



Kansas Water Pollution Control Revolving Fund

ANNUAL REPORT FOR FY 2022



Kansas Department of Health and Environment | Division of
Environment | Bureau of Water

1000 SW JACKSON ST., TOPEKA, KS 66612 | [HTTPS://WWW.KDHE.KS.GOV/514/LOANS-GRANTS](https://www.kdhe.ks.gov/514/LOANS-GRANTS)
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I. Introduction

This is the Kansas Annual Report for state fiscal year 2022 (July 1, 2021 through June 30, 2022, also referred to as program year) for the Kansas Water Pollution Control Revolving Fund (KWPCRF, Loan Fund, Fund, or Program). This Report describes how the State of Kansas has met the goals and objectives of its Clean Water State Revolving Loan Fund (CWSRF) as identified in the Intended Use Plan, the actual use of funds, and the financial position of the KWPCRF. The KWPCRF helps protect the health of Kansas by financing infrastructure improvements which provides the collection and treatment of sewage and wastewater.

The Fund is a revolving loan fund program that provides financial assistance in the form of loans to Kansas municipalities, at below market interest rates, to finance water pollution control projects. The Annual Report is required by K.S.A. 65-3328 to describe how the State met the goals and objectives for the previous year as identified in the Intended Use Plan (IUP) required by K.S.A. 65-3325. The federal Clean Water Act (CWA) also requires a report. Additional Environmental Protection Agency (EPA) requirements for the contents of this report are contained at 40 CFR Part 35, Subpart K.

II. Program Description

Although the Loan Fund uses multiple sources for its operation, it is made possible by receipt of capitalization grants from the EPA. Kansas must provide matching funds to receive the capitalization grant. The Fund has provided matching funds by issuing state match revenue bonds. As of June 30, 2022, \$90,016,690.47 has been deposited in the Fund as state match, which is 22.25% of the \$404,505,447 of awarded capitalization grants that require state match. The state match bonds are repaid with the interest portion of loan repayments and other interest earnings of the Fund.

In the early years of the Program, state match bonds were issued for a specific grant year. But as the Program grew, bond issues were structured to obtain excess state match bond proceeds which are then credited towards match requirements of subsequent capitalization grants. The table below shows state match deposits associated with recent grants.

Grant Year	Grant Amount	State Match Required	2020 SRF Issued 2/27/2020	2021 SRF Issued 3/11/2021	2022 SRF Issued 3/31/2022
FFY 2021	\$14,342,000.00	\$2,868,400.00	\$1,484,000.47	\$1,384,399.53	
FFY 2022 BIL General Supplemental	\$16,065,000.00	\$1,606,500.00		\$115,600.47	\$1,490,899.53
FFY 2022	\$10,444,000.00	\$2,088,800.00			\$2,088,800.00
FFY 2023 BIL General Supplemental*	\$18,598,912.00	\$1,859,891.20			\$1,859,891.20
FFY 2023*	\$10,550,000.00	2,110,000.00			2,110,000.00
FFY 2024 BIL General Supplemental*	\$20,296,632.00	4,059,326.40			\$1,450,409.27
Total Bond Issue			\$3,500,000.00	\$1,500,000.00	\$9,000,000.00

* Grant not yet allocated; amounts estimated

Table 1

Another significant source of funds used in the KWPCRF is leveraged bond proceeds. The KWPCRF's first leveraged bond issue was in 1993 and the most recent issue was in 2020 (the 2020 issue was for refunding previously issued bonds). All KWPCRF outstanding bonds issued have been AAA rated.

The KWPCRF can operate as both a leveraged reserve loan program and a cash flow leveraged loan program. Currently, it is operated as a cash flow leveraged program. In a leveraged reserve program, the EPA capitalization grant is not loaned to municipalities. Instead, the capitalization grant is deposited in a reserve account, and pledged as security for repayment of state issued revenue bonds (leveraged bonds). The revenue bond proceeds are loaned to municipalities. Investment earnings from the reserve account are combined with loan repayments from municipalities, thus allowing loans to be offered at interest rates less than the market rate.

In a cash flow leveraged loan program, the EPA capitalization grant is directly loaned out and the repayments of those loans are pledged as security for repayment of state issued revenue bonds (leveraged bonds). The revenue bond proceeds are also loaned to municipalities and such loans are pledged as security for repayment of the state issued revenue bonds. Since a portion of loans are funded with EPA capitalization grant funds which the Program does not pay interest on, the pool of loans can be offered at interest rates less than the market rate.

Funding to implement and administer the Loan Fund is available through the federal capitalization grant and from a service fee built into the loan interest rate. No state general funding is used for the Program.

The Kansas Water Pollution Control Revolving Fund and the Kansas Public Water Supply Loan Fund (KPWSLF) have cross collateralization mechanisms that are explained in the Intended Use Plan. The cross-collateralization mechanisms did not require any funds to be transferred from one program to the other during this annual report period.

III. Goals and Objectives

The State must prepare an Intended Use Plan (IUP) on an annual basis. The IUP lists projects anticipated to be funded, the criteria used to determine which projects receive funding, and short-term and long-term goals for the Program. This section of the annual report discusses the progress that has been made in meeting those short- and long-term goals.

A. Short Term Goals and Objectives

1. To provide financial assistance to water quality improvement projects for discharge to streams and water bodies within "high quality watersheds".

The program has been successful in accomplishing this goal as the projects for Alden, Anthony, Arkansas City, Glasco, Mankato, Oakley and Valley Falls funded improvements in support of the Governor's Water Quality Initiative.

2. To provide financial assistance for sewerage facilities to municipalities with population of 5,000 or less.

The fund is continuing to be popular with small communities as 7 of the 8 loans executed in SFY 2022 were for municipalities with populations of 5,000 or less. New loans associated with these small systems accounted for \$5.9M. For the program to date, about 35% of monies in loan agreements have been to small communities.

3. To assure compliance with Water Quality Standards and effluent limitations through encouraging construction of sewerage improvements in support of KDHE Permitting and Enforcement activities.

The sewer rehabilitation projects and/or subsequent I/I removal associated with loans for Alden, Anthony, Arkansas City, Glasco, Mankato, Oakley and Valley Falls assure compliance with Water Quality Standards.

4. To encourage municipalities to use the KWPCRF for solving problems and providing improvements related to public health protection, water quality improvement, sludge handling improvements and biosolids reuse, asset management, energy efficiency, and wastewater treatment facilities compliance through the construction of sewerage projects.

The loans for Alden, Anthony, Arkansas City and Oakley will be used for projects that will improve sewerage systems to help resolve NPDES compliance issues.

5. To assure compliance with domestic sewage sludge reuse criteria and disposal practices through construction of any necessary sludge handling improvements to comply with the 40 CFR Part 503 EPA regulations.

Various projects help accomplish this goal by upgrading the sludge handling aspects of existing or new mechanical treatment facilities when the overall project is completed. KDHE preliminary project activities through the year continue to address this need, and we expect continued loan activity in the coming year.

6. Fund green infrastructure, water and energy efficiency and environmentally innovative projects if applications for such projects are submitted.

The loan to Oakley funded a wastewater treatment facility project that meets the GPR requirements.

B. Long Term Goals and Accomplishments

In its Intended Use Plan, the State of Kansas made the following long-term commitments:

1. To maintain a self-supporting, effective and efficient, revolving loan program through the Kansas Water Pollution Control Revolving Fund to provide the type and amount of assistance most advantageous to local communities and to provide low-cost financing for important water quality projects in order to improve and protect water quality and public health while maintaining the perpetuity of the CWSRF.

To date, this goal is being met. The long-term cash flow and fund balance projections developed by program financial advisors indicate the debt coverage ratios for the revenue bonds meet or exceed bond indenture requirements. The excess loan repayments are substantial and will continue to be deposited into the Program Equity account.

The service fees generated by the loan repayments continue to be used to pay for KDFFA and the Kansas Department of Administration services. Service Fees are also helping to support KDHE administration of other water pollution control programs and provide funding for several operator training and assistance contracts from outside the Department.

2. To support implementation of Water Quality improvement plans as presented within the Kansas Water Plan and TMDL plans written by KDHE and approved by EPA.

KDHE efforts have been successful, as reflected in the large number of water quality improvement projects funded in the past and targeted by the IUP for funding in the future. The KWPCRF also continues to target funding to projects in the Kansas Lower Republican River Basin and in the Lower Arkansas River Basin in support of the Governor's Water Quality Initiative and is targeting funding to projects required by TMDL WLAs or with discharges to High Quality Watersheds.

3. To provide funding to non-traditional borrowers for water quality improvement and public health protection projects, including non-point source pollution control projects.

Funding nontraditional borrowers is a significant challenge under state regulations, but efforts have been successful in utilizing passthrough entities. KDHE has established a linked-deposit program to fund non-point source pollution control projects, however it has not funded any projects to date.

4. Expand available financing by issuing KWPCRF leveraged bonds as and when needed.

With the assistance of KDFFA, the KWPCRF has periodically leveraged by issuing tax-exempt revenue bonds which enabled funding for a greater number of projects than would otherwise have been possible. Leveraging bond issuance decisions are made based on loan disbursement cashflow needs and use modeling and financial analysis to evaluate their feasibility. There was not a need to issue leveraging bonds in SFY 2022 for cashflow needs.

IV. Loan Fund Activity

Loan activity during SFY 2022 included 8 new loans and 8 decrease amendments for a net amount of \$14,573,472.51. Loan activity is represented in Exhibit 1. As of June 30, 2022, 525 loan commitments, for a total of \$1,450,913,263.69, have been made since the Program's inception. Figure 1 shows the last 5 years of loan and amendment amounts by fiscal year and Figure 2 shows the last 5 years of agreements by fiscal year (see note below regarding loan activity). Table 2 describes projects funded during the fiscal year.

As noted in Exhibit 1, there is 1 loan agreement and 1 loan amendment included in the previous paragraph that had effective dates in the 2021 Program year but were not executed until the 2022 Program year, and therefore also reported in the 2021 annual report. Previous KWPCRF annual reports used the effective dates of loans and amendments (binding commitment dates) which designate the date that KDHE committed funds to those projects and set the interest rate. The loan agreements are not executed until the municipality signs and completes required exhibits to the loans and amendments which can be several months after the effective date.

EPA modified reporting requirements for SRF programs in 2021 and no longer tracks binding commitment dates separately from execution dates. To mirror EPA reporting requirements, the KWPCRF is adjusting the parameters for the annual report to use execution dates instead of binding commitment dates. Figure 1 and 2 do not duplicate the loans or amounts that were reported in the 2021 annual report. Also noted in Exhibit 1, the loans for Mankato were submitted to KDHE after the financial information was submitted to auditors for the annual financial audit and do not appear in the 2022 audit report.

**KWPCRF Loan Amounts
(5 Year Trend)**

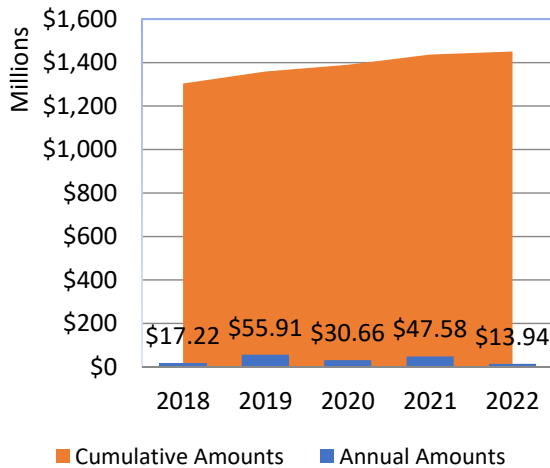


Figure 1

**KWPCRF Loan Agreements
(5 Year Trend)**

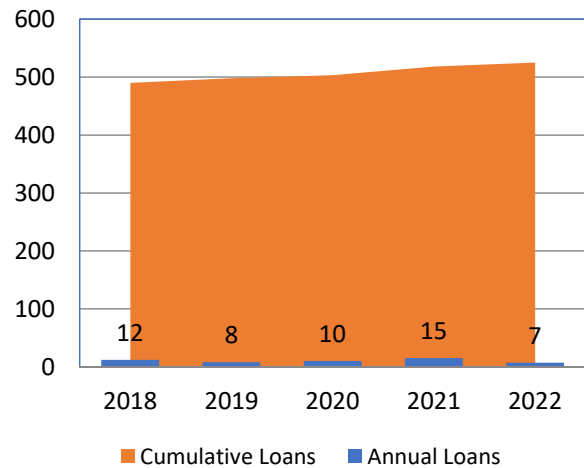


Figure 2

Municipality	Pop.	Loan Amount	Loan Effective (Binding Commitment) Date	Loan Execution Date	Project Description
City of Alden	148	\$600,000	Oct 29, 2021	Dec 28, 2021	Wastewater Treatment Plant Rehabilitation
City of Anthony*	2,316	\$1,117,400	Jan 4, 2021	Jul 14, 2021	Wastewater Lagoon Rehabilitation
City of Arkansas City	12,415	\$10,500,000	Dec 9, 2021	Dec 31, 2021	Wastewater Treatment Plant Rehabilitation
City of Glasco	556	\$306,530	Mar 25, 2022	Jun 23, 2022	Wastewater Collection System Improvements
City of Mankato**	869	\$355,900	May 24, 2022	Jun 23, 2022	Wastewater Collection System Rehabilitation
City of Mankato**	869	\$1,868,890	May 24, 2022	Jun 23, 2022	Wastewater Collection System Rehabilitation
City of Oakley	2,045	\$652,900	Dec 8, 2021	Jan 12, 2022	Convert WWTF to Non-Q by Adding 4th Lagoon Cell
City of Valley Falls	1,192	\$1,008,888	Feb 8, 2022	Apr 16, 2022	Sewer Collection System Rehabilitation

* The loan for Anthony was reported according to its binding commitment date in the SFY 2021 Annual Report, but it has a loan execution date in SFY 2022. The SFY 2022 Annual Report lists loans according to loan execution dates to match with EPA's new reporting requirements that no longer use binding commitment dates.

** The two loans for Mankato were submitted to KDHE after the financial information was submitted to the auditors. They do not appear in the 2022 Audit Report.

Table 2

V. Fund Financial Status

A. Available Funds

Funds become available to the Kansas Water Pollution Control Revolving Fund through several different sources. Capitalization grants provide funding for both loan disbursements and SRF administration spending. Bonds are issued to fund loan disbursements, and fees are charged to support administrative spending for both the CW SRF Program and the other Clean Water Act regulatory programs related to water quality. When loans are paid back and SRF bond debt service paid, the remaining funds are revolved and become sources for new loan disbursements. Below are charts that show sources for the program year and cumulatively.

