	591,674	487,516
Total Deferred Outflows of Resources	2,977,724	1,764,366
Liabilities		
Current Liabilities-Payable From Unrestricted Assets		
Contracts and accounts payable	\$ 101,288	\$ 39,113
Deposits and accrued expenses	9,499,676	8,314,797
Retainage payable	95,976	—
Total Current Liabilities-Payable From Unrestricted Assets	9,696,940	8,353,910
Current Liabilities-Payable From Restricted Assets		
Contracts and accounts payable	828,414	701,665
Retainage payable	824,282	561,310
Total Current Liabilities-Payable From Restricted Assets	1,652,696	1,262,975
Total Current Liabilities	11,349,636	9,616,885
Non-Current Liabilities		
Net pension liability	5,550,889	4,944,205
Total OPEB liability	3,682,118	3,422,446
Total Non-Current Liabilities	9,233,007	8,366,651
Total Liabilities	20,582,643	17,983,536
Deferred Inflows of Resources:		
Pension-related inflows	2,505,686	2,433,228
OPEB-related inflows	497,757	559,118
Total Deferred Inflows of Resources	3,003,443	2,992,346
Net Position		
Net investment in capital assets	510,930,034	499,759,396
Restricted for:		
Subdistrict construction and improvement	69,952,336	66,255,063
Unrestricted	1,189,281	3,259,824
Total Net Position	\$ 582,071,651	\$ 569,274,283

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

STORMWATER SEGMENT STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2022	2021
Operating Revenues		
Sewer service charges	\$ (811)	\$ (2,391)
Recovery of (provision for) doubtful sewer service charge accounts	6,413	6,352
Other	14,937	2,229
Total Operating Revenues	20,539	6,190
Operating Expenses		
Collection system maintenance	13,181,441	13,106,911
Engineering	10,599,484	10,598,514
General and administrative	315,306	(326,038)
Depreciation	11,283,302	10,748,129
Asset management	1,573,905	882,830
Total Operating Expenses	36,953,438	35,010,346
Operating (Loss)	(36,932,899)	(35,004,156)
Non-Operating Revenues		
Property taxes levied by the District	44,479,669	43,624,302
Investment income	(1,713,359)	87,733
Total Non-Operating Revenues	42,766,310	43,712,035
Non-Operating Expenses		
Net loss on disposal and sale of capital assets	690,480	382,035
Non-recurring projects and studies	1,891,225	1,272,327
Total Non-Operating Expenses	2,581,705	1,654,362
Income (Loss) Before Capital Contributions	3,251,706	7,053,517
Capital Contributions		
Capital assets contributed	8,087,321	4,334,972
Grant revenue	1,458,341	469,624
Total Capital Contributions	9,545,662	4,804,596
Change In Net Position	12,797,368	11,858,113
Net Position - Beginning Of Year	569,274,283	557,416,170
Net Position - End Of Year	\$ 582,071,651	\$ 569,274,283

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

STORMWATER SEGMENT STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2022	2021
Cash Flows From Operating Activities		
Received from customers	\$ 1,206,799	\$ (1,627,308)
Paid to suppliers for goods and services	(27,204,239)	(25,897,686)
Net Cash (Used In) Operating Activities	(25,997,440)	(27,524,994)
Cash Flows Provided By Non-Capital Financing Activities		
Taxes levied and collected	43,967,398	42,684,514
Cash Flows From Capital And Related Financing Activities		
Proceeds from capital grants	1,458,342	469,624
Payments for capital assets	(14,450,433)	(12,783,904)
Proceeds from sale of capital assets	(539,111)	—
Net Cash (Used In) Capital And Related Financing Activities	(13,531,202)	(12,314,280)
Cash Flows From Investing Activities		
Purchase of investments	(66,481,174)	(75,869,353)
Proceeds from sale and maturity of investments	57,117,920	76,520,644
Investment income	778,072	959,684
Net Cash Provided By Investing Activities	(8,585,182)	1,610,975
Net Increase In Cash And Cash Equivalents	(4,146,426)	4,456,215
Cash And Cash Equivalents At Beginning Of Year	13,570,062	9,113,847
Cash And Cash Equivalents At End Of Year	\$ 9,423,637	\$ 13,570,062

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

18. Tax Abatements

Tax abatements, as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 77, *Tax Abatement Disclosures* (“GASB Statement No. 77”), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

Since the District does not and has not entered into tax abatement agreements directly with any individuals or entities, the following estimates are from tax abatements entered into by other governments, specifically the county and municipalities within the District’s boundary, that have reduced the District’s tax revenues.

Tax Abatements entered into by St. Louis County and Cities located in St. Louis County

The District’s property tax revenues were reduced through four programs that are utilized by cities located in St. Louis County and the County itself. Summaries of these four programs are as follows:

Enhanced Enterprise Zone: provides real property tax abatements to new or expanding businesses in certain specified geographic areas designated by local governments and certified by the Missouri Department of Economic Development.

Industrial Development Bonds: finances industrial development projects for private corporations, partnerships and individuals.

Land Clearance for Redevelopment Authority: assists with the redevelopment of blighted or insanitary areas for residential, recreational, commercial, industrial or public uses.

Urban Redevelopment Corporations: provides real property tax abatements to encourage the redevelopment of blighted areas by an eligible city or county.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

The amount of the District's tax revenues that were abated by the county and cities initiating the programs are reported in the following tables.

For the Year Ended June 30, 2022

St. Louis County or City	Enhanced Enterprise Zones	Industrial Development Bonds	Land Clearance for Redevelopment Authority	Urban Redevelopment Corporations	Total Tax Abatements
St Louis County	\$ —	\$ 166,659	\$ —	\$ 11,893	\$ 178,552
Bellerive	—	3,642	—	—	3,642
Berkeley	2,717	—	—	—	2,717
Brentwood	—	—	—	8,818	8,818
Bridgeton	—	498	—	7,357	7,855
Clayton	—	75,352	—	4,082	79,434
Edmundson	—	—	—	14,047	14,047
Eureka	—	344	—	—	344
Ferguson	—	6,610	—	975	7,585
Frontenac	—	—	—	11,793	11,793
Hazelwood	9,054	55,453	—	129,542	194,049
Kinloch	—	—	—	56,774	56,774
Jennings	—	162	—	—	162
Maplewood	—	—	—	13,774	13,774
Maryland Heights	—	—	—	5,304	5,304
Normandy	—	—	—	1,343	1,343
Olivette	—	—	—	2,516	2,516
Overland	—	—	—	4,591	4,591
Richmond Heights	—	—	—	22,253	22,253
Rock Hill	—	—	—	2,370	2,370
St. Ann	—	356	—	—	356
Sunset Hills	—	—	—	863	863
University City	—	—	12,532	—	12,532
Woodson Terrace	—	—	—	204	204
Total Tax Abatements	\$ 11,771	\$ 309,076	\$ 12,532	\$ 298,499	\$ 631,878