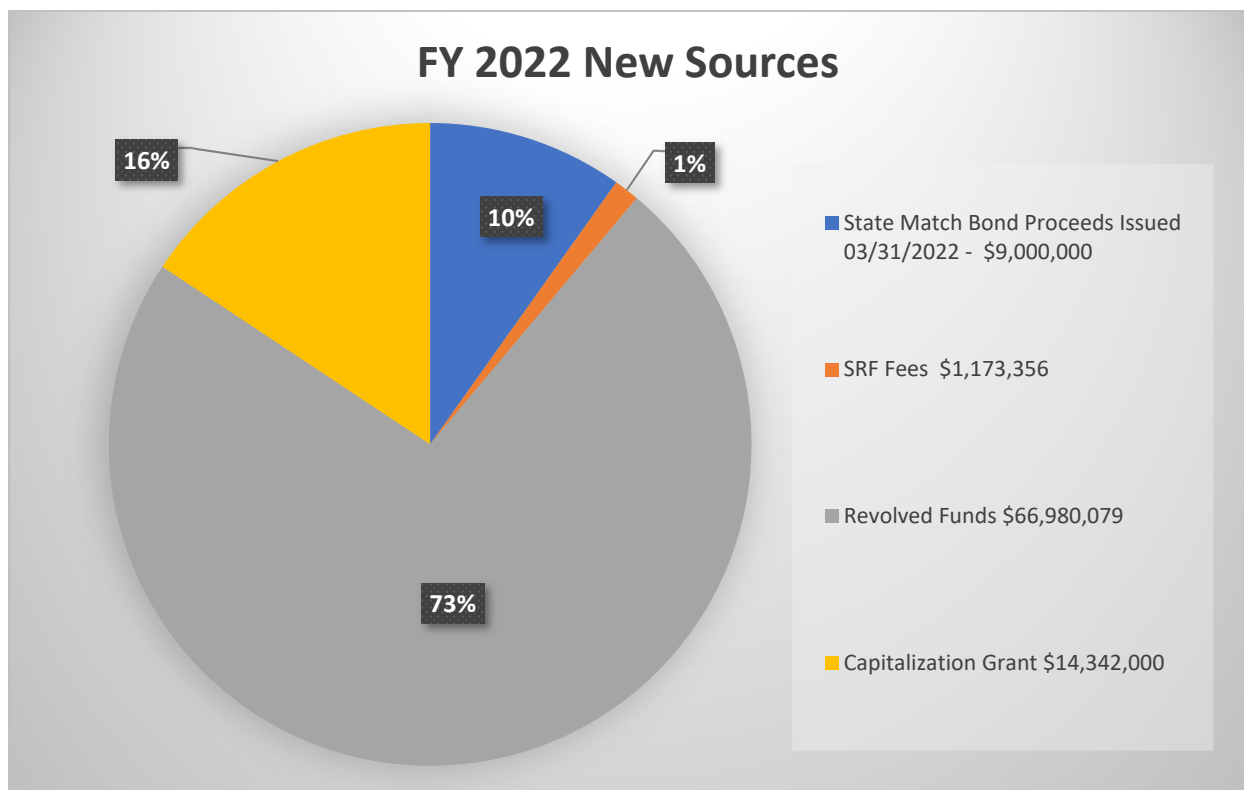


Figure 3

During the fiscal year the KWPCRF received a capitalization grant award in the amount of \$14,342,000. The Program also received \$9,000,000 in bond proceeds that will be used for loan disbursements to satisfy state match requirements. This amount was obtained to satisfy both near-term and future grant match requirements of the Program.

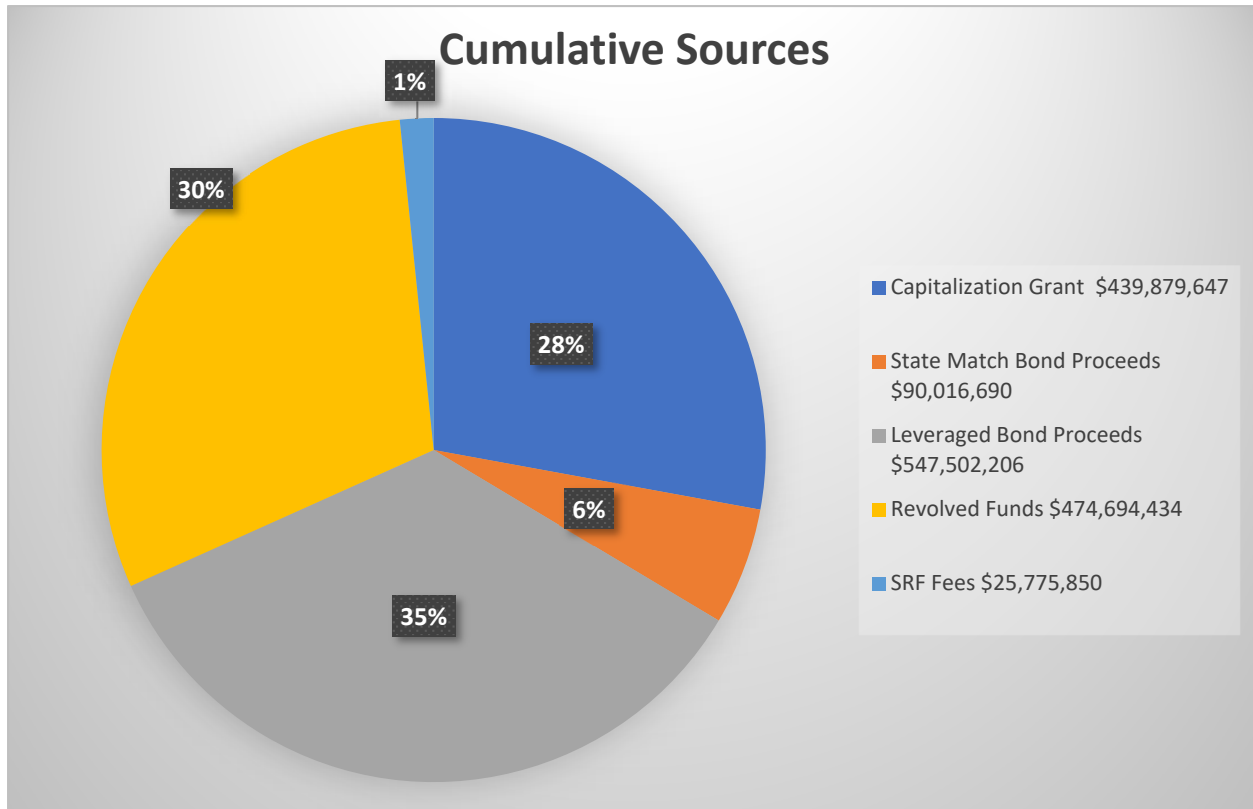


Figure 4

B. Assets, Liabilities, and Net Position

As illustrated by the Kansas Water Pollution Control Revolving Fund Statement of Net Position (found in Exhibit 10), the Program accumulated assets of \$470,373,407 including cash and investments of \$183,584,587, loans receivable of \$284,220,029, and other assets of \$2,568,791. Liabilities of \$39,144,429 were incurred including bonds payable of \$37,740,673, and other liabilities of \$1,403,756 leaving a Net Position of \$431,228,978.

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Currently the fund has no net investment in capital assets. Net position is reported as restricted when there are external limitations imposed on their use. All assets of the Program have been determined to be restricted assets in accordance with the conditions of the Kansas Water Pollution Control Revolving Fund EPA capitalization grants and bond covenants. Restricted net position includes EPA capitalization grants restricted for loans to municipalities and program administration expenses. The amount of capitalization grants restricted for program administration is being recognized as revenue when earned.

C. Revenues and Expenses

According to the Statement of Revenues, Expenses and Changes in Fund Net Position (found in Exhibit 10), the changes in Net Position of \$13,990,319 shows the KWPCRF experienced revenues over expenses in FY 2022. Revenues consist of \$22,729,293 in operating and non-operating revenues. Operating revenue includes interest earned on loans of \$5,702,289, EPA capitalization grant administration receipts (Grant Revenue) of \$291,016, service fee revenue of \$1,189,568 and other revenue totaling \$10,175. Non-operating revenue includes \$304,590 from other investments, \$14,299,146 drawn down from federal capitalization grants for loan disbursements, and \$932,509 from an IRS refund of arbitrage rebate. Expenses consist of \$8,738,974 in operating and non-operating expenses. Operating expenses include program administration federal expenses of \$291,016 and other program administration expenses of \$1,530,369 paid from loan service fees. Non-operating expenses include loan principal forgiveness of \$6,376,997, bond interest of \$435,602 and other expenses of \$104,990.

D. Statement of Cash Flows

The Statement of Cash Flows (found in Exhibit 10) identifies the sources and the uses of cash during the fiscal year and demonstrates that the Fund had sufficient cash to meet its obligations.

E. Supplemental Schedules

Exhibit 2 provides detailed information regarding Investments, Accounts Receivable, and Accounts Payable included on the Statements of Net Position.

F. Binding Commitments

As shown in Exhibit 1, the KWPCRF entered into binding commitments (loan agreements) with 8 municipalities for a total \$16,410,508.00. Seven of the municipalities have a population less than 5,000. Exhibit 1 also shows 8 amendments to previous commitments for a net amendment total of -\$1,837,035.49. Loan agreement activity increased commitment amounts by \$14,573,472.51 for SFY 2022. As noted in the exhibit, one of the loans and one of the amendments were reported in the 2021 annual report.

G. Projects Completed and Started

Projects for Mayetta, Louisburg, Arlington, Herington, Pomona, Fredonia, Plains, Conway Springs, Cimarron and Wamego were completed in fiscal year 2022. Details are provided in Exhibit 3a. Projects in Arkansas City, Wamego, Plains, Maize, Russell, Osawatomie, Fall River, Anthony and Oakley were started in fiscal year 2022. Details are provided in Exhibit 3b.

H. Quarterly loan activity

Quarterly loan activity, including loan disbursements and principal and interest repayments, is shown in Exhibit 4. At the end of FY 22, \$1,363,871,875 had been disbursed to loan recipients (Project Payments, Interest Accrued, and Fees Accrued) with \$36,213,160 disbursed during the year. Cumulatively, \$1,021,788,693 in principal and \$276,467,322 in interest had been repaid with \$57,907,169 of principal and \$5,980,862

of interest being repaid during the fiscal year.

VI. Compliance with Assurances and Grant Conditions

The EPA guidelines and grant conditions suggest several other areas for this annual report to address. This section of the report will address those areas not already addressed in other sections of the report.

- A.** The State must establish in the report that it has reviewed all SRF funded section 212 projects in accordance with the approved environmental review procedures.

Each of the 8 projects receiving assistance during fiscal year 2022 were reviewed in accordance with the “Environmental Review Procedure for the Kansas Water Pollution Control Revolving Loan Program”, dated March 21, 2011. All reviews resulted in preparation of a categorical exclusion or a Finding of No Significant Impact.

- B.** The State must establish that it deposited its match on or before the date on which each quarterly grant payment was made.

The FFY 2021 capitalization grant was awarded in SFY 2022 in the amount of \$14,342,000. A grant payment was made on August 1, 2021. The required deposit was made in March 2021. The FFY 2022 capitalization grant was awarded in SFY 2023 and has a grant payment scheduled for Sept. 1, 2022.

- C.** The State must make binding commitments to provide assistance equal to 120 percent of the amount of each grant payment within one year after receiving the grant payment.

As of June 30, 2022, total binding commitments were \$1,450,913,263.69 and 120% of total grant payments (excluding ARRA because it did not require state match) plus the ARRA Grant as of June 30, 2022, was 520,780,736.40. The KWPCRF has far exceeded this requirement, in fact the requirement was met over 20 years ago (June 30, 2002 binding commitments totaled \$549,560,514). See Exhibit 1.

- D.** The State must report information regarding pertinent information on environmental results.

Environmental Benefit reporting is updated at least quarterly as loan activity dictates on the Office of Water State Revolving Fund database maintained by EPA. Exhibit 5 shows the categories of environmental categories for loan activity during the program year.

- E.** The State must report the types of fees charged on loans, the amount of fees collected, and how those amounts were used.

A portion of the gross interest rate charged on the outstanding balance of loans (predominantly 0.25%) is collected as a service fee. For loans with an effective date after

May 31, 2018, the service fee is calculated differently through the first 4 years of repayments than in the remaining years of repayments. Through the first 4 years of repayments the service fee is equal to the gross interest rate minus 0.25%. For the remaining years of repayments, the service fee is equal to 0.25%. All service fees collected are held outside the SRF.

The service fees collected were \$1,173,356.45 with expenditures of \$1,687,920.34 which leaves an ending account balance of \$7,235,078.91.

Service fees can be divided into four categories – fees included in CWSRF loans (can only be used for SRF administration), program Income earned during the grant period (can only be used for SRF Administration or State match), program income earned after the grant period (can be used for SRF Administration, State Match, or other water quality related expenses), and fees other than program income (can be used for SRF Administration, State Match, or other water quality related expenses). Exhibit 9 shows the breakdown of the categories of fees collected and expended during the year. This exhibit shows the total of all fees included in loans and all program income earned during the grant period since the requirement was established in 2005 (\$1,853,595) was less than the total expenditures of fees used for SRF Administration (\$5,107,865). In other words, these fees were completely consumed by SRF Administration expenditures which complies with their restricted use. The other categories of fees are not restricted to just SRF administration and can also be used for other water quality related activities. Although the KWPCRF has not used fees for state match, KDHE anticipates doing so in the future.

Service fees were used to pay the costs of program bond servicing; arbitrage rebate analysis; program accounting; program marketing; Trustee services; software, hardware, office supplies, travel, salaries for Water Quality staff; salaries for KWPCRF staff; record storage; waste water operator technical assistance; Environmental Council of the States dues; Council of Infrastructure Financing Authorities dues; and the KWPCRF annual audit. The KPWSLF and KWPCRF do not combine the financial administration of the Funds. Although no service fees were used to meet state match requirements during the program year, KDHE intends to use a portion of the service fees in this manner in the future. Use of all fee income complies with EPA requirements.

F. State must agree to expend all funds in the SRF in an expeditious and timely manner.

The structure of the KWPCRF promotes efficiency regarding expenditure of funds. Loan commitments are made based on loan fund capacity, but the funds to support expenditures of those loans are generated based on program cash flow needs. Because there can be a delay of 1 to 2 years between loan commitment and the first disbursement of that loan, this prevents the buildup of excessive idle cash in the Fund as would happen if funds were required at time of commitment. KDHE discontinued the practice of committing specific types of funds for specific loans at loan execution; instead, the source of funds used for disbursements are determined at the time of each disbursement request.

- G.** The State must draw cash from the capitalization grant in the amount of the proportionate federal share of eligible incurred project costs (Proportionality).

All grant funds drawn for incurred project costs during the fiscal year were disbursed to loan recipients (cap grants were direct loaned). The required state match for the 2020 and 2021 grants were deposited and disbursed prior to any grant draws and therefore the proportionate federal share for incurred costs was 100%. This is also documented in the grant applications.

- H.** The State must show that it adopted and implemented procedures consistent with the requirements of 40 CFR 35.3530(d) and 40 CFR 35.3555l(9) if fund assets of the DWSRF program and CWSRF program were cross-collateralized.

An Attorney General certification that state law permits cross-collateralization was submitted to EPA in November of 2010. Cross collateralization was also described in the 2022 IUP.

- I.** Capitalization grant conditions require KDHE to provide information in the annual report regarding additional subsidy compliance.

The KWPCRF can provide additional subsidy under 2 different authorities. One authority is provided by individual federal appropriation laws (starting with the 2010 appropriation but excluding the 2015 appropriation) and the other authority is provided by the Clean Water Act under Section 603(i) (starting in FFY 2015).

Loans that are scheduled to receive additional subsidy, (principal forgiveness), from the 2016 through 2021 grants are listed in Exhibit 6. KDHE does not officially award principal forgiveness until all loan disbursements are made and the loan is finalized; therefore, the amounts listed for loans that are not finalized are estimates (this is also indicated in the loan agreements). The final principal forgiveness is calculated according to qualifying criteria. Because these projects are not complete, or in some cases not even advertised for bids yet, the exact additional subsidy amount will be determined in the future and Exhibit 6 will be updated accordingly. Table 3 and 4 show the status of additional subsidy for each grant. Because principal forgiveness is not awarded until final loan disbursements are made, compliance with this requirement for the 2016 thru 2021 grants cannot be determined at this time.

Additional Subsidy Requirements (Congressional Appropriations)

Grant Year	Required Additional Subsidy Amount	Projected Additional Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	Estimated Additional Subsidy Finalization Date
2016	\$1,206,000.00	\$1,206,000.00	\$1,198,898.28	Sep-22
2017	\$1,196,700.00	\$1,196,700.00	\$1,196,700.00	Final
2018	\$1,448,800.00	\$1,448,800.00	\$1,448,800.00	Final
2019	\$1,434,200.00	\$1,434,200.00	\$854,500.00	Sep-22
2020	\$1,443,440.00	\$1,443,440.00	\$0.00	Dec-23
2021	\$1,434,200.00	\$1,434,200.00	\$0.00	Dec-24
Totals	\$8,163,340.00	\$8,163,340.00	\$4,698,898.28	

Table 3

Additional Subsidy Requirements (Section 603(i) CWA eligibilities – No Minimums)

Grant Year	Maximum Additional Subsidy	Projected Additional Subsidy (Includes Loans that are not Finalized)	Awarded Additional Subsidy (Finalized Loans)	Estimated Additional Subsidy Finalization Date
2016	\$3,618,000	\$3,385,379	\$3,061,874	Sep-22
2017	\$3,590,100	\$3,590,100	\$1,282,579	Sep-22
2018	\$4,346,400	\$3,500,247	\$356,000	Sep-22
2019	\$4,302,600	\$0.00	\$0.00	Sep-22
2020	\$4,303,200	\$0.00	\$0.00	Dec-23
2021	\$4,302,600	\$0.00	\$0.00	Dec-24
Totals	\$24,462,900	\$10,475,726	\$4,700,453	

Table 4

J. The State must designate a group of loans equal to the capitalization grant amount that will be reported in compliance with the Federal Funding Accountability and Transparency Act (FFATA). These loans must meet all Equivalency requirements.

The Mankato Loan C20 3033 02 for \$1,868,890 is an equivalency loan for a portion of the 2018 grant and was initiated during the program year. The Shawnee County Loan C20 2079 01 for \$7,000,000 is an equivalency loan for a portion of the 2018 grant and was initiated in SFY 2021. Both loans are shown in Exhibit 7 (per below). KDHE expects to assign equivalency loans for the remaining portion of the 2018, 2019 and 2020 grants during the 2023 program year.

Equivalency projects must be listed in the FFATA database (see Exhibit 7) and comply with additional loan provisions including, but not limited to, compliance with the Single Audit Act, architectural and engineering procurement compliance with 40 U.S.C. 1101 et seq., Disadvantaged Business Enterprise procurement procedures, EPA signage guidance, and with the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

K. The State report on compliance with the Green Project Reserve (GPR).

As shown in table 5 below, the KWPCRF has executed one loan in SFY 2022 that meets a portion of the GPR amount for grant year 2021. Additional loans meeting GPR requirements are anticipated to be executed in SFY 2023.

Loan Recipient	Loan #	Loan Amount	GPR Amount	Grant Year for GPR	Minimum GPR Requirement
Oakley	C20 3031 01	\$652,900	<u>\$652,900.00</u>	2021	
			\$652,900.00		\$1,434,200.00

Table 5

L. As a condition of the capitalization grant, the State must comply with the SRF Signage Guidelines.

A news release complying with EPA Signage Guidelines is planned to be made for the Mankato project upon construction award of the project, which is anticipated to take place in SFY 2023.

Exhibits

Exhibit 1
Kansas Water Pollution Control Revolving Fund
FY 2022 Binding Commitments

Communities Served	Population	Project #	Assistance Amount	Loan/Amendment Execution Date	Interest rate	Date Loan Matures	QTR 1	QTR 2	QTR 3	QTR 4
New Loans							July - Sept	Oct - Dec	Jan - Mar	Apr - June
Anthony*	2316	C20 3005 01	\$1,117,400.00	14-Jul-21	1.33%	01-Sep-42	\$1,117,400.00			
Alden	148	C20 3016 01	\$600,000.00	28-Dec-21	1.27%	01-Sep-23		\$600,000.00		
Arkansas City	12415	C20 1812 01	\$10,500,000.00	31-Dec-21	1.31%	01-Mar-43		\$10,500,000.00		
Oakley	2045	C20 3031 01	\$652,900.00	12-Jan-22	1.31%	01-Mar-43			\$652,900.00	
Valley Falls	1192	C20 3043 01	\$1,008,888.00	16-Apr-22	1.28%	01-Sep-43				\$1,008,888.00
Glasco	556	C20 3040 01	\$306,530.00	23-Jun-22	1.34%	01-Sep-43				\$306,530.00
Mankato**	869	C20 3033 01	\$355,900.00	23-Jun-22	1.61%	01-Sep-43				\$355,900.00
Mankato**	869	C20 3033 02	\$1,868,890.00	23-Jun-22	1.61%	01-Sep-43				\$1,868,890.00
Total Loans			\$16,410,508.00							
Declined Loans										
N/A										
Total Declined Loans			\$0.00							
Amendments										
Auburn	1212	C20 2032 01	(\$470,924.56)	07-Sep-21	2.14%	14-Mar-22	(\$470,924.56)			
Gridley***	340	C20 2027 01	(\$483,464.75)	07-Jul-21	2.38%	29-Jul-21	(\$483,464.75)			
Hoisington	2664	C20 1968 01	(\$160,719.63)	09-Aug-21	2.26%	01-Sep-36	(\$160,719.63)			
Holyrood	436	C20 2030 01	(\$127,764.23)	13-Sep-21	2.33%	01-Sep-40	(\$127,764.23)			
Kansas Water Office	15382	C20 2022 01	(\$1,101.72)	21-Jul-21	2.31%	01-Sep-21	(\$1,101.72)			
Moscow	322	C20 2003 01	(\$9,488.37)	25-Aug-21	1.81%	01-Mar-38	(\$9,488.37)			
Mayetta	346	C20 3019 01	(\$48,271.00)	03-Feb-22	1.30%	01-Mar-42			(\$48,271.00)	
Pomona	799	C20 2014 01	(\$535,301.23)	21-Jan-22	2.13%	11-Apr-22			(\$535,301.23)	
Total Amendments			(\$1,837,035.49)							

Total Binding Commitments	\$14,573,472.51	(\$136,063.26)	\$11,100,000.00	\$69,327.77	\$3,540,208.00
Cumulative Binding Commitments	\$1,450,913,263.69	\$1,436,203,727.92	\$1,447,303,727.92	\$1,447,373,055.69	\$1,450,913,263.69

120% of Non ARRA Grant Payments plus ARRA Grant payment as of June 30, 2022 \$520,780,736.40

* The loan for Anthony was reported according to its binding commitment date in the SFY 2021 Annual Report Exhibit1, but it has a loan execution date in SFY 2022. Exhibit 1 for SFY 2022 lists loans according to loan execution dates to match with EPA's new reporting requirements that no longer use binding commitment dates.

** The loans for Mankato were submitted to KDHE after the financial information was submitted to the auditors. These two loans do not appear in the 2022 Audit Report.

*** The amendment for Gridley was reported according to its binding commitment date in the SFY 2021 Annual Report Exhibit1, but it has an execution date in SFY 2022. Exhibit 1 for SFY 2022 lists amendments according to amendment execution dates to match with EPA's new reporting requirements that no longer use binding commitment dates.

Exhibit 2

**Kansas Water Pollution Control Revolving Fund
Supplemental Schedules
As of June 30, 2022**

SCHEDULE OF INVESTMENTS

MATURITY DATE	DESCRIPTION	AMOUNT	INTEREST RATE	YIELD TO MATURITY
	INVESTMENTS - Program Equity			
09/21/2022	Alpine Securitization Ltd / Alpine Secur	3,355,362.06	0.000%	1.661%
08/15/2022	Arlington TX Hgr Edu Fin Corpedu Rev	498,555.00	0.500%	0.500%
09/01/2023	Attalla AL Wtrwks Brd Wtr Revenue	286,412.55	0.550%	0.550%
08/31/2022	BPCE	9,950,683.33	0.000%	1.352%
10/12/2022	Barclays Bk PLC/Barclays	4,757,778.74	0.000%	2.419%
09/01/2022	Beaumont Texas Wtrwks & Swr Sys	135,120.17	0.733%	0.733%
11/01/2022	Benton Cnty Wash Pub Util Dist #001	253,280.19	0.500%	0.500%
07/15/2022	Bloomfield IN School Building Corp	100,656.57	4.000%	0.860%
09/01/2023	Brick Township New Jersey	678,608.00	0.430%	0.430%
09/21/2022	CITIGroup Global Mkts Inc	3,450,783.00	0.000%	1.559%
06/30/2023	Clackamas Cnty OR S/D #62 Oregon City	1,093,353.75	0.291%	0.291%
05/01/2023	Colorado ST HSG & Fin Auth	104,302.80	2.550%	2.549%
11/01/2023	Colorado ST HSG & Fin Auth	248,427.50	2.650%	2.649%
08/01/2023	Compton CA Cmnty Clg Dist Txbl-Ref	2,141,084.00	0.615%	0.615%
10/05/2022	Credit Agricole	6,458,291.66	0.000%	1.661%
08/01/2022	Crowley Tx Indep Sch Dist	405,958.75	0.000%	0.493%
10/26/2022	Crown Point Cap Co LLC	8,427,183.33	0.000%	2.592%
08/15/2022	Decatur AL Wtr & Swr Revenue	329,349.90	0.190%	1.350%
11/01/2022	Delaware Cnty PA Votech Sch Auth Lease R	263,423.25	0.654%	0.654%
03/01/2023	East Windsor N J Regl Sch Di	152,258.25	0.593%	0.593%
09/01/2022	Geary Cnty KS Unif Sch Dist #475	249,422.50	0.250%	0.250%
09/01/2023	Geary Cnty KS Unif Sch Dist #475	242,312.50	0.400%	0.400%
07/27/2022	Glencove Fdg DAC/FDG LLC	8,473,621.67	0.000%	1.144%
09/27/2022	Goldman Sachs Intl	3,601,637.01	0.000%	1.660%
08/10/2022	Hannover Fdg Co LLC	8,467,208.89	0.000%	1.245%
08/01/2022	Hayward CA Unified School District	132,740.48	4.000%	0.554%
11/01/2022	Irvington Twp New Jersey	248,507.50	0.686%	0.686%
11/01/2023	Irvington Twp New Jersey	440,826.75	0.886%	0.886%
09/01/2023	Johnson Cnty KS Unif Sch Dist #233	248,850.00	2.723%	2.721%
07/01/2023	Kansas Muni Energy Agy Pwr Project Rev	293,169.00	0.885%	0.885%
09/14/2022	Korea Development Bank	3,603,302.84	0.000%	1.619%
08/03/2022	Lexington Parker Cap CO	8,470,497.92	0.000%	1.194%
06/01/2023	Louisiana Pub Facs Auth Rev	200,533.05	0.810%	0.810%
07/01/2022	Massachusetts Clean Energy COOP Corp Rev	525,000.00	0.576%	0.576%
07/01/2023	Massachusetts Clean Energy COOP Corp Rev	633,769.50	0.646%	0.646%
07/13/2022	Maybank Singapore Ltd	7,479,335.42	0.000%	1.093%
07/01/2023	Mesa AZ Utility Sys Revenue	747,052.50	2.900%	2.900%
07/01/2023	Minnesota St Hsg Fin Agy	347,284.00	2.498%	2.497%
01/01/2024	Minnesota St Hsg Fin Agy	347,235.00	2.698%	2.697%
07/20/2022	Mitsubishi UFJ TR & Corp	8,475,290.98	0.000%	1.153%
09/01/2022	Montgomery Cnty Kans Uni Sch Dist #446	1,496,220.00	0.370%	0.370%
05/01/2023	Montgomery Cnty Pa Hghr Ed&h	977,030.00	0.409%	0.409%
12/01/2022	Monument CO Cops	191,444.74	4.000%	0.550%
09/07/2022	Mountcliff Fdg LLC	5,465,622.41	0.000%	1.549%
09/01/2022	Nacogdoches Tex	101,521.23	0.527%	0.527%
08/01/2023	Napa Vly CA Unif Sch Dist	487,085.00	0.340%	0.340%
07/06/2022	Natixis	5,483,819.31	0.000%	0.893%

Exhibit 2

Kansas Water Pollution Control Revolving Fund
Supplemental Schedules
As of June 30, 2022

SCHEDULE OF INVESTMENTS

MATURITY DATE	DESCRIPTION	AMOUNT	INTEREST RATE	YIELD TO MATURITY
01/01/2023	New Hampshire St Hsg Fin Auth	375,523.60	0.350%	0.350%
09/01/2023	New Mexico Edl Assistance Fndtn	727,515.00	0.933%	0.933%
12/01/2022	New Orleans LA Wtr Rev	247,427.50	0.415%	0.415%
01/01/2023	North Dakota ST Hsg Fin Agy	248,687.50	2.392%	2.390%
07/01/2023	North Dakota ST Hsg Fin Agy	247,710.00	2.542%	2.540%
01/01/2024	North Dakota ST Hsg Fin Agy	396,000.00	2.692%	2.691%
08/01/2022	Norwich CT	529,697.90	1.348%	1.347%
08/01/2023	Norwich CT	865,488.80	1.648%	1.648%
09/01/2022	Oklahoma St Univ Agricultura	732,971.40	0.363%	0.363%
06/30/2023	Oregon Edu Dists Full Faith & Credit	1,113,237.70	0.312%	0.312%
04/01/2023	Oregon St Dept Admin Svcs Lottery Rev	646,841.00	2.477%	2.476%
10/01/2022	Palmdale CA Wtr Dist Wtr Revenue	66,504.29	0.765%	0.765%
09/01/2022	Poway California Uni Sch Dist Spl	205,751.92	0.523%	0.523%
08/15/2022	Roanoke AL Util. Brd Wtr Gas & Swr Rev	142,981.64	0.920%	0.920%
10/01/2022	Sarasota Cnty FL Public IMPT Revenue	298,788.00	0.564%	0.564%
10/01/2023	Sarasota Cnty FL Public IMPT Revenue	565,683.30	0.664%	0.664%
08/01/2022	Solano California Comunity College Dist	299,598.00	0.183%	0.183%
08/01/2023	Solano California Comunity College Dist	242,437.50	0.283%	0.283%
10/19/2022	Starbird Funding Corp	4,756,044.25	0.000%	2.390%
08/17/2022	Sumitomo TR & Bkg Co Ltd New Y	9,723,507.14	0.000%	1.195%
07/01/2022	Tempe Ariz Excise Tax Rev	245,000.00	0.200%	0.200%
07/01/2023	Tempe Ariz Excise Tax Rev	2,244,032.75	0.250%	0.250%
08/24/2022	Toronto Dominion Bank	9,954,166.67	0.000%	1.326%
08/01/2022	Tuscaloosa Board of Education Sch	139,877.12	0.535%	0.535%
05/01/2026	KDFA-KDHE Series 2022SRF Bond	9,000,000.00	2.050%	2.050%
11/01/2022	Upper Chichester Twp PA	293,297.85	0.332%	0.332%
11/01/2023	Upper Chichester Twp PA	290,244.00	0.432%	0.432%
07/15/2022	Vineland New Jersey Ban	101,677.87	0.595%	0.595%
08/01/2022	W Mifflin PA San Swr Muni Auth	269,651.90	0.895%	0.895%
08/01/2022	Wyandotte Cnty/Kans City Kanuni Govt	129,541.78	0.570%	0.570%
TOTAL INVESTMENTS		\$ 155,621,099.38		

Exhibit 2

Kansas Water Pollution Control Revolving Fund
Supplemental Schedules
As of June 30, 2022

SCHEDULE OF ACCOUNTS RECEIVABLE

DATE	DESCRIPTION	AMOUNT
06/30/2022	Loan Principal	\$ 26,092,009.73
06/30/2022	Loan Interest	1,779,231.78
06/30/2022	Loan Service Fees	401,812.56
06/30/2022	Interest Earnings	372,534.23
06/30/2022	Grant Revenue	15,213.07
	Accounts Receivable, Short-Term	28,660,801.37
06/30/2022	Loan Principal	258,128,019.34
	Accounts Receivable, Long-Term	258,128,019.34
	TOTAL ACCOUNTS RECEIVABLE	\$ 286,788,820.71

SCHEDULE OF ACCOUNTS PAYABLE

DATE	DESCRIPTION	AMOUNT
06/30/2022	Bond Principal, including Premium	\$ 11,180,705.76
06/30/2022	Bond Interest	269,943.75
06/30/2022	Loan Reserve Account Earnings	1,311.50
06/30/2022	Payroll	62,738.55
06/30/2022	Miscellaneous Accounts Payable	126,573.16
	Accounts Payable, Short-Term	11,641,272.72
06/30/2022	Bond Principal, including Premium	26,559,966.76
06/30/2022	Loan Reserve Accounts	872,660.19
06/30/2022	Miscellaneous Accounts Payable	70,529.27
	Accounts Payable, Long-Term	27,503,156.22
	TOTAL ACCOUNTS PAYABLE	\$ 39,144,428.94

Exhibit 3a
 Kansas Water Pollution Control Revolving Fund
 Schedule of Project Completions - FY 2022