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

For the Year Ended June 30, 2021

St. Louis County or City	Enhanced Enterprise Zones	Industrial Development Bonds	Land Clearance for Redevelopment Authority	Urban Redevelopment Corporations	Total Tax Abatements
St Louis County	\$ —	\$ 188,439	\$ —	\$ 13,375	\$ 201,814
Bellerive	—	3,239	—	—	3,239
Berkeley	692	—	—	—	692
Brentwood	—	—	—	17,459	17,459
Bridgeton	—	549	—	5,934	6,483
Clayton	—	38,950	—	3,844	42,794
Edmundson	—	—	—	23,493	23,493
Eureka	—	309	—	—	309
Ferguson	—	6,357	—	1,047	7,404
Frontenac	—	—	—	8,780	8,780
Hazelwood	8,287	39,089	—	99,767	147,143
Kinloch	—	—	—	45,862	45,862
Jennings	—	151	—	—	151
Maplewood	—	—	—	13,617	13,617
Maryland Heights	—	404	—	7,406	7,810
Normandy	—	—	—	3,025	3,025
Olivette	—	—	—	2,566	2,566
Overland	—	—	—	9,067	9,067
Richmond Heights	—	—	—	18,263	18,263
Rock Hill	—	—	—	2,749	2,749
St. Ann	—	700	—	—	700
Sunset Hills	—	—	—	495	495
University City	—	—	10,276	—	10,276
Wellston	—	—	—	713	713
Woodson Terrace	—	—	—	199	199
Total Tax Abatements	\$ 8,979	\$ 278,187	\$ 10,276	\$ 277,661	\$ 575,103

Tax Abatements entered into by St. Louis City

The City of St. Louis offers a real estate tax abatement program as a development tool designed to assist developers, businesses and individuals with renovation and new construction projects. The tax abatement freezes the tax assessment in improvements to property at the pre-development level. To be eligible for tax abatement, a significant investment must be made in the property; generally either new construction on vacant land or gut rehabilitation of an existing building. The application must be made before construction begins and the usual term for tax abatement is five to ten years.

The amount of the District's tax revenues calculated at the District's tax rates of \$.1078 per \$100 of assessed value for both fiscal 2022 and 2021 that were abated by St. Louis City are reported in the following tables.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2022

<u>St. Louis City</u>	<u>Unabated Values</u>	<u>Tax Revenue</u>	<u>Abated Values</u>	<u>Tax Revenue</u>	<u>Reduced Tax Revenue</u>
Residential	\$ 157,389,170	\$ 163,842	\$ 107,787,020	\$ 21,320	\$ 142,522
Commercial	162,562,700	169,228	142,609,494	47,505	121,722
Total	<u>\$ 319,951,870</u>	<u>\$ 333,070</u>	<u>\$ 250,396,514</u>	<u>\$ 68,825</u>	<u>\$ 264,245</u>

For the Year Ended June 30, 2021

<u>St. Louis City</u>	<u>Unabated Values</u>	<u>Tax Revenue</u>	<u>Abated Values</u>	<u>Tax Revenue</u>	<u>Reduced Tax Revenue</u>
Residential	\$ 147,239,040	\$ 158,724	\$ 110,822,179	\$ 22,706	\$ 136,018
Commercial	190,333,200	205,179	148,956,196	51,336	153,843
Total	<u>\$ 337,572,240</u>	<u>\$ 363,903</u>	<u>\$ 259,778,375</u>	<u>\$ 74,042</u>	<u>\$ 289,861</u>

Tax Increment Financing utilized by St. Louis County, Cities located in St. Louis County and St. Louis City

Missouri's Real Property Tax Increment Allocation Redevelopment Act enables cities to finance certain redevelopment costs with the revenue generated from (i) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (ii) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing ("TIF") plan is adopted, real estate taxes in the redevelopment are frozen at their current level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced. The real estate tax increments are referred to as payments in lieu of taxes, or "PILOTs", and are deposited in a special allocation fund.

The estimated TIF incremental values and the District's net reduced tax revenue resulting from the TIFs adopted in St. Louis County and the cities located in the County and adopted in the City of St. Louis are as follows:

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

<u>St. Louis County or City</u>	<u>For the Years Ended</u>			
	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>TIF Incremental Values</u>	<u>Reduced Tax Revenues</u>	<u>TIF Incremental Values</u>	<u>Reduced Tax Revenues</u>
St. Louis County and Cities Located in St. Louis County	\$ 571,648,520	\$ 616,237	\$ 541,545,970	\$ 583,787
St. Louis County PILOTs Received	—	(97,358)	—	(55,007)
St. Louis City	1,301,447,243	321,587	1,309,205,243	401,965
St. Louis City PILOTs Received	—	(39,620)	—	(44,808)
Total	<u>\$ 1,873,095,763</u>	<u>\$ 800,846</u>	<u>\$ 1,850,751,213</u>	<u>\$ 885,937</u>

In summary, the District's total tax revenues reduced during fiscal 2022 and 2021 as a result of the programs of other governments are as follows:

<u>St. Louis County or City</u>	<u>For the Years Ended</u>	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	<u>Reduced Tax Revenues</u>	<u>Reduced Tax Revenues</u>
St. Louis County and Cities Located in St. Louis County - Tax Abatements	\$ 631,878	\$ 575,103
St. Louis City - Tax Abatements	264,245	289,861
St. Louis County and Cities Located in St. Louis County - TIFs	518,879	528,780
St. Louis City - TIFs	281,967	357,157
Total Reduced Tax Revenues	<u>\$ 1,696,969</u>	<u>\$ 1,750,901</u>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Notes to Financial Statements (*Continued*)

19. Subsequent Events

In preparing these financial statements the District has evaluated events and transactions for potential recognition or disclosure through November 1, 2022, the date the financial statements were available to be issued.

The District experienced a major weather event at the end of July 2022 resulting in extreme flooding due to heavy rainfall with totals upwards of 10 inches in some areas. As of September 30, 2022, water backup claims and overcharged claims paid to date are \$1.7 million with outstanding reserves of \$8.2 million for a total of \$9.9 million. The District has a \$6.5 million deductible with a \$10 million policy limit and is expected to recover any amount paid over the deductible up to \$16.5 million.