Communities Served	Project Number	Assistance Amount	Loan Execution Date	Construction Start Date	Construction Completion Date	Interest Rate on Loan	Date Loan Matures
Mayetta	C20 3019 01	\$348,246.00	March 24, 2021	June 14, 2021	July 30, 2021	1.30%	March 1, 2042
Louisburg	C20 2010 01	\$12,608,000.00	May 15, 2019	July 15, 2019	October 5, 2021	2.33%	March 1, 2041
Arlington	C20 2021 01	\$820,000.00	April 12, 2017	February 2, 2019	October 8, 2021	2.16%	March 1, 2040
Herington	C20 2040 01	\$946,000.00	January 14, 2021	January 6, 2021	October 26, 2021	1.34%	March 1, 2042
Pomona	C20 2014 01	\$2,935,918.77	March 10, 2018	May 20, 2019	November 22, 2021	2.13%	March 1, 2039
Fredonia	C20 3000 01	\$2,219,300.00	February 4, 2021	April 12, 2021	February 16, 2022	1.33%	September 1, 2022
Plains	C20 3004 01	\$533,900.00	March 4, 2021	November 2, 2021	May 3, 2022	1.33%	September 1, 2042
Conway Springs	C20 2017 01	\$2,977,275.00	October 31, 2019	April 25, 2021	May 24, 2022	1.89%	September 1, 2022
Cimarron	C20 2082 01	\$1,754,900.00	April 15, 2020	December 21, 2020	June 2, 2022	1.62%	September 1, 2041
Wamego	C20 3013 01	\$590,160.00	March 11, 2021	October 29, 2021	June 22, 2022	1.30%	September 1, 2042

Total **\$25,733,699.77**

Exhibit 3b
 Kansas Water Pollution Control Revolving Fund
 Schedule of Project Starts - FY 2022

Communities Served	Project Number	Assistance Amount	Loan Execution Date	Construction Start Date	Interest Rate on Loan	Date Loan Matures
Arkansas City	C20 1812 01	\$10,500,000.00	12/31/2021	17-Aug-21	1.31%	01-Mar-43
Wamego	C20 3013 01	\$590,160.00	3/11/2021	29-Oct-21	1.30%	01-Sep-42
Plains	C20 3004 01	\$533,900.00	3/4/2021	02-Nov-21	1.33%	01-Sep-42
Maize	C20 3001 01	\$2,500,000.00	2/4/2021	24-Nov-21	1.34%	01-Mar-42
Russell	C20 2052 01	\$3,391,670.00	1/24/2019	03-Jan-22	2.54%	01-Mar-43
Osawatomie	C20 3015 01	\$2,360,500.00	6/2/2021	11-Apr-22	1.38%	01-Sep-42
Fall River	C20 3023 01	\$655,136.00	2/17/2021	18-Apr-22	1.33%	01-Mar-23
Anthony	C20 3005 01	\$1,117,400.00	7/14/2021	20-Jun-22	1.33%	01-Sep-42
Oakley	C20 3031 01	\$652,900.00	1/12/2022	22-Jun-22	1.31%	01-Mar-43

Total **\$22,301,666.00**

Exhibit 4

**Kansas Water Pollution Control Revolving Fund
Project Loan Repayment and Interest Activity
For the Fiscal Year Ending June 30, 2022**

	FY 1989-2021	FISCAL YEAR 2022				FY 2022	GRAND
	TOTALS	QTR 1	QTR 2	QTR 3	QTR 4	TOTALS	TOTALS
Total Project Payments	1,321,525,003.27	12,993,623.49	10,589,413.65	5,385,134.25	7,237,834.22	36,206,005.61	1,357,731,008.88
Total Interest Accrued	5,454,448.78	-	456.78	-	879.25	1,336.03	5,455,784.81
Total Fees Accrued	679,263.16	-	1,991.58	-	3,826.50	5,818.08	685,081.24
Total Principal Outstanding	312,291,034.97	288,828,552.56	292,147,421.91	276,977,489.10	284,220,029.07	284,220,029.07	284,220,029.07
Total Principal Forgiveness	51,486,155.86	776,856.11	1,321,209.50	4,278,931.00	-	6,376,996.61	57,863,152.47
Total Principal Payments	963,881,524.38	35,679,249.79	5,951,783.16	16,276,136.06	-	57,907,169.01	1,021,788,693.39
Total Interest Payments	270,486,460.28	3,105,718.22	43,742.55	2,831,401.04	-	5,980,861.81	276,467,322.09
Total Fee Payments	23,906,924.33	583,693.10	443.09	583,402.18	-	1,167,538.37	25,074,462.70

Exhibit 5
 State of Kansas
 Assistance Amount by Environmental Category SFY 2022

ENVIRONMENTAL CATEGORY

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	Secondary Treatment	Advanced Treatment	Sewer System Rehab	CSO Correction	Hydromodification Habitat Restoration	New Collector Sewers	Infiltration/Inflow
Loans (all Section 212)								
Arkansas City	C20 1812 01	10,500,000.00						
Anthony*	C20 3005 01	1,117,400.00						
Alden	C20 3016 01			600,000.00				
Oakley	C20 3031 01	652,900.00						
Mankato**	C20 3033 01			355,900.00				
Mankato**	C20 3033 02			1,868,890.00				
Glasco	C20 3040 01			306,530.00				
Valley Falls	C20 3043 01							1,008,888.00
Amendments (all Section 212)								
Hoisington	C20 1968 01	(160,719.63)						
Moscow	C20 2003 01	(9,488.37)						
Pomona	C20 2014 01			(535,301.23)				
Kansas Water Office	C20 2022 01					(1,101.72)		
Gridley***	C20 2027 01			(483,464.75)				
Holyrood	C20 2030 01	(127,764.23)						
Auburn	C20 2032 01			(470,924.56)				
Mayetta	C20 3019 01						(48,271.00)	
TOTAL		11,972,327.77	0.00	1,641,629.46	0.00	(1,101.72)	(48,271.00)	1,008,888.00

* The loan for Anthony was reported according to its binding commitment date in the SFY 2022 Annual Report (Exhibits 1 and 5), but it has a loan execution date in SFY 2022. Exhibit 5 for SFY 2022 lists loans according to loan execution dates to match with EPA's new reporting requirements that no longer use binding commitment dates.

** The loans for Mankato were submitted to KDHE after the financial information was submitted to the auditors. These two loans do not appear in the 2022 Audit Report.

*** The amendment for Gridley was reported according to its binding commitment date in the SFY 2021 Annual Report (Exhibits 1 and 5), but it has a loan execution date in SFY 2022. Exhibit 5 for SFY 2022 lists amendments according to amendment execution dates to match with EPA's new reporting requirements that no longer use binding commitment dates.

Exhibit 6
 Kansas Water Pollution Control Revolving Fund
 Additional Subsidy Requirements SFY 2022

**Additional Subsidy (Principal Forgiveness, PF) Requirements by Authority
 (Congressional Appropriations and Section 603(i) CWA Eligibilities)**

Grant Year	Authority	Municipality	Project No.	Date	PF Amount
2016	Congressional	Jefferson Co. (SD #5)	2005 01	14-Dec-21	\$7,101.72
		Kansas Water Office	2022 01	23-May-17	\$1,200,000.00
		Kansas Water Office	2022 01	21-Jul-21	(\$1,101.72)
					<u>\$1,206,000.00</u>
2016	CWA	Garden Plain	1716 01A	15-Jul-17	\$70,693.60
		Garden Plain	1716 01A	18-Jun-17	\$275,143.50
		Garden Plain	1716 01A	26-Nov-17	\$26,304.30
		Jefferson Co. (SD #5)	2005 01	14-Dec-21	\$323,505.04
		Lyndon	2011 01	10-Apr-19	\$600,000.00
		Lyndon	2011 01	22-Jul-20	\$567,379.04
		Nickerson	1636 01	01-Sep-17	\$33,357.00
		Nickerson	1636 01	01-Mar-19	\$628,522.03
		Nickerson	1636 01	01-Mar-18	\$27,602.69
		Nickerson	1636 01	01-Mar-17	\$57,000.00
		Nickerson	1636 01	01-Sep-18	\$304,407.24
		Pratt	1799 01	02-Sep-17	\$7,983.53
		Willowbrook	1199 01	01-Mar-17	\$27,293.00
		Willowbrook	1199 01	01-Sep-17	\$7,224.51
		Willowbrook	1199 01	01-Mar-18	\$7,897.50
		Willowbrook	1199 01	01-Sep-18	\$345,680.32
		Willowbrook	1199 01	01-Mar-19	\$1,543.50
		Willowbrook	1199 01	01-Mar-20	\$73,842.24
				<u>\$3,385,379.04</u>	
2017	Congressional	Wetmore	2070 01	01-Oct-20	\$1,196,700.00
					<u>\$1,196,700.00</u>
2017	CWA	Jefferson Co. (SD #5)	2005 01	14-Dec-21	\$685,186.32
		Louisburg	2010 01	20-Jan-22	\$1,622,335.12
		Nickerson	1636 01	01-Mar-20	\$3,500.00
		Nickerson	1636 01	01-Mar-19	\$360,456.62
		Nickerson	1636 01	01-Sep-19	\$990.78
		Oberlin	1529 01	01-Sep-19	\$250,454.33
		Oberlin	1529 01	01-Sep-18	\$27,875.79
		Oberlin	1529 01	01-Mar-19	\$483,081.29
		Oberlin	1529 01	01-Mar-20	\$1,203.75
		Pittsburg	1656 01	15-Feb-20	\$155,016.00
					<u>\$3,590,100.00</u>
2018	Congressional	Wetmore	2070 01	01-Oct-20	\$1,448,800.00
					<u>\$1,448,800.00</u>
2018	CWA	Anthony	1775 01	15-Feb-20	\$356,000.00
		Jefferson Co. (SD #5)	2005 01		\$182,234.50
		Jefferson Co. (SD #5)	2005 01	14-Dec-21	\$305,416.42
		Louisburg	2010 01	20-Jan-22	\$2,656,595.88
				<u>\$3,500,246.80</u>	

Exhibit 6
 Kansas Water Pollution Control Revolving Fund
 Additional Subsidy Requirements SFY 2022

**Additional Subsidy (Principal Forgiveness, PF) Requirements by Authority
 (Congressional Appropriations and Section 603(i) CWA Eligibilities)**

Grant Year	Authority	Municipality	Project No.	Date	PF Amount
2019	Congressional	Anthony	3005 01		\$79,700.00
		Plains	3004 01		\$500,000.00
		Wetmore	2070 01	01-Oct-20	\$854,500.00
					<u>\$1,434,200.00</u>
2020	Congressional	Anthony	3005 01		\$420,300.00
		Fredonia	3000 01		\$665,820.00
		Oakley	3031 01		\$162,320.00
		Wilson	3014 01		\$195,000.00
					<u>\$1,443,440.00</u>
2021	Congressional	Arkansas City	1812 01		\$1,000,000.00
		Glasco	3040 01		\$91,959.00
		Mankato	3033 01		\$106,770.00
		Mankato	3033 02		\$201,921.00
		Oakley	3031 01		\$33,550.00
					<u>\$1,434,200.00</u>



Formula Grant



FAIN 20000118

In Progress

(9 months remain)

Awarding Agency

Environmental Protection Agency (EPA)

Recipient

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

1000 SW JACKSON AVE
TOPEKA, KS 66612-1300
Congressional District: KS-02
UNITED STATES

CFDA Program / Assistance Listing ⓘ

66.458 - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS
[VIEW MORE INFO ABOUT THIS PROGRAM](#)

Dates ⓘ



Start Date
End Date

Jul 01, 2018
Jun 30, 2023

\$ Award Amounts ⓘ



Description ⓘ



\$14.5 Million

Obligated Amount

A FEDERAL-STATE PARTNERSHIP PROVIDING COMMUNITIES A PERMANENT, INDEPENDENT SOURCE OF FINANCING FOR WATER QUALITY INFRASTRUCTURE PROJECTS.



\$2.9 Million

Non Federal Funding



\$17.4 Million

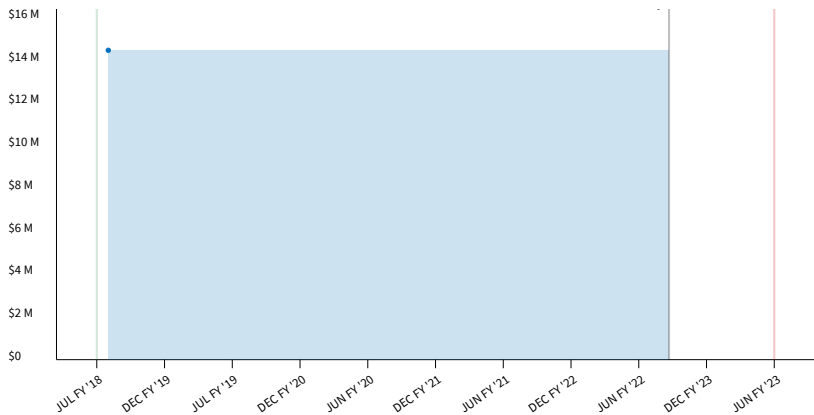
Total Funding

Outlayed Amount	\$0.00
Obligated Amount	\$14,488,000.00
Non-Federal Funding	\$2,897,600.00
Total Funding	\$17,385,600.00

[View Transaction History](#)

AWARD PROFILE

Grant Summary



[View transactions table](#)

Federal Accounts

Federal Account	Combined Obligated Amount	Percent of Total	Funding Agency
STATE AND TRIBAL ASSISTANCE GRANTS, ...	\$14,488,000	100%	--

NOTE: Result count may differ between treemap view and table view. Treemap view only displays accounts with a positive combined obligated amount, while table view displays all accounts.

Summary of All Federal Accounts used by this Award

Total Funding Obligated	\$14,488,000.00
Total Count of Funding Agencies	N/A
Total Count of Awarding Agencies	1
Total Count of Federal Accounts	1

[View federal funding submissions](#)

CFDA Program / Assistance Listing Information

66.458: CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS

Objectives

To create State Revolving Funds (SRFs) through a program of capitalization grants to States which will provide a long-term source of State financing for construction of wastewater treatment facilities and imple...

[read more](#)

Administrative Agency

ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY

Website

<https://www.epa.gov/cwsrf>

SAM.gov Page

<https://sam.gov/fal/d01697d24021421881fc2c3ba47fd279/view>

SHOW MORE



Award History



Sub-Awards

Total Count of Sub-Award Transactions: 2 Total Amount of Sub-Awards: **\$8.87 million** Percent of Prime Award Obligated Amount: **61.2%**

Sub-Award ID	Recipient Name	Action Date	Amount	Sub-Award Description
C20 3033 02	MANKATO INC, CITY OF	06/23/2022	\$1,868,890	REHABILITATE THE CITY'S SANITARY SEWER COLLECTION SYSTEM
C20 2079 01	COUNTY OF SHAWNEE	05/04/2020	\$7,000,000	REPLACEMENT/REHABILITATION WASTEWATER PROJECTS WITHIN THE SHERW

Additional Information

[Expand All](#)

- Unique Award Key
- Agency Details
- Place Of Performance
- Period Of Performance
- Recipient Details
- Executive Compensation

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Exhibit 8

**Kansas Water Pollution Control Revolving Loan Fund
Status and Activity of Federal Grants
For the Fiscal Year Ending June 30, 2022**

	BEGINNING AVAILABLE BALANCE	QTR 1	QTR 2	QTR 3	QTR 4	FY 2022	ENDING AVAILABLE BALANCE
1989-2019 AND ARRA CAPITALIZATION GRANTS							
Award	411,193,647.00	-	-	-	-	-	411,193,647.00
Loan Disbursements	(399,580,325.62)	-	-	-	-	-	(399,580,325.62)
Program Administration	(11,613,321.38)	-	-	-	-	-	(11,613,321.38)
Available Balance	-	-	-	-	-	-	-
2020 CAPITALIZATION GRANT							
Award	14,344,000.00	-	-	-	-	-	14,344,000.00
Loan Disbursements	(13,544,000.00)	-	(532,145.92)	-	-	(532,145.92)	(14,076,145.92)
Program Administration	(210,967.58)	(56,886.50)	-	-	-	(56,886.50)	(267,854.08)
Available Balance	589,032.42	532,145.92	-	-	-	-	-
2021 CAPITALIZATION GRANT							
Award	-	14,342,000.00	-	-	-	14,342,000.00	14,342,000.00
Loan Disbursements	-	(2,469,960.46)	(9,733,820.10)	(1,563,219.44)	-	(13,767,000.00)	(13,767,000.00)
Program Administration	-	(10,364.54)	(77,991.25)	(66,425.04)	(76,180.78)	(230,961.61)	(230,961.61)
Available Balance	-	11,861,675.00	2,049,863.65	420,219.17	344,038.39	344,038.39	344,038.39
TOTAL CAPITALIZATION GRANTS							
Award	425,537,647.00	14,342,000.00	-	-	-	14,342,000.00	439,879,647.00
Loan Disbursements	(413,124,325.62)	(2,469,960.46)	(10,265,966.02)	(1,563,219.44)	-	(14,299,145.92)	(427,423,471.54)
Program Administration	(11,824,288.96)	(67,251.04)	(77,991.25)	(66,425.04)	(76,180.78)	(287,848.11)	(12,112,137.07)
Available Balance	589,032.42	12,393,820.92	2,049,863.65	420,219.17	344,038.39	344,038.39	344,038.39

Exhibit 9
**Kansas Water Pollution Control Revolving Loan Fund
Sources and Distribution of Loan Service Fees
For the Year Ending June 30, 2022**

	10/20/05 - FY21 TOTALS	FY 2022	GRAND TOTALS
SERVICE FEE INCOME			
Fees Included in Loan Principal	679,263	5,818	685,081
Program Income Earned During the Grant Period	1,132,766	35,748	1,168,514
All Other Service Fees Collected	16,041,614	1,131,790	17,173,404
Total Service Fee Income	17,853,643	1,173,356	19,026,999
SERVICE FEE EXPENDITURES			
CW SRF Administration	4,611,209	496,656	5,107,865
State Match	-	-	-
Water Quality Related Purposes	8,712,809	1,191,264	9,904,073
Total Service Fee Expenditures	13,324,018	1,687,920	15,011,938
CONSUMPTION OF FEES INCLUDED IN LOAN PRINCIPAL AND PROGRAM INCOME DURING THE GRANT PERIOD			
CW SRF Administration Expenditures	4,611,209	496,656	5,107,865
Less: Fees Included in Loan Principal	(679,263)	(5,818)	(685,081)
Less: Program Income During the Grant Period	(1,132,766)	(35,748)	(1,168,514)
Excess CW SRF Administration Expenditures	2,799,180	455,090	3,254,270
CONSUMPTION OF ALL OTHER SERVICE FEES			
All Other Service Fees Collected	16,041,614	1,131,790	17,173,404
Less: Excess CW SRF Administration Expenditures	(2,799,180)	(455,090)	(3,254,270)
Less: State Match Expenditures	-	-	-
Less: Water Quality Related Expenditures	(8,712,809)	(1,191,264)	(9,904,073)
Excess Other Service Fees Collected	4,529,625	(514,564)	4,015,061
CONSUMPTION OF STATE MATCH EXPENDITURES			
Program Income During the Grant Period	1,132,766	35,748	1,168,514
All Other Service Fees Collected	16,041,614	1,131,790	17,173,404
Less: State Match Expenditures	-	-	-
Excess Program Income During the Grant Period and All Other Service Fees Collected	17,174,380	1,167,538	18,341,918

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

**FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

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INDEPENDENT AUDITORS' REPORT

Janet Stanek
Secretary of the Kansas Department
of Health and Environment
Topeka, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Kansas Water Pollution Control Revolving Loan Fund (the Fund), an enterprise fund of the State of Kansas, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Fund'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 Fund as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, Organization and Summary of Accounting Policies, the basic financial statements of the Fund are intended to present the financial position, changes in financial position and cash flows of only that portion of the financial reporting entity of the Fund that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the State of Kansas as of June 30, 2022 and the changes in their financial position and their cash flows, where applicable, for the year then ended, in conformity with the accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Basis for Opinion

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 Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Secretary of the Kansas Department of Health and Environment
Kansas Water Pollution Control Revolving Loan Fund

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.

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 opinion. 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

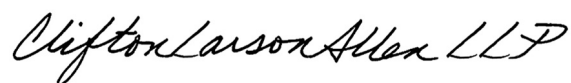
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2022, on our consideration of the Fund'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 Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 8, 2022

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Kansas Water Pollution Control Revolving Fund (the Fund or Program) provides financial assistance to Kansas municipalities in the form of loans for the construction of publicly owned wastewater treatment facilities. The Fund is comprised of federal capitalization grants, proceeds of revenue bonds issued to provide required state-matching monies, proceeds of revenue bonds issued to leverage the Program, and recycled monies. This section of the financial report presents a narrative overview and analyzes the financial activities for the years ended June 30, 2022 and 2021. This information is intended to be considered in conjunction with the Fund's financial statements and notes to the financial statements which follow this section.

HIGHLIGHTS

The fiscal year ending June 30, 2022 was the Fund's thirty-third year of operations. During the fiscal year, the Fund continued to grow and serve Kansas communities as shown below:

- ❑ The FFY 2021 capitalization grant was awarded in the amount of \$14,342,000. No capitalization grants were amended.

- ❑ Capitalization grant dollars drawn down:

Loans	\$14,299,146
Program Administration	<u>\$287,848</u>
Total	\$14,586,994

- ❑ The Series 2022SRF Revenue Bonds were issued in the amount of \$9,000,000 for state match.

- ❑ Available for loan disbursements:

Program Equity	\$172,528,930
General	\$1,475,106
Capitalization Grants	\$0
State Match	\$1,762,166
Leveraged	<u>\$0</u>
Total	\$175,766,202

- ❑ Loan agreements, total: 523 loans totaling \$1,448,688,474 of which \$1,363,871,875 has been disbursed

- ❑ Loan agreements, FY 2022:

New Loans	5 totaling	\$13,068,318
Amendments	0 increases and	
	7 decreases totaling	<u>(\$1,353,571)</u>
Total		\$11,714,747

- ❑ Disbursements for project costs: \$36,213,159

- ❑ Average monthly disbursements, FY 2022: \$3,017,763

- ❑ Average monthly disbursements, program-to-date: \$3,461,604

- ❑ Completed projects: 10 totaling \$25,733,700

- ❑ Revenue bond debt service paid:

Principal	\$8,860,000
Interest	<u>\$1,666,188</u>
Total	\$10,526,188

USING THIS ANNUAL FINANCIAL REPORT

The Fund is reported as an enterprise fund of the State of Kansas. The Fund is a special purpose government entity engaged only in the business type activity of providing loans to other governmental entities. We prepare three basic financial statements, notes to the financial statements, and this Management's Discussion and Analysis (MD&A). The basic financial statements of the Fund are intended to present the financial position, changes in financial position,

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

and cash flows of only the Fund. They do not purport to present the financial position, changes in financial position, or cash flows of the State of Kansas.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Fund's financial statements and accompanying notes to the financial statements. These statements are prepared using the accrual basis of accounting. The financial statements include the following three statements:

- ❑ The *Statements of Net Position* present information on all the Fund's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Assets consist of cash and cash equivalents, interest receivables from loans and investments, investments of idle funds, and loan receivables. Liabilities include revenue bond interest, arbitrage rebate payable, loan reserve funds, and revenue bonds payable. Net position includes the capitalization grants earned for loan projects and the excess earnings of the Fund's operations since inception. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Fund is improving or weakening.
- ❑ The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the Fund's net position changed during the two most recent fiscal years. As the statements are prepared on the accrual basis of accounting, all changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Therefore, some revenues and expenses reported in the statement will result in cash flows in future fiscal years.
- ❑ The *Statements of Cash Flows* present the inflows and outflows of the Fund's cash and cash equivalents by the defined categories of operating activities, noncapital financing activities, and investing activities. These statements provide information about the Fund's cash receipts and payments during the year.

The *Notes to the Financial Statements* are an integral part of the financial statements and provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes immediately follow the financial statements.

NET POSITION

The Statements of Net Position demonstrate that the net position of the Fund has continued to increase.

	2022	2021	2020
Current and other assets	\$ 188,992,148	\$ 179,909,512	\$ 132,879,294
Noncurrent assets	281,381,259	282,493,096	332,098,877
Total assets	<u>470,373,407</u>	<u>462,402,608</u>	<u>464,978,171</u>
Deferred outflows of resources	-	30,523	76,117
Current and other liabilities	11,641,273	10,715,539	21,000,849
Noncurrent liabilities	27,503,156	34,478,933	43,281,542
Total liabilities	<u>39,144,429</u>	<u>45,194,472</u>	<u>64,282,391</u>
Total net position	<u>\$ 431,228,978</u>	<u>\$ 417,238,659</u>	<u>\$ 400,771,897</u>

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

In fiscal year 2022 the net position on the Fund continued to strengthen, increasing by \$14.0 million (3.4%). This compares to an increase of \$16.5 million (4.1%) the previous year.

The increase in total assets for the year ended June 30, 2022 of \$8.0 million was due mainly to an increase in nonrestricted cash, cash equivalents, and investments. The increase in nonrestricted cash, cash equivalents, and investments of \$40.7 million was offset by a decrease in loans receivable of \$28.1 million. Loan disbursements this fiscal year were \$36.2 million, while loan repayments were \$22.5 million and loan prepayments were \$35.4 million. Loan principal forgiveness totaling \$6.4 million was also awarded. In addition, there was a decrease in loan reserve deposits of \$4.9 million due to prepayments and an increase in investment interest receivable of \$0.3 million.

The decrease in total liabilities for the year ended June 30, 2022 of \$6.1 million was due mainly to a decrease in loan reserve deposits of \$4.9 million. There was also a decrease in bonds payable of \$1.1 million. Bond principal paid this fiscal year was \$8.9 million and bond premium amortized was \$1.2 million. Bond proceeds totaling \$9.0 million were received. In addition, there was a combined decrease in loan reserve earnings and other payables of \$0.1 million. Other payables include the long-term liability for the excess yield on bond-financed loans. Please refer to Note 7 for more information on bond-financed loans.

The decrease in total assets for the year ended June 30, 2021 of \$2.6 million was due mainly to a decrease in loans receivable. The decrease in loans receivable of \$47.9 million was offset by an increase in nonrestricted cash, cash equivalents, and investments of \$45.7 million. Loan disbursements this fiscal year were \$38.1 million, while loan repayments were \$31.7 million and loan prepayments were \$50.1 million. Loan principal forgiveness totaling \$4.2 million was also awarded. In addition, there was a combined decrease in loan interest and service fees receivable of \$0.4 million due to the decrease in loans receivable.

The decrease in total liabilities for the year ended June 30, 2021 of \$19.1 million was due mainly to a decrease in bonds payable of \$18.4 million. Bond principal paid this fiscal year was \$18.0 million and bond premium amortized was \$1.9 million. Bond proceeds totaling \$1.5 million were received. In addition, there was a decrease in bond interest payable of \$0.6 million due to the decrease in bonds payable. Loan reserve accounts payable decreased by \$0.2 million while the net change in arbitrage rebate and other payables was an increase of \$0.1 million. Other payables include the long-term liability for the excess yield on bond-financed loans. Please refer to Note 7 for more information on bond-financed loans.

All net position of the Fund has been determined to be restricted net position in accordance with the conditions of the Water Pollution Control capitalization grants and bond covenants.

The balance of outstanding loan principal that was pledged as security to the outstanding revenue bond debt service as of June 30, 2022 and 2021 was \$283.4 million and \$311.3 million respectively. The principal and interest received from these loans during the fiscal year is used to make the semi-annual debt service payments on the revenue bonds. After the final debt service payment in a fiscal year, any excess of principal and interest received over the required bond debt service may be used for future loan disbursements.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position demonstrate that sufficient resources have been generated to cover expenses in fiscal years 2020, 2021, and 2022.

	2022	2021	2020
Revenues:			
Operating revenues:			
Loan interest	\$ 5,702,289	\$ 7,206,039	\$ 8,385,431
Loan service fees	1,189,568	1,188,424	1,023,572
Capitalization grants for program administration	291,016	257,978	365,616
Other operating revenues	10,175	26,155	39,583
Nonoperating revenues:			
Investment interest	304,590	404,475	2,030,258
Capitalization grants for loans	14,299,146	14,205,686	14,390,810
Arbitrage rebate	932,509	30,648	-
Other nonoperating revenues	-	-	1,030,538
Total revenues	<u>22,729,293</u>	<u>23,319,405</u>	<u>27,265,808</u>
Expenses:			
Operating expenses:			
Program administration - capitalization grants	291,016	257,978	365,616
Program administration - loan service fees	446,352	419,377	392,250
Other operating expenses	1,084,017	1,409,731	1,034,165
Nonoperating expenses:			
Loan principal forgiveness	6,376,997	4,179,001	915,251
Bond interest, including defeasance costs	435,602	566,522	3,435,724
Bond issuance costs	38,338	16,157	290,546
Arbitrage rebate	-	-	12,858
Other nonoperating expenses	66,652	3,877	-
Total expenses	<u>8,738,974</u>	<u>6,852,643</u>	<u>6,446,410</u>
Increase in net position	13,990,319	16,466,762	20,819,398
Total net position, beginning of year	<u>417,238,659</u>	<u>400,771,897</u>	<u>379,952,499</u>
Total net position, end of year	<u>\$ 431,228,978</u>	<u>\$ 417,238,659</u>	<u>\$ 400,771,897</u>

The increase in net position as of June 30, 2022 was \$14.0 million. The Fund operating revenues decreased by 17.1% due mainly to a decrease in loan interest revenue. The Fund operating expenses decreased by 12.7% due mainly to a decrease in other expenses, consisting of water quality expenses. Principal forgiveness increased by 52.6%. Nonoperating revenues increased by 6.1% due mainly to a \$0.9 million refund from the IRS for an arbitrage rebate overpayment. Nonoperating expenses (excluding principal forgiveness) decreased by 7.8% due mainly to a reduction in bond interest expenses.

The increase in net position as of June 30, 2021 was \$16.5 million. The Fund operating revenues decreased by 11.6% due mainly to a decrease in loan interest revenue. The Fund operating expenses increased by 16.5% due mainly to an increase in other operating expenses, consisting of water quality expenses. Principal forgiveness increased by 356.6% due to a \$3.5 million loan being awarded 100% principal forgiveness for the project. Nonoperating revenues decreased by 16.1% due mainly to a decrease in investment income and other nonoperating revenues, consisting of Build

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

American Bonds (BAB) interest subsidy payments. Nonoperating expenses (excluding principal forgiveness) decreased by 84.3% due mainly to a reduction in bond interest expenses.

CASH FLOWS

The Statements of Cash Flows are provided to identify the sources and the uses of cash and cash equivalents during the fiscal year, and to demonstrate that the Fund has sufficient cash and cash equivalents to meet its obligations.

	2022	2021	2020
Net cash provided by operating activities	\$ 5,516,127	\$ 7,090,299	\$ 8,428,763
Net cash provided by (used in) noncapital financing activities	13,667,316	(5,344,731)	(37,345,223)
Net cash provided by (used in) investing activities	(8,133,483)	(9,163,965)	35,156,326
Net increase (decrease) in cash and cash equivalents	11,049,960	(7,418,397)	6,239,866
Total cash and cash equivalents, beginning of year	16,913,527	24,331,924	18,092,058
Total cash and cash equivalents, end of year	<u>\$27,963,487</u>	<u>\$16,913,527</u>	<u>\$24,331,924</u>

The Fund experienced an increase in cash and cash equivalents during the year ended June 30, 2022 of \$11.0 million and a decrease in during the year ended June 30, 2021 of \$7.4 million. The balances of the increase and decrease are due to routine program operations.