In October 2022, the District entered into agreements with the State of Missouri's Direct Loan Program to receive amounts up to \$125.0 million for the purpose of improving, renovating, repairing, replacing and equipping the District's Wastewater System. Series 2022C, loan amount of up to \$10.0 million, will have principal repayments effective in 2024 with a maturity date of 2043. Series 2022D, loan amount of up to \$115.0 million will have principal repayments effective in 2025 (FY26) with the maturity date of 2044 (FY45). The principal and interest on the bonds are expected to be paid from future wastewater revenues. The District's interest rate is projected at 1.25% and is payable in semiannual installments at varying amounts through 2044 in addition to an annual administrative fee of .50%.

As the District incurs approved capital expenditures, the Department of Natural Resources reimburses the District for the expenditures from the bond proceeds account and deposits the approved amount in a bond reserve fund. The District repays the loan at a projected interest rate of 1.25% based on the amount that has been borrowed. The payment requirements to maturity will be determined after the debt is fully issued.

REQUIRED SUPPLEMENTARY INFORMATION
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
 AND RELATED RATIOS**
 June 30, 2022

Schedule of Changes in Net Pension Liability and Related Ratios
 In (000's)

	Calendar Year Ending December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 4,477	\$ 4,832	\$ 4,902	\$ 5,239	\$ 5,157	\$ 5,107	\$ 5,253	\$ 5,409
Interest on total pension liability	23,674	23,581	22,818	22,307	22,079	20,609	20,199	19,901
Effect of plan changes	—	—	—	—	—	—	—	—
Effect of economic/demographic gains or (losses)	1,564	(6,727)	(1,967)	(2,042)	(4,729)	(883)	(4,577)	(3,668)
Effect of assumption changes or inputs	18,788	—	11,911	—	1,667	11,665	—	6,500
Benefit payments	(20,666)	(19,273)	(18,627)	(16,912)	(15,858)	(15,261)	(14,475)	(13,387)
Net Change in Total Pension Liability	27,837	2,413	19,037	8,592	8,316	21,237	6,400	14,755
Total Pension Liability - Beginning	356,407	353,994	334,957	326,365	318,049	296,812	290,412	275,657
Total Pension Liability - Ending (a)	384,244	356,407	353,994	334,957	326,365	318,049	296,812	290,412
Plan Fiduciary Net Position								
Employer contributions	12,144	13,399	12,725	12,494	12,328	10,146	10,059	10,676
Member contributions	—	—	—	—	—	—	—	—
Investment income net of investment expenses	31,982	36,585	41,543	(12,998)	30,496	11,913	(1,888)	6,980
Benefit payments	(20,666)	(19,273)	(18,627)	(16,912)	(15,858)	(15,261)	(14,475)	(13,387)
Administrative expenses	—	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	23,460	30,711	35,641	(17,416)	26,966	6,798	(6,304)	4,269
Plan Fiduciary Net Position - Beginning	326,912	296,201	260,560	277,976	251,010	244,212	250,516	246,247
Plan Fiduciary Net Position - Ending (b)	350,372	326,912	296,201	260,560	277,976	251,010	244,212	250,516
Net Pension Liability - Ending = (a) - (b)	<u>\$ 33,872</u>	<u>\$ 29,495</u>	<u>\$ 57,793</u>	<u>\$ 74,397</u>	<u>\$ 48,389</u>	<u>\$ 67,039</u>	<u>\$ 52,600</u>	<u>\$ 39,896</u>
Fiduciary Net Position as a % of Total Pension Liability	<u>91.18%</u>	<u>91.72%</u>	<u>83.67%</u>	<u>77.79%</u>	<u>85.17%</u>	<u>78.92%</u>	<u>82.28%</u>	<u>86.26%</u>
Covered Payroll	<u>\$ 30,948</u>	<u>\$ 34,391</u>	<u>\$ 36,793</u>	<u>\$ 39,437</u>	<u>\$ 41,869</u>	<u>\$ 42,055</u>	<u>\$ 43,345</u>	<u>\$ 44,664</u>
Net Pension Liability as a % of Covered Payroll	<u>109.45%</u>	<u>85.76%</u>	<u>157.08%</u>	<u>188.65%</u>	<u>115.57%</u>	<u>159.41%</u>	<u>121.35%</u>	<u>89.32%</u>

Notes to Schedule:

- Changes of Assumptions. The actuarial discount rate and the long-term expected rate of return were changed to 6.25% in 2021. Both rates were changed to 6.75% in 2020 and 2019, 6.90% in 2018 and 2017 and 7.00% in 2016 and all prior years. The mortality tables utilized in 2021, 2020 and 2019 were the Pub-2010 General Amount-Weighted Mortality Tables and the effect of changing mortality tables in 2019 is also reflected in the assumption changes. In 2016, the amount reported as changes of assumptions resulted from changing to the RP-2014 Mortality for Employees and Healthy Annuitants and Disabled Mortality tables, while the 2014 change resulted primarily from adjustments to the discount rate, long-term expected rate of return, inflation and employee rate increases.
- This schedule will ultimately present ten years of information when available.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (Continued)
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO EMPLOYEES' PENSION PLAN
June 30, 2022

Schedule of Employer Contributions To Employees' Pension Plan					
Fiscal Year Ending June 30,	Actuarially Determined Contribution	Annual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2015	\$ 10,359,139	\$ 10,359,139	\$ —	\$ 46,584,987	22.24%
2016	10,096,075	10,096,075	—	44,996,070	22.44%
2017	11,236,828	11,236,828	—	43,818,487	25.64%
2018	12,411,005	12,411,005	—	42,751,918	29.03%
2019	12,609,689	12,609,689	—	38,166,848	33.04%
2020	13,062,014	13,062,014	—	37,757,169	34.59%
2021	12,771,525	12,771,525	—	35,509,063	35.97%
2022	12,243,540	12,243,540	—	32,315,839	37.89%

Notes to Schedule:

- This schedule will ultimately present ten years of information when available.
- Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar layered, 20 year periods
Asset Valuation Method:	3-year smoothing period
Inflation:	2.50%
Salary Increases:	4.25%, average, including inflation
Investment Rate of Return:	6.25%, net of pension plan investment expense, including inflation for 2022. 6.75%, net of pension plan investment expense, including inflation for 2020 and 2021 6.90%, net of pension plan investment expense, including inflation for 2018 and 2019 7.00%, net of pension plan investment expense, including inflation for all years prior to 2018
Mortality:	In the 2022, 2021 and 2020 actuarial valuations, assumed life expectancies were calculated using the Pub-2010 General Amount-Weighted Mortality Tables with generational projection based on Scale MP-2021, 2020 and 2019, respectively. In the 2019, 2018 and 2017 actuarial valuations, assumed life expectancies were calculated using the RP-2014 Employee and Healthy Annuitant Mortality Table (with generational projections from 2006 based on the most current MP improvement scale which is updated annually) and the RP-2014 Disabled Mortality Table. In the 2016 and 2015 actuarial valuations, assumed life expectancies were calculated using the RP-2000 Healthy Annuitant Mortality Table and the RP-2000 Disabled Mortality Table.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION *(Continued)* SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY June 30, 2022

Schedule of Changes in Total OPEB Liability In (000's)

Total OPEB Liability	Calendar Year Ending December 31,				2017
	2021	2020	2019	2018	
Service cost	\$ 2,107	\$ 1,827	\$ 1,397	\$ 1,781	\$ 1,622
Interest on total OPEB liability	553	663	1,017	865	895
Effect of plan changes	—	—	86	—	—
Effect of economic/demographic gains or (losses)	534	—	(3,887)	—	—
Changes of assumptions or other inputs	542	898	1,926	(987)	438
Benefit payments	(1,863)	(1,631)	(1,539)	(1,689)	(1,600)
Net change in total OPEB liability	1,873	1,757	(1,000)	(30)	1,355
Total OPEB Liability - Beginning	24,921	23,165	24,164	24,194	22,839
Total OPEB Liability - Ending	\$ 26,794	\$ 24,921	\$ 23,165	\$ 24,164	\$ 24,194

Notes to Schedule:

1. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.
The following are the discount rates used in each period:

2021	2.06%
2020	2.12%
2019	2.74%
2018	4.10%
2017	3.44%
2016	3.78%

2. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
3. This schedule will ultimately present ten years of information when available.
4. Contributions to the OPEB plan are not based on a measure of pay so accordingly, no measure of payroll is presented.

Statistical Section

METROPOLITAN ST. LOUIS SEWER DISTRICT

This part of the District’s 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 District’s overall financial health.

Contents

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.....	120 – 121
Revenue Capacity	
These schedules contain information to help the reader assess the District’s most significant local revenue source, the user charge.....	122 – 130
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.....	131 – 132
Demographic And Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.....	133 – 135
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs	136 – 138

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS (000's)

	Fiscal Year				
	2013	2014	2015 a	2016 a	2017 a
<u>Net Position</u>					
Net investment in capital assets	\$ 1,877,692	\$ 1,845,394	\$ 1,805,453	\$ 1,809,386	\$ 1,876,249
Restricted	111,066	142,764	142,445	136,547	135,259
Unrestricted	251,300	279,794	330,218	381,124	379,660
Total Net Position	<u>\$ 2,240,058</u>	<u>\$ 2,267,952</u>	<u>\$ 2,278,116</u>	<u>\$ 2,327,057</u>	<u>\$ 2,391,168</u>

	Fiscal Year				
	2018 a	2019 a	2020 a	2021 a	2022 a
As restated					
<u>Net Position</u>					
Net investment in capital assets	\$ 1,968,740	\$ 2,063,519	\$ 2,184,736	\$ 2,299,302	\$ 2,407,702
Restricted	129,579	127,414	97,034	97,920	96,029
Unrestricted	392,997	429,591	488,859	500,804	529,911
Total Net Position	<u>\$ 2,491,316</u>	<u>\$ 2,620,524</u>	<u>\$ 2,770,629</u>	<u>\$ 2,898,025</u>	<u>\$ 3,033,642</u>

^a Years 2015 to current include a change in the calculation of the net position components which is not reflected in years prior.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

CHANGES IN NET POSITION LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-operating Revenue/ (Expenses)	Income before Capital Grants and Contributions	Capital Grants and Contributions	Change in Net Position
2013	\$ 241,946,337	\$ 230,158,434	\$ 11,787,903	\$ 832,056	\$ 12,619,959	\$ 17,534,919	\$ 30,154,878
2014	265,772,853	241,297,635	24,475,218	(3,682,863)	20,792,355	7,102,480	27,894,835
2015	290,386,589	256,521,148	33,865,441	(13,074,700)	20,790,741	12,996,754	33,787,495
2016	319,857,731	273,095,705	46,762,026	(9,858,327)	36,903,699	12,036,784	48,940,483
2017	333,490,989	275,077,675	58,413,314	(3,916,119)	54,497,195	9,613,746	64,110,941
2018	368,311,477	273,765,206	94,546,271	(6,416,661)	88,129,610	26,077,674	114,207,284
2019	401,121,139	290,717,509	110,403,630	1,426,419	111,830,049	17,377,919	129,207,968
2020	437,992,039	296,739,396	141,252,643	2,461,185	143,713,828	6,390,907	150,104,735
2021	427,151,562	290,461,229	136,690,333	(23,994,999)	112,695,334	14,701,164	127,396,498
2022	458,269,200	298,647,346	159,621,854	(39,292,908)	120,328,946	15,287,418	135,616,364

*2021 was restated due to implementation of GASB 87

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Sewer Service Charges, Net	Licenses, Permits, and Other Fees	Other	Total Operating Revenues
2013	235,980,065	2,731,497	3,234,775	241,946,337
2014	257,343,344	6,562,607	1,866,902	265,772,853
2015	282,270,193	6,656,831	1,459,565	290,386,589
2016	302,011,893	3,620,240	14,225,598	319,857,731
2017	328,359,526	4,036,362	1,095,101	333,490,989
2018	361,175,224	3,777,200	3,359,053	368,311,477
2019	395,579,903	3,063,458	2,477,778	401,121,139
2020	424,786,543	3,012,368	10,193,128	437,992,039
2021	419,900,364	3,753,797	3,497,401	427,151,562
2022	447,568,689	3,937,368	6,763,143	458,269,200