For the year ended June 30, 2022, operating activities consisted mainly of loan interest received totaling \$6.0 million, which was a decrease of \$1.6 million from the prior year. Noncapital financing activities consisted mainly of capitalization grants received for loans totaling \$14.3 million, which was an increase of \$0.1 million. Also included in noncapital financing activities were bond principal and interest paid totaling \$10.5 million, which was a decrease of \$10.5 million. Bond proceeds received totaled \$9.0 million, which was an increase of \$7.5 million. Investing activities consisted mainly of investment maturities totaling \$321.0 million and investment purchases totaling \$348.4 million, which were increases of \$33.6 million and \$7.8 million respectively. Loan principal received totaled \$57.9 million and loan disbursements paid totaled \$36.2 million, which were decreases of \$23.9 million and \$1.9 million respectively. Also included in investing activities were loan reserve investment maturities totaling \$2.1 million and loan reserve deposits credited to repayments totaling \$4.9 million, which were increases of \$1.9 million and \$4.7 million respectively.

For the year ended June 30, 2021, operating activities consisted mainly of loan interest received totaling \$7.6 million, which was a decrease of \$1.1 million from the prior year. Noncapital financing activities consisted mainly of bond principal and interest paid totaling \$21.0 million, which was a decrease of \$5.1 million. No bond principal was refunded this fiscal year, resulting in a decrease to this activity of \$84.3 million. Bond proceeds received totaled \$1.5 million, which was a decrease of \$56.5 million. Also included in noncapital financing activities was capitalization grants received for loans totaling \$14.2 million, which was a decrease of \$0.2 million. Investing activities consisted mainly of investment maturities totaling \$287.3 million and investment purchases totaling \$340.6 million, which were decreases of \$69.7 million and \$15.5 million respectively. Also included in investing activities were loan principal received totaling \$81.8 million and loan disbursements paid totaling \$38.1 million, which were increases of \$12.3 and \$0.8 million respectively.

Investments are generally purchased in \$10.0 million increments and allocated pro rata between the Kansas Public Water Supply Loan Fund and the Kansas Water Pollution Control Revolving Fund based on cash balances. Maturity dates are staggered such that a maturity occurs every week. This strategy allows funds to be readily available for weekly loan disbursements. A small cash balance is maintained with the trustee and invested in a highly liquid money market mutual fund. Most funds that are not used for disbursements are reinvested in the bond market weekly.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

DEBT INFORMATION

The 2020 issuance of state match and leveraging bonds was a public offering in conjunction with the Kansas Public Water Supply Loan Fund (KPWSLF) state match and leveraging bonds. The 2021 issuance of state match bonds was an internal placement with the KPWSLF, with a term of 15 months and a maturity date to coincide with the debt service payment dates of the Master Financing Indenture bonds. The 2022 issuance of state match bonds was also an internal placement with the KPWSLF, with a term of 4 years and maturity dates to coincide with the debt service payment dates of the Master Financing Indenture bonds. The Fund received a high bond rating of AAA with a stable outlook from S&P Global Ratings on the Series 2020SRF bonds. At this time, a state match borrowing is not anticipated for fiscal year 2023. Other potential leveraged bond issuances will occur in the future when it is deemed necessary to meet an increase in loan demand.

On February 27, 2020, the Series 2020SRF Revenue Bonds were issued in the original amount of \$68,730,000 for the Public Water Supply (PWS) and Water Pollution Control (WPC) Programs. The WPC portion of the bonds was issued in the original amount of \$51,280,000 and consists of tax-exempt serial bonds totaling \$25,905,000 and \$33,265,000 as of June 30, 2022 and 2021 respectively. The bonds are due in annual principal payments ranging from \$970,000 to \$18,015,000 with the final payment due on May 1, 2030. The interest rate on the bonds is 5.00% and paid semi-annually beginning November 1, 2020. The proceeds, along with premium received on the bonds, provided \$3,500,000 of state match loan funds for the Program, \$54,151,914 of leveraging funds to refund the Series 2010SRF-1 and Series 2010SRF-2 bonds, and an amount required to pay costs of issuance.

On March 11, 2021, the Series 2021SRF Revenue Bonds were issued in the original amount of \$4,000,000 for the Public Water Supply (PWS) and Water Pollution Control (WPC) programs. The WPC portion of the bonds was issued in the original amount of \$1,500,000 and was an internal placement with PWS. The interest rate on the bonds was 0.172%. The bonds matured on May 1, 2022, with principal and interest paid at maturity. The proceeds provided \$1,500,000 of state match loan funds for the Program.

On March 31, 2022, the Series 2022SRF Revenue Bonds were issued in the original amount of \$18,000,000 for the Public Water Supply (PWS) and Water Pollution Control (WPC) programs. The WPC portion of the bonds was issued in the original amount of \$9,000,000 and was an internal placement with PWS. The bonds are due in annual principal payments ranging from \$2,170,000 to \$2,325,000 with the final payment due on May 1, 2026. The interest rate on the bonds is 2.050% and paid semi-annually beginning November 1, 2022. The proceeds provided \$9,000,000 of state match loan funds for the Program.

As a requirement for issuance of tax-exempt bonds, the Internal Revenue Service requires issuers to calculate and remit the amount of earnings attributable to the bonds that are in excess of the cost of the debt. As of June 30, 2022 and 2021, there is no rebate liability for the Series 2020SRF bonds. The Series 2021SRF and Series 2022SRF bonds are taxable and not subject to arbitrage. The Fund's revenue bonds payable totaled \$34,905,000 and \$34,765,000 as of June 30, 2022 and 2021 respectively. Please refer to Note 5 for more information on debt activity.

Effective October 30, 2018, the Securities and Exchange Commission (SEC) adopted the 2018 Amendments to Rule 15c2-12 of the Securities Exchange Act with a compliance date of February 27, 2019. These amendments include two additional disclosure events that require notice in continuing disclosure undertakings. In response to these changes, a Revolving Fund Disclosure Team was formed to provide oversight to the Fund and ensure reporting requirements are met. Additionally, KDHE SRF Disclosure Policies and Procedures were established. The issuance of the Series 2019SRF bonds and all subsequent bonds comply with the new requirements set forth by the SEC through the review and approval of this document by the Revolving Fund Disclosure Team. The State Revolving Fund disclosure policies and procedures document is available upon request.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY INFORMATION

The Fund has no spending limits and is not subject to any State General Fund appropriations or any other appropriations. Thus, the funds are immediately available upon receipt, allowing for timely and expeditious disbursement to the loan participants.

ECONOMIC FACTORS

While the financial strength of the Fund does face risk from the overall health of the United States and Kansas economies indirectly through the Program's borrowers, this risk is mitigated by several factors: 1) the Program is well capitalized and lightly leveraged at this point in time, 2) it is anticipated that the Program will receive additional capitalization grants from the Environmental Protection Agency (EPA), 3) the Program, through the loan agreements, has a relatively strong security position in the borrowers' financial resources, and 4) the Program's history of experiencing no borrower defaults through the prior two economic recessions.

REQUESTS FOR INFORMATION

This report is intended to provide financial information about the Kansas Water Pollution Control Revolving Fund to State of Kansas and United States Environmental Protection Agency officials, investors, and other interested parties and to discuss the activity and success of the Fund. For additional information, you may contact William Carr, Assistant Director, Bureau of Water, Kansas Department of Health and Environment at william.j.carr@ks.gov or Martin Eckhardt, Manager, Statewide Agency Audits and Municipal Services, Office of Accounts and Reports, Department of Administration at martin.eckhardt@ks.gov.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF NET POSITION

	As of June 30	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,430,660	\$ 12,814,861
Restricted cash - loan reserve earnings	815	336
Investments	133,899,872	122,034,205
Investment interest receivable	372,534	72,038
Loans receivable	26,092,010	42,531,286
Loan interest receivable	1,779,232	2,059,140
Loan service fees receivable	401,813	385,601
Other receivables	15,212	12,045
Total current assets	<u>188,992,148</u>	<u>179,909,512</u>
Noncurrent assets:		
Restricted cash - arbitrage rebate	-	290,810
Restricted cash - state match	659,352	168,385
Loan reserve deposits - cash	872,660	3,639,135
Loan reserve deposits - investments	-	2,095,249
Investments	21,721,228	6,539,768
Loans receivable	258,128,019	269,759,749
Total noncurrent assets	<u>281,381,259</u>	<u>282,493,096</u>
Total Assets	<u>470,373,407</u>	<u>462,402,608</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding	-	<u>30,523</u>
LIABILITIES		
Current liabilities:		
Loan reserve earnings	1,311	21,292
Bond interest	269,944	277,989
Revenue bonds, net	11,180,706	10,113,063
Other payables	189,312	303,195
Total current liabilities	<u>11,641,273</u>	<u>10,715,539</u>
Noncurrent liabilities:		
Loan reserve deposits	872,660	5,734,384
Revenue bonds, net	26,559,967	28,740,673
Other payables	70,529	3,876
Total noncurrent liabilities	<u>27,503,156</u>	<u>34,478,933</u>
Total Liabilities	<u>39,144,429</u>	<u>45,194,472</u>
TOTAL NET POSITION	<u>\$ 431,228,978</u>	<u>\$ 417,238,659</u>

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	For the Fiscal Years Ending June 30	
	2022	2021
OPERATING REVENUES		
Loan interest	\$ 5,702,289	\$ 7,206,039
Loan service fees	1,189,568	1,188,424
Capitalization grants for program administration	291,016	257,978
Other operating revenues	10,175	26,155
Total operating revenues	7,193,048	8,678,596
OPERATING EXPENSES		
Program administration - capitalization grants	291,016	257,978
Program administration - loan service fees	446,352	419,377
Other operating expenses	1,084,017	1,409,731
Total operating expenses	1,821,385	2,087,086
Operating Income	5,371,663	6,591,510
NONOPERATING REVENUES (EXPENSES)		
Investment interest	304,590	404,475
Capitalization grants for loans	14,299,146	14,205,686
Loan principal forgiveness	(6,376,997)	(4,179,001)
Bond interest, including defeasance costs	(435,602)	(566,522)
Bond issuance costs	(38,338)	(16,157)
Arbitrage rebate	932,509	30,648
Other nonoperating expenses	(66,652)	(3,877)
Total nonoperating revenues	8,618,656	9,875,252
Change in net position	13,990,319	16,466,762
Net position, beginning of year	417,238,659	400,771,897
TOTAL NET POSITION, END OF YEAR	\$ 431,228,978	\$ 417,238,659

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF CASH FLOWS

	For the Fiscal Years Ending June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loan interest received	\$ 5,982,198	\$ 7,604,193
Loan service fees received	1,173,356	1,142,400
Loan service fees paid for program administration	(458,506)	(381,803)
Capitalization grants received for program administration	287,848	258,144
Capitalization grants paid for program administration	(287,680)	(258,142)
Other operating expenses	(1,181,089)	(1,274,493)
Net cash provided by operating activities	<u>5,516,127</u>	<u>7,090,299</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capitalization grants received for loans	14,299,146	14,205,686
Bond proceeds received	9,000,000	1,500,000
Bond issuance costs paid	(38,151)	(15,595)
Bond principal paid	(8,860,000)	(18,015,000)
Bond interest paid	(1,666,188)	(3,019,822)
Arbitrage rebate	932,509	-
Net cash provided by (used in) noncapital financing activities	<u>13,667,316</u>	<u>(5,344,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan principal received	57,907,169	81,848,173
Loan disbursements paid	(36,213,159)	(38,117,828)
Investments matured	320,970,454	287,342,011
Investments purchased	(348,418,668)	(340,586,856)
Investment interest received	386,716	380,248
Loan reserve earnings received	50,037	124,025
Loan reserve earnings credited	(49,558)	(153,738)
Loan reserve investments matured	2,095,249	162,774
Loan reserve deposits credited	(4,861,723)	(162,774)
Net cash used in investing activities	<u>(8,133,483)</u>	<u>(9,163,965)</u>
Net increase (decrease) in cash and cash equivalents	11,049,960	(7,418,397)
Cash and cash equivalents, beginning of year	<u>16,913,527</u>	<u>24,331,924</u>
TOTAL CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 27,963,487</u>	<u>\$ 16,913,527</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and cash equivalents	\$ 26,430,660	\$ 12,814,861
Restricted cash - arbitrage rebate	-	290,810
Restricted cash - loan reserve earnings	815	336
Restricted cash - state match	659,352	168,385
Loan reserve deposits - cash	872,660	3,639,135
Total cash and cash equivalents, end of year	<u>\$ 27,963,487</u>	<u>\$ 16,913,527</u>

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

STATEMENTS OF CASH FLOWS

	For the Fiscal Years Ending June 30	
	2022	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 5,371,663	\$ 6,591,510
Changes in operating assets and liabilities:		
Loan interest receivable	279,908	398,154
Loan service fees receivable	(16,211)	(46,024)
Other receivables	(3,168)	166
Other payables	(116,065)	146,493
Net cash provided by operating activities	<u>\$ 5,516,127</u>	<u>\$ 7,090,299</u>
NONCASH NONCAPITAL FINANCING ACTIVITIES		
Amortization of bond premium	\$ 1,253,063	\$ 1,893,728
Amortization of deferred bond defeasance costs	(30,523)	(45,594)

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Description of Program – The Kansas Water Pollution Control Revolving Fund (the Fund) was established pursuant to Kansas Statutes Annotated (K.S.A.) 65-3321 *et seq.* in 1988 by the Kansas Legislature. The Fund was created to implement the State of Kansas' (Kansas or the State) participation under the Federal Clean Water Act (the Federal Act) as amended by the Federal Water Quality Act of 1987. Under State law, the Secretary of the Kansas Department of Health and Environment (KDHE) administers the Water Pollution Control Revolving Loan Program (the Program). The Federal Act authorizes the Environmental Protection Agency (EPA) to award capitalization grants for deposit into state revolving funds to provide financial assistance for construction of wastewater treatment facilities. The State Revolving Fund may be used to make loans, fund debt service reserves, and provide other types of financial assistance to public entities. Initial funding for the Program was provided from capitalization grants and proceeds of bonds, which provides state match funds. The state match funds must be equal to 20% of the capitalization grants, excluding the American Recovery and Reinvestment Act (ARRA) capitalization grant.

Loans are made to municipalities from the Fund for eligible project costs as defined by federal and state law and regulations. These costs are primarily construction, planning and design engineering costs, and other costs related to a municipal construction project. Kansas Administrative Regulation 28-16-113 establishes the interest rates for the loans, which includes fees for servicing the loans, to be 60% of the preceding three months' average of the Bond Buyers 20 Year General Obligation Bond Index. KDHE administers the aspects of the Program relating to selection of projects and the making of loans to eligible municipalities. The Department of Administration administers the accounting and reporting aspects of the Program relating to the receipt and disbursement of monies within the Fund, including disbursement of loans to municipalities, and billing and collecting of loan repayments. The Kansas Development Finance Authority (KDFA) issues revenue bonds for the state match funds needed and for leveraged borrowing for the Fund. Monies in the Fund are deposited with the Treasurer of the State of Kansas (the Treasurer) and UMB (the Trustee).

Basis of Presentation and Accounting – The Fund is an enterprise fund of the State. The financial statements of the Fund have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of accounting refers to when revenues, expenses, and the related assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. The financial statements are prepared on the accrual basis of accounting and on an economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statements of net position. The statements of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position. The statements of cash flows provide information about how the Fund meets the cash flow needs of its activities.

Cash and Cash Equivalents – Cash includes balances on deposit with the Treasurer and the Trustee. Cash equivalents are short-term, highly liquid investments held by the Trustee that are readily convertible to cash.

Investments – The Fund invests in state or municipal debt obligations, commercial paper, and money market funds. These investments are stated at their fair value or amortized cost.

Loans and Other Receivables – Receivables include interest earnings, current loan repayments due, and loan principal balances outstanding. All receivables are considered collectable; therefore, no allowance account has been established.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS

Loan Reserve Deposits – The loan reserve deposits have been established as required under certain provisions of certain loan agreements and consist of cash. Such loan reserve deposits may only be used to prevent an event of default in the repayment of principal or interest on certain loans.

Bond Premiums and Discounts – The interest method is being used to calculate amortization of bond premiums and discounts.

Revenues – The Fund revenues consist of operating and nonoperating revenues. Operating revenues include: 1) interest earned on loans, 2) loan service fees, and 3) capitalization grant dollars earned for administrative costs. Nonoperating revenues include: 1) interest earned on invested program monies, 2) capitalization grant dollars earned for loans, and 3) any other revenues not classified as operating revenues.