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

OPERATING EXPENSES LAST TEN FISCAL YEARS

Fiscal Year	Employment Costs	Utilities	Materials and Supplies	Contracted Services	Chemical Supplies
2013	91,960,314	14,534,075	12,249,397	33,670,887	1,455,725
2014	93,542,222	14,986,387	11,097,857	36,875,093	2,440,843
2015	96,759,245	16,499,964	12,651,008	41,500,864	3,964,165
2016	102,458,574	16,624,434	11,838,551	48,450,272	3,498,796
2017	106,441,619	16,783,922	12,170,738	46,502,512	3,569,449
2018	105,555,411	16,154,516	11,005,087	48,390,986	2,501,712
2019	114,570,104	16,896,093	12,446,227	52,496,518	3,667,207
2020	115,575,521	15,770,882	12,045,016	52,776,346	3,123,434
2021	106,790,672	14,948,574	13,089,179	51,735,701	2,793,263
2022	106,830,879	16,296,769	12,850,178	49,636,282	3,735,229

Fiscal Year	Insurance	Other	Subtotal, Expenses before Depreciation	Depreciation	Amortization	Total Operating Expenses
2013	2,696,416	3,561,780	160,128,594	70,029,840	n/a	230,158,434
2014	2,737,491	5,530,535	167,210,428	74,087,207	n/a	241,297,635
2015	2,791,622	3,713,021	177,879,889	78,641,259	n/a	256,521,148
2016	3,218,041	3,023,288	189,111,956	83,983,749	n/a	273,095,705
2017	3,293,267	5,121,777	193,883,284	81,194,391	n/a	275,077,675
2018	3,371,910	5,459,242	192,438,864	81,326,342	n/a	273,765,206
2019	3,819,449	3,182,068	207,077,666	83,639,843	n/a	290,717,509
2020	4,158,280	5,656,605	209,106,084	87,633,312	n/a	296,739,396
2021	4,410,048	5,199,319	198,966,756	91,352,269	142,204	290,461,229
2022	5,806,596	7,839,230	202,995,163	95,494,079	158,105	298,647,346

Note: Balances in FY18 and prior were restated in FY19 to accurately reflect expenses in the appropriate category. The majority of the changes were increases to Employment Costs and Other and decreases to Materials and Supplies and Contracted Services.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

NON-OPERATING REVENUES AND EXPENSES LAST TEN FISCAL YEARS

	Fiscal Year				
	2013	2014	2015	2016	2017
<u>Non-operating revenues</u>					
Property taxes levied by the District	\$ 26,016,135	\$ 27,450,319	\$ 24,764,324	\$ 25,671,058	\$ 32,458,054
Investment income	1,056,966	2,966,549	3,000,591	4,635,866	2,902,624
Rent and other income	293,159	302,506	37,321	102,865	106,562
Total non-operating revenues	<u>27,366,260</u>	<u>30,719,374</u>	<u>27,802,236</u>	<u>30,409,789</u>	<u>35,467,240</u>
<u>Non-operating expenses</u>					
Interest expense	21,062,474	25,661,127	27,138,546	28,943,200	31,250,777
Net loss on disposal and sale of capital assets	795,527	5,248,443	1,420,902	324,513	673,044
Non-recurring projects and studies	4,676,203	3,492,667	12,317,488	11,000,403	7,459,538
Legal claims	—	—	—	—	—
Total non-operating expenses	<u>26,534,204</u>	<u>34,402,237</u>	<u>40,876,936</u>	<u>40,268,116</u>	<u>39,383,359</u>
Net non-operating revenue (expense)	<u>\$ 832,056</u>	<u>\$ (3,682,863)</u>	<u>\$ (13,074,700)</u>	<u>\$ (9,858,327)</u>	<u>\$ (3,916,119)</u>

	Fiscal Year				
	2018	2019	2020	2021, As restated	2022
<u>Non-operating revenues</u>					
Property taxes levied by the District	\$ 33,748,932	\$ 34,107,619	\$ 35,439,441	\$ 43,624,302	\$ 44,479,669
Investment income	7,405,957	16,699,153	16,259,182	1,392,278	(12,513,973)
Rent and other income	253,799	301,446	301,631	428,384	439,491
Total non-operating revenues	<u>41,408,688</u>	<u>51,108,218</u>	<u>52,000,254</u>	<u>45,444,964</u>	<u>32,405,187</u>
<u>Non-operating expenses</u>					
Interest expense	36,695,083	33,082,384	36,119,362	56,622,132	56,931,596
Net loss on disposal and sale of capital assets	1,833,908	970,825	961,476	990,108	1,523,315
Non-recurring projects and studies	9,296,358	15,628,590	12,458,231	11,827,723	13,243,184
Total non-operating expenses	<u>47,825,349</u>	<u>49,681,799</u>	<u>49,539,069</u>	<u>69,439,963</u>	<u>71,698,095</u>
Net non-operating revenue (expense)	<u>\$ (6,416,661)</u>	<u>\$ 1,426,419</u>	<u>\$ 2,461,185</u>	<u>\$ (23,994,999)</u>	<u>\$ (39,292,908)</u>

Note: Interest expense increased in FY21 due to the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, resulting in all interest cost incurred in FY21 being charged to interest expense in the period in which it was incurred.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

USER CHARGE RATES

As of June 30, 2022

Type of Monthly Charge	Unmetered ^c	Metered	
		Residential ^c	Non-Residential
Wastewater User Charge			
Base Charge	\$27.31	\$27.31	\$27.31
Compliance Charge ^a			
Tier 1	—	—	\$4.55
Tier 2	—	—	62.64
Tier 3	—	—	136.37
Tier 4	—	—	181.83
Tier 5	—	—	227.29
Volume Charges			
per Ccf ^b	—	5.17	5.17
per room	3.06	—	—
per water closet	11.40	—	—
per bath	9.51	—	—
per separate shower	9.51	—	—
Extra Strength Surcharges ^a			
Suspended Solids ("SS") over 300 milligrams per liter	—	—	\$309.88
Biochemical Oxygen Demand ("BOD") over 300 milligrams per liter	—	—	832.28
Chemical Oxygen Demand ("COD") over 600 milligrams per liter	—	—	416.14

Notes:

^a Applicable only to non-residential customers, Extra Strength Surcharges priced per ton

^b Ccf = Hundred cubic feet

^c User charges for certain low income residential users will be 50 percent of the regular user charge

Source: Finance Department

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

USER CHARGE RATES As of June 30, 2022

Type of Monthly Charge	Unmetered ^c	Metered	
		Residential ^c	Non-Residential
<u>Wastewater User Charge</u>			
Base Charge	\$27.31	\$27.31	\$27.31
Compliance Charge ^a			
Tier 1	—	—	\$4.55
Tier 2	—	—	62.64
Tier 3	—	—	136.37
Tier 4	—	—	181.83
Tier 5	—	—	227.29
Volume Charges			
per Ccf ^b	—	5.17	5.17
per room	3.06	—	—
per water closet	11.40	—	—
per bath	9.51	—	—
per separate shower	9.51	—	—
Extra Strength Surcharges ^a			
Suspended Solids ("SS") over 300 milligrams per liter	—	—	\$309.88
Biochemical Oxygen Demand ("BOD") over 300 milligrams per liter	—	—	832.28
Chemical Oxygen Demand ("COD") over 600 milligrams per liter	—	—	416.14

Notes:

^a Applicable only to non-residential customers, Extra Strength Surcharges priced per ton

^b Ccf = Hundred cubic feet

^c User charges for certain low income residential users will be 50 percent of the regular user charge

Source: Finance Department

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

USER CHARGE REVENUES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Wastewater Charges Billed¹</u>	<u>Wastewater Charges Collected²</u>	<u>Collections as a % of Wastewater Charges Billed</u>
2013	\$ 233,882,795	\$ 233,877,875	99.99%
2014	245,555,628	241,549,548	98.37%
2015	279,555,881	275,049,684	98.39%
2016	300,803,084	299,932,808	99.71%
2017	326,663,167	322,829,334	98.83%
2018	359,628,200	351,107,233	97.63%
2019	394,518,583	386,033,225	97.85%
2020	425,147,702	419,918,978	98.77%
2021	420,781,206	417,788,153	99.29%
2022	446,532,652	439,461,443	98.42%

Note: The table shows the amount of wastewater user charge revenues which were billed and collected by the District for the last ten fiscal years.

¹ Wastewater Charges Billed includes wastewater user charge revenues billed and accrued for the year.

² Wastewater Charges Collected includes wastewater user charge revenues collected for the current year and previous years billings.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

SEWER USER CHARGES (COMPOSITE-ANNUAL) LAST TEN FISCAL YEARS

	Fiscal Year				
	<u>2013</u> ^b	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> ^c
Residential:					
Single-Family/Unit ¹	\$ 379.56	\$ 421.08	\$ 434.76	\$ 491.52	\$ 535.08
Multi-Family/Unit	324.12	360.36	434.04	490.80	492.00
Commercial/Industrial:					
Service Charge/Unit ²	478.56	412.56	348.12	296.80	336.69
Sanitary Sewer Usage Charge per Ccf	2.28	2.50	2.82	3.21	3.59
Extra Strength Surcharges:					
SS over 300 milligrams per liter (price per ton)	231.35	231.35	244.03	251.88	262.00
BOD over 300 milligrams per liter (price per ton)	620.14	620.14	620.14	632.38	654.00
COD over 600 milligrams per liter (price per ton)	310.07	310.07	310.07	316.19	327.00
	Fiscal Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u> ^{d,e}	<u>2022</u>
Residential:					
Single-Family/Unit ¹	\$ 591.72	\$ 602.76	\$ 666.84	\$ 674.31	\$ 699.96
Multi-Family/Unit	544.08	602.76	666.84	674.31	\$ 699.96
Commercial/Industrial:					
Service Charge/Unit ²	363.53	395.42	428.90	435.83	452.32
Sanitary Sewer Usage Charge per Ccf	3.97	4.40	4.87	4.97	5.17
Extra Strength Surcharges:					
SS over 300 milligrams per liter (price per ton)	269.07	277.03	283.87	297.97	\$309.88
BOD over 300 milligrams per liter (price per ton)	671.63	691.50	708.56	786.85	832.28
COD over 600 milligrams per liter (price per ton)	335.82	345.76	354.30	393.43	416.14

Notes:

¹ Based on average usage of a typical single-family during the fiscal year listed.

² Service Charge/Unit for Commercial/Industrial is calculated by using the sum of annualized base charge and compliance charge.

Starting FY 2013, MSD implemented 5-tier Compliance Charge Rate Model, so the Service Charge/Unit is based on calculated weighted average compliance charge. FY 2013, FY 2014 & FY 2015 Service Charge/Unit were adjusted to reflect the weighted average compliance charge calculations. Prior to FY 2013, there was only one tier compliance charge.

^a Ordinance 13021, effective July 1, 2010, changed wastewater rates through FY 2012.

^b Ordinance 13402, effective July 1, 2012, changed wastewater rates through FY 2016.

^c Ordinance 14395, effective July 1, 2016, changed wastewater rates through FY 2020.

^d Ordinance 15418, effective October 1, 2020, changed wastewater rates through June 30, 2021. The FY21 rates are blended rates due to the Board approving a delay from July to October for the FY21 rate increase due to the COVID-19 pandemic.

^e Ordinance 15669, effective July 1, 2021, changed wastewater rates through FY 2024.

Source: Finance Department

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

NUMBER OF CUSTOMERS BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Single- Family Residential	Multi- Family Residential	Non- Residential	Total Accounts
2013	359,243	41,117	24,441	424,801
2014	358,928	40,951	24,297	424,176
2015	359,317	41,131	24,389	424,837
2016	356,926	41,585	24,001	422,512
2017	360,534	41,697	24,253	426,484
2018	360,957	41,355	24,296	426,608
2019	361,288	41,288	24,095	426,671
2020	361,545	41,365	24,066	426,976
2021	362,803	41,533	23,960	428,296
2022	363,525	41,387	23,940	428,852

Source: Finance Department

Note: Total accounts listed above are as of June 30 for each fiscal year listed.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2022

Customer	User Charges	
	Amount	%
Anheuser-Busch	\$ 6,009,037	1.33%
Washington University	2,259,830	0.50%
City Of St Louis	2,119,128	0.47%
Missouri-American Water Co	2,109,851	0.47%
St Louis University	1,630,212	0.36%
BJC Health System	1,386,559	0.31%
Sensient Colors Inc	1,382,103	0.31%
Sigma-Aldrich	1,343,327	0.30%
Jost Real Estate LLC	1,257,051	0.28%
The Boeing Company	1,149,697	0.25%
Subtotal (10 largest)	20,646,796	4.56%
Balance from other customers	431,998,295	95.44%
Grand totals	\$ 452,645,091	100.00%