Expenses – The Fund expenses consist of operating and nonoperating expenses. Operating expenses include: 1) capitalization grant monies for administrative costs and 2) loan service fees for administrative costs. Nonoperating expenses include: 1) loan principal forgiveness which is generally recognized upon completion of the project but is occasionally recognized as project payments are disbursed, 2) revenue bond interest, including premium amortization, 3) revenue bond issuance costs, 4) revenue bond arbitrage rebate, and 5) any other expenses not classified as operating expenses.

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Currently the Fund has no net investment in capital assets. Net position is reported as restricted when there are external limitations imposed on their use. All assets of the Program have been determined to be restricted assets in accordance with the conditions of the Clean Water State Revolving Fund EPA capitalization grants and bond covenants. Restricted net position includes capitalization grants restricted for loans to municipalities and program administration expenses. The amount of capitalization grants restricted for program administration is being recognized as revenue when earned.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Fund only has one item that qualifies for reporting in this category. It is the deferred amounts on refunding reported in the statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the remaining life of the old bonds or the life of the new bonds.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Fund has no items that qualify for reporting in this category.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 1) the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and 2) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS

2. INVESTMENTS

The Fund's investment policies are governed by Article VIII of the Master Financing Indenture. Allowable investments for the Fund cash balances held in the State Treasury and invested through the State Pooled Money Investment Board are as follows:

- Direct obligations of, or obligations that are insured as to principal and interest by, the U.S. Government or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Limited interest-bearing loans to various State agencies as specifically provided by law
- Certain Kansas agency and IMPACT Act projects and bonds
- High grade commercial paper

Specific Fund Investments – Monies held in the funds and accounts established under the Master Financing Indenture may be invested by the KDFA or by the Trustee to the fullest extent practicable in Investment Securities as defined in the Master Financing Indenture which include:

- Defeasance obligations
- Obligations of certain agencies not backed by the full faith and credit of the U.S. government
- Investments in money market funds
- Investment agreements
- Deposits fully insured by FDIC
- Commercial paper
- State or municipal debt obligations
- Investments in the Municipal Investment Pool Fund
- Repurchase agreements
- Guaranteed investment contracts

The Fund's investments consisted of the following as of June 30:

Investment Type	2022			2021		
	Fair Value	Maturity		Fair Value	Maturity	
		1 Year	1-5 Years		1 Year	1-5 Years
Money Market Mutual Funds	\$ 19,853,830	\$ 19,853,830	\$ -	\$ 5,264,231	\$ 5,264,231	\$ -
Commercial Paper	120,354,137	120,354,137	-	98,063,092	98,063,092	-
Municipal Bonds	35,266,963	13,545,735	21,721,228	30,510,881	23,971,113	6,539,768
Investment Agreements	-	-	-	2,095,249	-	2,095,249
	<u>\$175,474,930</u>	<u>\$153,753,702</u>	<u>\$ 21,721,228</u>	<u>\$135,933,453</u>	<u>\$127,298,436</u>	<u>\$ 8,635,017</u>

As of June 30, 2022 and 2021, the Fund had invested \$19,853,830 and \$5,264,231 respectively in Morgan Stanley Institutional Liquidity Funds (MSILF), money market mutual funds which comply with the Rule 2a-7 definition of a government money market fund. These funds are rated AAAM by Standard & Poor's and are valued at amortized cost. Based on the valuation method, additional disclosures are not required under GASB Statement No. 72. The money market mutual funds are classified as cash equivalents on the Statements of Net Position.

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS

The Fund has the following recurring fair value measurements as of June 30, 2022:

- Commercial paper of \$120.4 million is valued using quoted market prices (Level 2 inputs).
- Municipal bonds of \$35.3 million are valued using other observable inputs (Level 2 inputs).

The Fund has the following recurring fair value measurements as of June 30, 2021:

- Commercial paper of \$98.1 million is valued using quoted market prices (Level 2 inputs).
- Municipal bonds of \$30.5 million are valued using other observable inputs (Level 2 inputs).
- Investment agreements of \$2.1 million are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – For invested loan funds, the Fund generally invests to maximize the interest rate and sets a term of investment based on estimated expenditures which is generally less than three years.

Credit Risk – The Fund holds certain investments that may have credit risk since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government. The investments are unrated. Certain investments have an underlying collateral agreement.

Concentration of Credit Risk – The Fund places no limit on the amount that may be invested with any one provider. The table below identifies the percent of total investments held by each provider as of June 30:

Investment Provider	2022		2021	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Money Market Mutual Funds				
Morgan Stan Inst'l Liq Gov't - I 8302	\$ 19,853,830	11.31%	\$ 5,264,231	3.87%
Commercial Paper				
ALPINE SECURITIZATION LTD / ALPINE SECUR	3,355,362	1.91%	3,624,118	2.67%
Anglesea Fdg Plc & Ang	-	0.00%	5,026,247	3.70%
Banco Santander S.A.	-	0.00%	4,308,858	3.17%
Barclays BK PLC/Barclays	4,757,779	2.71%	5,026,218	3.70%
BPCE	9,950,683	5.67%	-	0.00%
Chesham FNC/Chesh LLC	-	0.00%	4,748,522	3.49%
CITIGROUP GLOBAL MKTS INC	3,450,783	1.97%	-	0.00%
Corporacion Andina De	-	0.00%	6,911,475	5.08%
Credit Agricole	6,458,292	3.68%	-	0.00%
Crown Point Cap Co LLC	8,427,183	4.80%	-	0.00%
Ebury Finance Ltd	-	0.00%	5,166,930	3.80%
GLENCOVE FDG DAC/FDG LLC	8,473,622	4.83%	-	0.00%
Goldman Sachs Intl	3,601,637	2.05%	-	0.00%
Halkin Finance LLC	-	0.00%	8,724,420	6.42%
Hannover Fdg Co LLC	8,467,209	4.83%	5,494,311	4.04%
Korea Development Bank	3,603,303	2.05%	-	0.00%
Lexington Parker Cap CO	8,470,498	4.83%	-	0.00%
Lloyds Bk Plc	-	0.00%	1,640,326	1.21%
Macquarie Bank Limited	-	0.00%	3,998,656	2.94%
Manhattan Asset Funding Co LLC	-	0.00%	5,026,198	3.70%
MAYBANK SINGAPORE LTD	7,479,336	4.26%	-	0.00%
MITSUBISHI UFJ TR & CORP	8,475,291	4.83%	-	0.00%
Mizuho BK LTD Singapore BRH	-	0.00%	6,911,668	5.08%
Mountcliff Fdg LLC	5,465,622	3.12%	5,026,374	3.70%
Natixis	5,483,819	3.13%	-	0.00%

KANSAS WATER POLLUTION CONTROL REVOLVING FUND (AN ENTERPRISE FUND OF THE STATE OF KANSAS)

NOTES TO FINANCIAL STATEMENTS

Investment Provider	2022		2021	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Commercial Paper				
Royal BK CDA	-	0.00%	8,200,601	6.03%
Skandin Ens Banken AG	-	0.00%	5,026,101	3.70%
Societe Generale North Amer IN	-	0.00%	3,530,260	2.60%
Starbird Funding Corp	4,756,044	2.71%	-	0.00%
Sumitomo TR & Bkg Co Ltd New Y	9,723,507	5.54%	5,026,208	3.70%
Swedbank ForeningsSparbkn AB	-	0.00%	4,645,601	3.42%
Toronto Dominion Bank	9,954,167	5.67%	-	0.00%
Municipal Bonds				
Arlington TX Hgr Edu Fin Corpedu Rev	498,555	0.28%	500,615	0.37%
Attalla AL Wtrwks Brd Wtr Revenue	286,413	0.16%	-	0.00%
Austin Tex Cmnty College Dist Rev	-	0.00%	118,551	0.09%
Beaumont Texas Wtrwks & Swr Sys	135,120	0.08%	136,029	0.10%
Benton Cnty Wash Pub Util Dist #001	253,280	0.14%	613,710	0.45%
Bloomfield IN School Building Corp	100,657	0.06%	104,418	0.08%
Bloomfield Twp N J	-	0.00%	7,957,920	5.85%
Brick Township New Jersey	678,608	0.39%	-	0.00%
California Sch Fin Auth Rev	-	0.00%	2,604,733	1.92%
California ST Sch Cash Reserve Prog	-	0.00%	4,999,850	3.68%
Clackamas Cnty OR S/D #62 Oregon City	1,093,354	0.62%	-	0.00%
Colorado ST HSG & FIN Auth	352,730	0.20%	-	0.00%
Compton CA Cmnty Clg Dist Txbl-Ref	2,141,084	1.22%	-	0.00%
Crowley Tx Indep Sch Dist	405,959	0.23%	812,536	0.60%
Danco CO Cops	-	0.00%	104,337	0.08%
Decatur AL Wtr & Swr Revenue	329,350	0.19%	-	0.00%
Delaware Cnty PA Votech Sch Auth Lease R	263,423	0.15%	-	0.00%
East Windsor N J Regl Sch Di	152,258	0.09%	154,852	0.11%
Fresno California Uni Sch Dist	-	0.00%	162,046	0.12%
Geary Cnty KS Unif Sch Dist #475	491,735	0.28%	-	0.00%
Greensburg PA	-	0.00%	54,026	0.04%
Hayward CA Unified School District	132,740	0.08%	375,095	0.28%
Interboro PA Sch Dist	-	0.00%	139,944	0.10%
Irvington Twp New Jersey	689,334	0.39%	-	0.00%
Johnson Cnty KS Unif Sch Dist #233	248,850	0.14%	-	0.00%
Kansas Muni Energy Agy Pwr Project Rev	293,169	0.17%	-	0.00%
KDFA-KDHE Series 2021SRF Bond	-	0.00%	2,500,000	1.84%
KDFA-KDHE Series 2022SRF Bond	9,000,000	5.13%	-	0.00%
Los Angeles CA Muni Impt Corp Lease Rev	-	0.00%	496,095	0.35%
Louisiana Pub Facs Auth Rev	200,533	0.11%	-	0.00%
MASSACHUSETTS CLEAN ENERGY COOP CORP REV	1,158,770	0.66%	-	0.00%
Mesa AZ Utility Sys Revenue	747,052	0.43%	-	0.00%
Minnesota St Hsg Fin Agy	694,519	0.40%	-	0.00%
Montgomery Cnty Kans Uni Sch Dist #446	1,496,220	0.85%	1,499,745	1.10%
Montgomery Cnty Pa Hghr Ed&h	977,030	0.56%	998,720	0.73%
Monument CO Cops	191,445	0.11%	199,371	0.15%
Nacogdoches Tex	101,521	0.06%	177,135	0.13%
NAPA VLY CA UNIF SCH DIST	487,085	0.28%	-	0.00%
New Hampshire St Hsg Fin Auth	375,524	0.21%	-	0.00%
New Mexico Edl Assistance Fndtn	727,515	0.41%	-	0.00%

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

NOTES TO FINANCIAL STATEMENTS

Investment Provider	2022		2021	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Municipal Bonds				
New Orleans LA Wtr Rev	247,427	0.14%	250,088	0.18%
New Orleans Louisiana Sew Svc Rev	-	0.00%	249,843	0.18%
North Dakota ST Hsg Fin Agy	892,398	0.51%	-	0.00%
Norwich CT	1,395,187	0.80%	-	0.00%
Oklahoma St Univ Agricultura	732,971	0.42%	1,335,044	0.98%
Oregon Edu Dists Full Faith & Credit	1,113,238	0.63%	-	0.00%
Oregon St Dept Admin Svcs Lottery Rev	646,841	0.37%	-	0.00%
Palmdale CA Wtr Dist Wtr Revenue	66,504	0.04%	66,810	0.05%
Poway California Uni Sch Dist Spl	205,752	0.12%	412,735	0.30%
Roanoke AL Util. BRD WTR GAS & SWR Rev	142,982	0.08%	143,500	0.11%
Sarasota CNTY FL Public IMPT Revenue	864,471	0.49%	-	0.00%
Socorro TX Indep Sch Dist	-	0.00%	473,604	0.35%
Solano California Comunity College Dist	542,035	0.31%	-	0.00%
South Dakota St Building Auth Revenue	-	0.00%	118,414	0.09%
Tempe Ariz Excise Tax Rev	2,489,033	1.42%	-	0.00%
Tuscaloosa Board of Education Sch	139,877	0.08%	140,329	0.10%
Upper Chichester TWP PA	583,542	0.33%	-	0.00%
Vineland New Jersey Ban	101,678	0.06%	173,065	0.13%
Virginia St. Public Sch Auth Sch Fing	-	0.00%	1,975,122	1.45%
W Mifflin PA San Swr Muni Auth	269,652	0.15%	270,777	0.20%
Wauconda IL Fire Protection District	-	0.00%	61,951	0.05%
Wyandotte Cnty/Kans City Kanuni Govt	129,542	0.07%	129,871	0.10%
Investment Agreements				
AIG	-	0.00%	2,095,249	1.54%
	\$ 175,474,930	100.00%	\$ 135,933,453	100.00%

3. LOANS

The loans made by the Fund to the municipalities may include interest and service fees capitalized during project construction. All loans must begin repayments no later than one year after project completion and the repayment period is to be no longer than twenty years. Principal and interest payments are due semi-annually. Net interest rates on the loans outstanding as of June 30, 2022 range from 0.25% to 3.33%.

Estimated future maturities of the loans receivable and interest payments as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 26,092,010	\$ 5,218,516	\$ 31,310,526
2024	36,527,191	4,733,819	41,261,010
2025	24,867,948	4,260,003	29,127,951
2026	23,752,142	3,896,346	27,648,488
2027	21,508,589	3,430,537	24,939,126
2028 - 2032	92,960,209	10,861,607	103,821,816
2033 - 2037	50,724,672	3,014,610	53,739,282
2038 - 2042	7,787,268	205,668	7,992,936
	\$ 284,220,029	\$ 35,621,106	\$ 319,841,135

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

NOTES TO FINANCIAL STATEMENTS

Certain loans are awarded principal forgiveness as required by the ARRA capitalization grant, and the 2010 through 2021 capitalization grants. Principal forgiveness awards consisted of the following as of June 30:

Grant	Awarded in Full	2022			2021		Cumulative	Number of Loans
ARRA	Yes	\$	-	\$	-	\$ 22,840,203	22	
2010	Yes		-		-	9,181,294	20	
2011	Yes		-		-	4,116,837	7	
2012	Yes		-		-	1,063,482	4	
2013	Yes		-		-	851,480	1	
2014	Yes		-		-	1,033,065	2	
2015	Yes		-		-	3,777,300	3	
2016	No		1,107,463		785,518	4,591,379	7	
2017	Yes		2,307,522		1,090,183	4,786,800	6	
2018	No		2,962,012		1,448,800	4,766,812	4	
2019	No		-		854,500	854,500	1	
2020	No		-		-	-	0	
2021	No		-		-	-	0	
		\$	6,376,997	\$	4,179,001	\$ 57,863,152	77*	

* Individual loans may have been awarded principal forgiveness from multiple grants.

Each of the municipalities has established a dedicated source of revenue for repayment of the loans. The dedicated sources of revenue are either an obligation of system revenues and ad valorem property taxes levied or, if not so pledged, a secured lien on the revenues of the water treatment system which is secured by a policy of municipal bond insurance or comparable security.