Fiscal Year 2013

Customer	User Charges	
	Amount	%
Anheuser-Busch	\$ 5,715,199	2.42%
Washington University The	1,475,706	0.62%
Mallinckrodt Nuclear	1,405,103	0.59%
City Of St Louis-Parks	1,030,029	0.44%
St Louis University Hospital	1,028,812	0.43%
Sigma-Aldrich	735,691	0.31%
McDonnell Aircraft Corp/Boeing	720,564	0.30%
Sensient Colors Inc	702,801	0.30%
Saint Louis Zoo	663,673	0.28%
Prairie Farms Dairy Inc	590,349	0.25%
Subtotal (10 largest)	14,067,927	5.95%
Balance from other customers	222,522,873	94.05%
Grand totals	\$ 236,590,800	100.00%

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Revenue Bonds			Capital Lease	Unamortized Premium, Net of Discount	Total		As a Share of Personal Income (%)
	Senior	Subordinate	Subordinate Direct Loans			Amount	Per Capita	
	2013	\$ 594,715,000	\$ 188,600,000			\$ 93,751,658	\$ —	
2014	740,655,000	184,075,000	116,090,820	—	82,274,845	1,123,095,665	852	2.84
2015	736,775,000	171,455,000	148,279,465	—	78,591,961	1,135,101,426	860	2.69
2016	860,460,000	158,765,000	184,141,916	—	112,035,478	1,315,402,394	997	3.07
2017	995,175,000	145,410,000	210,851,827	—	124,465,181	1,475,902,008	1,127	3.44
2018	1,167,225,000	131,810,000	227,240,106	—	166,900,626	1,693,175,732	1,297	3.83
2019	1,145,131,480	117,840,000	247,692,802	—	159,855,883	1,670,520,165	1,285	3.46
2020	1,176,786,480	103,490,000	278,193,895	—	131,864,536	1,690,334,911	1,305	3.51
2021	1,262,436,480	88,780,000	315,849,539	—	162,860,332	1,829,926,351	1,417	3.64
2022	1,318,376,480	73,505,000	347,168,086	—	166,472,148	1,905,521,714	1,477	3.67

Notes:

Calculation of "Per Capita" for 2012 through 2013 is based on estimated population levels.

Calculation of "As a Share of Personal Income (%)" for 2012 through 2013 is based on estimated income levels.

Fiscal years 2013 through 2019 "Per Capita" and "As a Share of Personal Income (%)" were restated to conform to the calculation used for fiscal year 2020.

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, and the U.S. Census Bureau

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

COMPUTATION OF OVERLAPPING DEBT

As Of June 30, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount of Debt within District Boundary</u>	<u>Percentage of Debt within District Boundary</u>
City of St. Louis	\$ 75,755,000	\$ 75,755,000	100.0%
St. Louis County	64,395,000	63,879,840	99.2
Municipalities	93,669,597	93,669,597	100.0
City of St. Louis School District	210,359,000	210,359,000	100.0
St. Louis County School Districts	1,675,769,095	1,660,594,375	99.1
Fire Districts	138,325,261	128,544,703	92.9
	<u>\$ 2,258,272,954</u>	<u>2,232,802,516</u>	<u>98.9%</u>
Total Direct Debt		<u>1,905,521,714</u>	
Total Direct and Overlapping Debt		<u>\$ 4,138,324,230</u>	

Sources:

- City of St. Louis, Office of Comptroller
- St. Louis County, Department of Revenue
- St. Louis Public Schools, Financial/Treasurer Office
- Missouri Department of Education, School Finance
- Polled Governments
- Polled Fire Districts

Note: Although the District comprises all of the St. Louis City and most of St. Louis County, it does not entirely match the County's boundaries. The calculation of overlapping debt is based on the percentage that a political jurisdiction's territory lies within the District's territory. These percentages are weighted against the debt outstanding thus providing the amount of debt within District Boundary.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenues	Non-operating Revenues	Gross Revenues	Less: Operating Expenses (excluding depreciation, GASB 68 & GASB 75)	Net Available Revenues
2013	\$ 240,597,715	\$ 956,664	\$ 241,554,379	\$ 146,372,419	\$ 95,181,960
2014	264,422,401	2,670,333	267,092,734	153,221,914	113,870,820
2015	288,835,877	2,555,654	291,391,531	163,311,194	128,080,337
2016	318,463,297	3,894,305	322,357,602	168,258,133	154,099,469
2017	333,469,677	2,456,677	335,926,354	168,835,676	167,090,678
2018	368,292,762	6,356,029	374,648,791	163,026,313	211,622,478
2019	401,109,124	14,438,669	415,547,793	170,585,143	244,962,650
2020	437,982,036	14,210,947	452,192,983	175,848,764	276,344,219
2021	427,145,372	5,740,323	432,885,695	180,843,680	252,042,015
2022	458,248,661	4,226,652	462,475,313	179,411,916	283,063,397

Fiscal Year	Senior and Subordinate Debt Service			Coverage Ratio
	Principal	Interest	Total	
2013	\$ 18,749,700	\$ 31,191,190	\$ 49,940,890	1.9
2014	10,037,200	34,399,261	44,436,461	2.6
2015	20,252,200	41,596,192	61,848,392	2.1
2016	29,588,000	44,171,592	73,759,592	2.1
2017	38,026,700	51,333,869	89,360,569	1.9
2018	42,716,800	57,682,698	100,399,498	2.1
2019	50,907,800	63,224,915	114,132,715	2.1
2020	52,587,600	59,932,607	112,520,207	2.5
2021	58,574,100	60,727,474	119,301,574	2.1
2022	61,157,300	62,728,378	123,885,678	2.3

Fiscal Year	Senior Debt Service			Coverage Ratio
	Principal	Interest	Total	
2013	\$ 3,805,000	\$ 24,451,656	\$ 28,256,656	3.4
2014	4,060,000	30,161,408	34,221,408	3.3
2015	3,880,000	34,472,415	38,352,415	3.3
2016	10,170,000	36,211,319	46,381,319	3.3
2017	15,285,000	42,897,077	58,182,077	2.9
2018	18,365,000	49,558,285	67,923,285	3.1
2019	22,355,000	55,586,363	77,941,363	3.1
2020	23,305,000	52,355,403	75,660,403	3.7
2021	28,575,000	53,110,268	81,685,268	3.1
2022	28,820,000	55,200,621	84,020,621	3.4

Note: The methodology used to calculate the net available revenues and the coverage ratio was adjusted during fiscal year 2013 and all previous years were restated for comparative purposes. The 2013 change in methodology consisted of removing agency fees, previously reflected as a deduction from net available revenues, and now combining them with interest in the debt service section. In fiscal year 2017 the methodology was changed to exclude GASB non-cash transactions from the debt service coverage calculation. Fiscal years 2015 and 2016 have been adjusted to also exclude the GASB 68 non-cash pension expense. In fiscal year 2021 the methodology was changed to exclude non-cash unrealized gain/loss on investments from the debt service coverage calculation.