Loans to Major Loan Participants – The Fund has made loans to the following major loan participants. The aggregate outstanding loan balances for each of these participants exceeds five percent of total loans receivable. The combined outstanding loan balances for major loan participants consisted of the following as of June 30:

Participant	2022		2021	
	Outstanding Principal Balance	Percent of Total Loans Receivable	Outstanding Principal Balance	Percent of Total Loans Receivable
City of Emporia	\$ 26,387,163	9.28%	\$ 27,722,959	8.88%
City of Hays	24,935,638	8.77%	26,215,099	8.39%
City of Kansas City	14,744,383	5.19%	16,210,675	5.19%
City of Manhattan	23,540,395	8.28%	26,077,119	8.35%
City of Liberal	30,068,300	10.58%	19,736,575	6.32%

4. LOAN RESERVE DEPOSITS

Loan reserve deposits for the City of Kansas City, Strother Field, and the City of Topeka total \$872,660 and \$5,734,384 as of June 30, 2022 and 2021 respectively, with restricted cash earnings of \$815 and \$336 respectively. The balances are on deposit with the State Treasurer.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
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NOTES TO FINANCIAL STATEMENTS

5. BONDS PAYABLE

Outstanding revenue bonds consisted of the following as of June 30:

	2022	2021
Series 2020SRF	\$ 25,905,000	\$ 33,265,000
Series 2021SRF	-	1,500,000
Series 2022SRF	9,000,000	-
Total bonds payable	34,905,000	34,765,000
Current maturities	(10,220,000)	(8,860,000)
Unamortized net original issue premium	2,835,673	4,088,736
Current unamortized net original issue premium	(960,706)	(1,253,063)
Long-term revenue bonds payable, net	\$ 26,559,967	\$ 28,740,673

Revenue bond activity consisted of the following as of June 30:

	2022	2021
Beginning Balance	\$ 34,765,000	\$ 51,280,000
Additions	9,000,000	1,500,000
Reductions	(8,860,000)	(18,015,000)
Ending Balance	34,905,000	34,765,000
Due Within One Year	(10,220,000)	(8,860,000)
Long-Term Liability	\$ 24,685,000	\$ 25,905,000

On February 27, 2020, the Series 2020SRF Revenue Bonds were issued in the original amount of \$68,730,000 for the Public Water Supply (PWS) and Water Pollution Control (WPC) programs. The WPC portion of the bonds was issued in the original amount of \$51,280,000 and consists of tax-exempt serial bonds totaling \$25,905,000 and \$33,265,000 as of June 30, 2022 and 2021 respectively. The bonds are due in annual principal payments ranging from \$970,000 to \$18,015,000 with the final payment due on May 1, 2030. The interest rate on the bonds is 5.00% and paid semi-annually beginning November 1, 2020. The proceeds, along with premium received on the bonds, provided \$3,500,000 of state match loan funds for the Program, \$54,151,914 of leveraging funds to refund the Series 2010SRF-1 and Series 2010SRF-2 bonds, and an amount required to pay costs of issuance. The Series 2020SRF Revenue Bonds are not subject to redemption prior to their stated maturity dates.

Series 2020SRF bond proceeds totaling \$54,151,914 and loan prepayments totaling \$30,153,086 were deposited into the Redemption Fund held by the Trustee and used to refund the remaining balances of the Series 2010SRF-1 and Series 2010SRF-2 bonds. This refunding was undertaken to reduce the total debt service payments, including interest, over the life of the debt by \$40,374,790. The refunding resulted in an economic gain (difference between the present value of the debt service payments of the refunded bonds and the refunding bonds) of \$8,457,284.

On March 11, 2021, the Series 2021SRF Revenue Bonds were issued in the original amount of \$4,000,000 for the Public Water Supply (PWS) and Water Pollution Control (WPC) programs. The WPC portion of the bonds was issued in the original amount of \$1,500,000 and was a private placement with PWS. The bonds were secured by interest revenue from pledged loans and other earnings as provided in the Master Financing Indenture. If an event of default had occurred, principal and interest accrued thereon would have become immediately due and payable if requested by the owner of the bonds. The interest rate on the bonds was 0.172%. The bonds matured on May 1, 2022, with principal and interest paid at maturity. The proceeds provided \$1,500,000 of state match loan funds for the Program. The Series 2021SRF Revenue Bonds were not subject to redemption prior to their stated maturity date.

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

NOTES TO FINANCIAL STATEMENTS

On March 31, 2022, the Series 2022SRF Revenue Bonds were issued in the original amount of \$18,000,000 for the Public Water Supply (PWS) and Water Pollution Control (WPC) programs. The WPC portion of the bonds was issued in the original amount of \$9,000,000 and was a private placement with PWS. The bonds are secured by interest revenue from pledged loans and other earnings as provided in the Master Financing Indenture. If an event of default occurs and is continuing, principal and interest accrued thereon shall become immediately due and payable if requested by the owner of the outstanding bonds. The bonds are due in annual principal payments ranging from \$2,170,000 to \$2,325,000 with the final payment due on May 1, 2026. The interest rate on the bonds is 2.050% and paid semi-annually beginning November 1, 2022. The proceeds provided \$9,000,000 of state match loan funds for the Program. The Series 2022SRF Bonds are subject to redemption and payment prior to maturity in whole or in part at any time at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the date of redemption.

The Master Financing Indenture provides for the establishment of funds in the custody of the trustee in the name of the K DFA. As of June 30, 2022 and 2021, management believes the Fund was not in default of significant provisions of the Master Financing Indenture or the Supplemental Indentures.

Aggregate revenue bond debt service requirements to maturity as of June 30, 2022 are as follows:

Year Ending June 30,	Principal Amount Due	Interest Amount Due	Total
2023	\$ 10,220,000	\$ 1,495,638	\$ 11,715,638
2024	11,380,000	1,032,765	12,412,765
2025	3,920,000	529,550	4,449,550
2026	3,295,000	400,662	3,695,662
2027	1,050,000	304,500	1,354,500
2028 - 2030	5,040,000	560,250	5,600,250
	\$ 34,905,000	\$ 4,323,365	\$ 39,228,365

Certain of the above bonds may be redeemed prior to maturity in accordance with related bond indentures.

The debt service payment in fiscal year 2022 was \$8,860,000 for principal and \$1,666,188 for interest. The Fund has cumulative principal payments totaling \$475,865,845 and cumulative interest payments totaling \$337,167,730.

6. ARBITRAGE REBATE

In accordance with Internal Revenue Code Section 148(f) relating to arbitrage restrictions on tax-exempt bonds, there is no rebate liability Series 2020SRF bonds as of June 30, 2022 and 2021. The Series 2021SRF and Series 2022SRF bonds are taxable and not subject to arbitrage.

As of June 30, 2022 and 2021, the Fund had a restricted cash balance of \$0 and \$290,810 respectively for future arbitrage liabilities.

7. YIELD ON BOND-FINANCED LOANS

Bond-financed loans are purpose investments and qualify as “program investments” within the meaning of Regulations § 1.148-1(b). If the yield on bond-financed loans exceeds the bond yield by 1.5%, the bonds may become arbitrage bonds. The yield on the Series 2020SRF bonds is 0.95942%. Therefore, the yield on loans

**KANSAS WATER POLLUTION CONTROL REVOLVING FUND
(AN ENTERPRISE FUND OF THE STATE OF KANSAS)**

NOTES TO FINANCIAL STATEMENTS

financed from the Series 2020SRF bonds, including loans financed from bonds refunded by the Series 2020SRF bonds, may not exceed 2.45942% (allowable yield).

The estimated yield on the bond-financed loans is calculated using actual and expected loan repayment cash flows over the life of the bonds. As of April 2022, the estimated yield on the bond-financed loans was 2.75119%, resulting in an estimated excess yield amount of \$653,952. Of this amount, \$365,747 is attributable to PWS loans and \$288,205 is attributable to WPC loans.

The accrued liability on the bond-financed loans is calculated using actual and expected loan repayment cash flows from the issuance date of the Series 2020SRF bonds through the end of the current fiscal year. As of April 2022, the accrued liability on the bond-financed loans was \$265,335. Of this amount, \$194,806 is attributable to PWS loans and \$70,529 is attributable to WPC loans.

Loan prepayments are generally expected to decrease the yield on the bond-financed loans. However, some factors may cause a prepayment to increase the yield on the bond-financed loans, such as a prepayment being made on a loan with a lower interest rate than the allowable yield. Since April 2022, no loan prepayments have been received that affect the above calculations and none are scheduled. The estimated yield and accrued liability on the bond-financed loans will be recalculated annually to monitor the effect of loan prepayments.

From time to time, the Program may reduce or credit loan repayments to ensure compliance with program investment yield restrictions under federal tax law. The amount of such reductions or credits are expected to not exceed the estimated excess yield amount. The actual excess yield amount will be determined based on the Program's actual loan yield which will be influenced, perhaps substantially, by participant loan prepayments that the Program has historically experienced.

8. FEDERAL CAPITALIZATION GRANTS

Capitalization grants awarded by EPA as of June 30 are as follows:

	2022	2021
Prior Federal Capitalization Grant Awards	\$ 425,537,647	\$ 425,537,647
Less Draws for Loans	(413,124,325)	(398,918,639)
Less Draws for Program Administration	(11,824,289)	(11,566,145)
Available for Fiscal Year	589,033	15,052,863
2021 Federal Capitalization Grant Award	14,342,000	-
Less Draws for Loans	(14,299,146)	(14,205,686)
Less Draws for Program Administration	(287,848)	(258,144)
Available to Draw	\$ 344,039	\$ 589,033

As of June 30, 2022 and 2021, \$344,039 and \$589,033 respectively of the capitalization grants had not been drawn down. At fiscal year-end, grant revenue and the corresponding grant expense are recorded for administration costs incurred that will be paid with grant funds. As of June 30, 2022 and 2021, \$15,212 and \$12,045 respectively of grant revenue had been recorded as accruals but had not been drawn down from the grant.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Janet Stanek
Secretary of the Kansas Department
of Health and Environment
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Kansas Water Pollution Control Revolving Loan Fund (the Fund), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated September 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Secretary of the Kansas Department of Health and Environment
State of Kansas Water Pollution Control Revolving Loan Fund

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 8, 2022

2022 Project Priority List - Amended January 31, 2022

Project #	Municipality	NPDES Permit No.	Project Description	Loan Amount	Project Eligible for Additional Subsidy (Congressional, Sec. 603(i)(1)(A), Sec. 603(i)(1)(B))	Estimated Principal Forgiveness Amount	Estimated GPR Amount
3016-01	Alden	0051641	Wastewater Treatment Plant Improvements and Rehabilitation	\$600,000			
1812-01	Arkansas City	0044831	Rehabilitate and upgrade the wastewater treatment plant	\$10,500,000	Sec. 603(i)(1)(A)	\$1,000,000	
3052-01	Bonner Springs	KS0082881	Replace Lift Station	\$2,500,000			
3018-01	Chanute	0008037	New Wastewater Treatment Plant to Meet BNR requirements	\$10,000,000	Sec. 603(i)(1)(A)	\$1,000,000	
3028-01	Cherokee	KS0081230	Sanitary Sewer Extensions and Annexation	\$353,135			
3051-01	Clafflin	KS0023441	Convert Mechanical WWTP to a Lagoon Treatment System	\$3,692,900		\$1,000,000	
3017-01	Coolidge	NA-NQ Lagoon	Lagoon Improvements	\$600,000	Sec. 603(i)(1)(A)	\$180,000	
3006-01	Eudora	0094609	Replace Lift Station and Add Chemical Feed to Wastewater Plant	\$1,715,000			
3011-01	Garden City	0038962	Construct a Wastewater Reuse Treatment Facility	\$8,100,000			
1204-01	Geary Co. S.D. #4	0079197	Replace the Existing WWTP with a Lagoon Treatment Facility	\$878,691	Sec. 603(i)(1)(A)	\$263,607	
3040-01	Glasco	KS0100803	Improvements to Lift Station and Sanitary Sewer System	\$800,000	Sec. 603(i)(1)(A)	\$240,000	
3045-01	Goodland	KSJ00247	Construction of a belt filter press, additional sludge storage	\$1,500,000			
3030 01	Hamilton	KS0046001	Rehab Collection System	\$250,000	Sec. 603(i)(1)(A)	\$75,000	
2028-01	Hanston	0031143	Replace the Existing WWTP with a Lagoon Treatment Facility	\$2,000,000	Sec. 603(i)(1)(B)	\$600,000	
3038-01	Hartford	KS0025682	Replacement of forcemain from lift station to wastewater treatment facility	\$300,000	Sec. 603(i)(1)(A)	\$90,000	
3021-01	Haviland	0027839	Wastewater Lagoon Improvements	\$1,476,000			
2037-01	Herndon	NA-NQ Lagoon	Rehabilitate the Existing WWTP Lagoon.	\$250,000	Sec. 603(i)(1)(A)	\$75,000	
3042-01	Hiawatha	KS0096440	Improvements of North, South and Layton's Lift Stations	\$7,691,600			
3036-01	Highland	KS0047457	Sewer Collection System Rehabilitation	\$3,876,513			
3037-01	Humboldt	KS0098159	Replacement of UV disinfection equipment at WWTF	\$350,000			
3035-01	Huron	KS0047473	3 cell discharging lagoon from a 2 cell non-discharging lagoon	\$875,000	Sec. 603(i)(1)(A)	\$262,500	
2043-01	Independence	0095486	Rehabilitate the Wastewater Collection System	\$3,100,000	Sec. 603(i)(1)(A)	\$930,000	
1973-02	Junction City	0034011	Rehabilitate and Upgrade the WWTP to Provide Nutrient Removal	\$23,746,000			
3050-01	La Harpe	KS0094251	Sanitary Sewer Collection System Rehab	\$1,000,000			
3025-01	Latham	NA-NQ Lagoon	Rehabilitate the Existing WWTF and Collection System	\$900,000	Sec. 603(i)(1)(A)	\$270,000	
3033-01	Mankato	KS0095281	Collection System Rehabilitation, CIPP Sewer Main Lining, Manhole, Point Repair	\$3,500,000	Sec. 603(i)(1)(A)	\$1,000,000	
3041-01	Marysville	KS0092142	Convert discharging lagoon to a non-discharging lagoon	\$3,187,400	Sec. 603(i)(1)(B)	\$956,220	
3047-01	Miami County/Bucyrus	KS0095290	Replacement of WWTF or Connection to Neighboring System	\$2,000,000	Sec. 603(i)(1)(B)	\$600,000	
3032-01	Miltonvale	KS0021911	Rehab 3 Discharging lagoon and The Collection System, De-sludge the lagoons	\$747,600	Sec. 603(i)(1)(A)	\$224,280	
3031-01	Oakley	KS0100013	Change a discharging lagoon to Non Discharging by adding a fourth lagoon cell.	\$652,900	Sec. 603(i)(1)(B)	\$195,870	
3054-01	Ozawkie	KSJ000395	Add 3rd Cell to Lagoon Treatment System	\$512,345			
3008-02	Pittsburg	NA-new wwpt	Construct a Regional Wastewater Treatment Plant	\$35,000,000	Sec. 603(i)(1)(B)	\$1,000,000	
3029-01	Reno County	KS0091715	Consolidate Sewer Systems	\$2,991,140	Sec. 603(i)(1)(B)	\$897,342	
3046-01	Riley Co./ Keats Dist.	NA	Collection System to Replace Septic Systems	\$2,790,000			
3053-01	Sabetha	KS0096245	Replace Lift Stations	\$1,597,217			
3039-01	Smith Center	KS0098221	Construction of a Wetland Cell at the WWTF to Eliminate Discharges	\$1,088,829	Sec. 603(i)(1)(B)	\$326,649	
3022-01	Soldier	0081035	De-Sludging of Lagoons	\$100,000	Sec. 603(i)(1)(A)	\$30,000	
1188-01	Spring Hill	0095516	Rehabilitate a Portion of the Wastewater Collection System	\$563,000			
3034-01	Sterling	KS0084905	Addition of wastewater cell lagoon, discharging to non discharging lagoon	\$1,350,000	Sec. 603(i)(1)(B)	\$405,000	
3027-01	Unified Gov. of Wyandotte	KS0095656	Stormwater Program Projects	\$70,500,000	Sec. 603(i)(1)(A)	\$1,000,000	
3043-01	Valley Falls	KS0022543	Sewer Collection System Rehabilitation	\$2,250,000			
3049-01	Wichita	KS0043036	Rehab and Upgrade WWTP to Improve Nutrient Removal	\$185,000,000	Sec. 603(i)(1)(A)	\$1,000,000	
2039 01	Windom	0051721	Provide Comprehensive City-Wide Sewer Rehabilitation	\$500,000	Sec. 603(i)(1)(A)	\$150,000	

New Projects/Changes added by Amendment

Totals \$401,385,270 \$13,771,468 \$0