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Populations	Per			Median Household Income ³	Unemployment Rate			Labor Force
		Personal Income (millions) ¹	Capita Personal Income ¹	Total Number of Households ²		Saint Louis			
						City	County	State	
2013	1,328,610	41,365	31,105	543,851	52,407	10.5	7.3	7.1	665,086
2014	1,318,610	39,593	30,026	543,991	55,573	9.6	6.9	6.6	666,200
2015	1,319,295	42,176	31,969	543,945	52,619	7.1	5.5	5.8	703,317
2016	1,319,047	42,845	32,482	542,223	53,156	5.9	4.6	4.9	718,821
2017	1,309,985	42,844	32,705	541,394	53,528	4.7	3.7	4.9	692,644
2018	1,305,352	44,248	33,897	541,832	54,821	4.3	3.3	3.5	699,882
2019	1,299,783	48,287	37,150	542,048	59,063	4.3	3.3	3.3	699,494
2020	1,294,781	48,113	37,159	544,002	59,054	12.0	8.9	7.9	677,261
2021	1,291,665	50,269	38,918	547,936	61,326	7.4	5.3	5.1	687,043
2022	1,290,497	51,927	40,238	553,224	62,724	3.3	2.3	2.4	675,242

Notes:

¹The data in fiscal years 2013-2019 were restated to conform to the calculation used for fiscal year 2020.

²The number of households was taken from <http://www.census.gov/quickfacts/fact/table/US-MO>: 2021 figure is based on 2015-2019 data; 2020 figure is based on 2014-2018 data; 2019 is based on 2013-2017 data; 2018 is based on 2012-2016 data; 2017 is based on 2011-2015 data; 2016 is based on 2010-2014 data; 2015 is based on 2013 data; 2014 is based on 2012 data; 2013 is based on 2010 census.

³Median Household Income added to this schedule in fiscal year 2020 and all prior years updated to include this data.

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, and Missouri Economic Resource and Information Center (MERIC)

<http://www.bea.gov/regional/reis/scb.cfm>

Footnotes- <http://www.meric.mo.gov/regional-profiles/st-louis>

<https://www.census.gov/quickfacts/fact/table/US/PST045217>

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

PRINCIPAL EMPLOYERS (ST. LOUIS METROPOLITAN AREA) CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2022			Fiscal Year 2013		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
BJC HealthCare	29,595	4%	1	25,374	4%	1
Washington University in St. Louis	18,805	3%	2	13,677	2%	3
Mercy Health	15,410	2%	3	10,247	2%	9
Boeing, Integrated Defense Systems	14,865	2%	4	14,730	2%	2
SSM Healthcare	14,600	2%	5	11,312	2%	5
Scott Air Force Base	13,000	2%	6	13,020	2%	4
Schnuck Markets, Inc.	8,658	1%	7	10,553	2%	8
Saint Louis University	6,596	1%	8		0%	
City of St. Louis	6,489	1%	9		0%	
Special School District of St. Louis County	5,773	1%	10		0%	
Archdiocese of St. Louis		0%		11,207	2%	6
Wal-Mart Stores Inc.		0%		10,600	2%	7
McDonald's Restaurants of St. Louis		0%		9,500	2%	10
	<u>133,791</u>	<u>20%</u>		<u>130,220</u>	<u>21%</u>	
Total Employment	<u>658,160</u>	<u>100%</u>		<u>612,072</u>	<u>100%</u>	

Note: Employees are for the St. Louis area which includes several counties not served by the District.

Sources:

St. Louis Business Journal's *Book of Lists 2022 as of August 2022*

St. Louis Business Journal's *Book of Lists 2013*

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

EMPLOYMENT LEVEL LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Administrative	124	122	129	126	131	129	127	117	121	113
Office/Clerical	86	82	84	82	82	75	73	84	78	79
Plant Operation & Laboratory	249	252	236	226	227	222	228	231	237	259
Engineering & Technical	148	151	155	152	151	150	166	174	176	173
Sewer Construction & Maintenance	324	328	345	358	360	365	341	349	344	292
Total Employees	<u>931</u>	<u>935</u>	<u>949</u>	<u>944</u>	<u>951</u>	<u>941</u>	<u>935</u>	<u>955</u>	<u>956</u>	<u>916</u>

Note: The total employees listed above are as of June 30 for each respective year.

Source: Human Resources Department

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

AVERAGE FLOW LAST TEN FISCAL YEARS

Fiscal Year	Average Sewage Treatment in Millions of Gallons per Day
2013	326.7
2014	273.8
2015	327.5
2016	335.2
2017	328.9
2018	270.1
2019	396.4
2020	367.5
2021	300.6
2022	289.5

Source: Operations Department

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

OPERATING AND CAPITAL INDICATORS LAST TEN FISCAL YEARS

	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Miles of sewers	9,578	9,563	9,531	9,700	9,400
Number of treatment plants	7	7	7	7	7
Treatment capacity (MGD) ^a	528	533	538	538	593
Annual engineering maximum plant capacity (millions of gallons)	192,629	194,454	196,279	196,279	216,354
Amount treated annually (millions of gallons)	119,253	99,945	119,547	122,366	120,033
Unused capacity (millions of gallons)	73,376	94,509	76,732	73,913	96,321
Percentage of capacity utilized	62%	51%	61%	62%	55%

	Fiscal Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Miles of sewers	9,400	9,400	9,400	9,400	9,400
Number of treatment plants	7	7	7	7	7
Treatment capacity (MGD) ^a	593	593	593	811	811
Annual engineering maximum plant capacity (millions of gallons)	216,354	216,354	216,354	216,354	216,354
Amount treated annually (millions of gallons)	96,534	144,754	134,502	109,195	105,726
Unused capacity (millions of gallons)	119,820	71,600	81,852	107,159	110,628
Percentage of capacity utilized	45%	67%	62%	50%	49%

Sources: Operations Department and Engineering Department

Note:

^a Million gallons per day - treatment capacity changed in fiscal year 2021 to reflect primary treatment capacity. Prior years reflect permitted secondary average treatment capacity.



wastewater + stormwater

**THE METROPOLITAN ST. LOUIS SEWER DISTRICT
2350 MARKET STREET, ST. LOUIS, MISSOURI 63103
WWW.MSDPROJECTCLEAR.ORG • 314-768-6200**