



COMPREHENSIVE

# ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDING  
DECEMBER 31, 2019 AND 2018

**KANSAS CITY BOARD OF PUBLIC UTILITIES**  
An enterprise fund of the Unified Government  
of Wyandotte County/Kansas City, Kansas

Prepared by the Office of Accounting  
and the Office of Marketing/Corporate Communications



**Kansas City Board of Public Utilities  
Kansas City, Kansas**

**Comprehensive Annual Financial Report  
For the Fiscal Years Ended  
December 31, 2019 and 2018**

**2019 Board of Directors**

**President – Norman D. Scott  
Vice President – Ryan Eidson  
Secretary – Robert L. Milan, Sr.**

**Jeff Bryant  
Mary L. Gonzales  
Tom Groneman**

**General Manager  
William A. Johnson**



**An Enterprise Fund of the:  
Unified Government of Wyandotte County, Kansas City, Kansas**

**Prepared by: Office of Accounting & Office of Corporate Communications**

**Kansas City Board of Public Utilities  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended December 31, 2019 and 2018**

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# INTRODUCTORY SECTION

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June 4, 2020

Members of the Board of Directors  
Kansas City Board of Public Utilities

The Charter Ordinance of the Unified Government of Wyandotte County/Kansas City, Kansas requires the Kansas City Board of Public Utilities (BPU) publish within six months of the close of each fiscal year a Comprehensive Annual Financial Report (CAFR). This report is presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by a certified public accounting firm. This report is published to fulfill that requirement for the fiscal year ended December 31, 2019.

The CAFR consists of management's representation concerning the finances of the BPU. As a result, responsibility for this report for the fiscal year ended with respect to both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the BPU. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the BPU. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

The BPU's financial statements have been audited by BKD, LLP (BKD). The goal of the independent audit was to provide reasonable assurance that the financial statements of the BPU are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. BKD concluded, based upon the audit, the financial statements present fairly, in all material respects, the financial position of the BPU as of December 31, 2019, and the results of BPU's operations and cash flows for the year then ended in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The BPU's MD&A can be found immediately following the report of the independent auditors.

### **Profile**

The Utility System is comprised of the electric and water utilities and is, by statute and charter ordinance, under the operational control and administration of the Board of Directors for the BPU. The Unified Government of Wyandotte County/KCK, as authorized by state statutes, reserves the right to incur debt on

behalf of the BPU. However, the statutes vest the BPU with exclusive day-to-day control of the utility system. The Utility presently serves approximately 65,000 electric customers and 51,000 water customers.

The Electric Utility has two active electric power generating stations, a 17% ownership interest in a combined cycle power generating station, and seven purchase power agreements to provide the capacity and energy needed by its retail customers. The active generating stations are the Nearman Creek Power Station (“Nearman Station”) and the Quindaro Power Station (“Quindaro Station”), and the 17% ownership interest is in the Dogwood Generating Facility (Dogwood) described herein. Purchased power agreements, which are also described herein, have been executed and include renewable low impact hydro power from Bowersock Mills and Power Company, the only hydro project in the State of Kansas as well as wind from the Cimarron Bend Wind Project, Smoky Hills Wind Farm and Alexander Wind Farm, all in Kansas.

The Nearman Station has two units; the first is a coal-fired steam electric generating station. Commercial operation of the Nearman coal-fired unit began in 1981. The second unit is a simple cycle combustion turbine which can be fired on either natural-gas or No. 2 fuel oil. The combustion turbine plant, known as the Nearman CT4, functions as a peaking plant and was placed in service during February of 2006.

The Quindaro Station currently has three units; all of the units are combustion turbines, which function as peaking units. The units were placed in commercial operation in 1969, 1974 and 1977 respectively and are designed to burn No. 2 fuel oil. One of the units is also designed to burn natural gas. In October, 2019, the Utility made the decision to cease operations of Quindaro Station Units 1 & 2 as the units are not efficient to operate. The assets were permanently impaired and recorded as a Regulatory Asset of \$73.6 million that will be amortized through 2040.

In December, 2012, the Utility acquired an undivided 17% ownership interest in the assets of Dogwood, a natural gas-fired combine cycle generating plant. The Utility’s share is approximately 110 MW. Generation and operating expenses from Dogwood are allocated to the utility based on the 17% interest. The Utility is also required to provide its share of financing any capital additions.

The Utility generating stations are interconnected by a network of 161 kV and 69 kV transmission lines. The Utility’s transmission and distribution network includes 61.20 miles of 161 kV line, 60.03 miles of 69 kV line, and 2,677.91 miles of overhead line and 313.70 miles of underground cable. The system has 28 electric distribution substations and four industrial substations. The Utility is interconnected with one other area utility, Eergy Inc.

The Utility System is a member of the Southwest Power Pool (SPP), which is a Regional Transmission Operator (RTO), located in Little Rock, Arkansas. SPP’s primary purpose is to facilitate the movement of power throughout the RTO’s footprint through an integrated marketplace. The integrated marketplace is intended to provide for the reliable movement of power during all times but especially during emergency events while providing cost savings to those load serving utilities through a more efficient process of resource dispatch. Many of the efficiencies are driven by SPP becoming the balancing authority for the region. SPP’s current footprint covers much of the south central portion of the United States.

The Utility has contracts with the Southwestern Power Administration (SPA) entitling the Utility to annually purchase 38.6 MW of hydroelectric peaking capacity, and 5 MW of hydroelectric power from the Western Area Power Administration (WAPA). The Utility also has entered into seven Renewable Energy Purchase Agreements. BPU’s agreement with TradeWind Energy is to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. Phase I of the project has a name plate of approximately 100 MW of wind capacity. The wind farm was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties in Kansas. In March 2017, also through TradeWind Energy, the BPU began receiving 200 MW of energy generated by wind turbines from the Cimarron Bend Wind Project. The wind

farm is located just south of Minneola, Kansas. BPU also has an agreement with Oak Grove Power Producers to provide 3.55 MW of landfill gas from Arcadia, Kansas. The BPU maintains a contract with the Bowersock Mills & Power Company (“Bowersock”) to purchase the capacity and energy of an existing 2.15 MW run of the river hydroelectric facility on the Kansas River in Lawrence, Kansas and 4.70 MW of capacity from an expansion of Bowersock’s existing hydroelectric facilities. BPU also receives 25 MW of energy generated by wind turbines from OwnEnergy, Inc. The wind farm is located south of Alexander, Kansas in Rush County in Kansas. Lastly, in November 2016, BPU along with MC Power, a solar developer, agreed to install a 1 MW alternating current solar photovoltaic facility at the Nearman Creek Power facility. The project is intended to be a community solar project where customers can license panels to reduce their monthly electric expenses and support greener initiatives.

The Water Utility serves approximately 51,000 water customers in the service area of approximately 152 square miles. This service area includes Kansas City, Kansas, Edwardsville, southern Leavenworth County, parts of Bonner Springs and a small section of northern Johnson County. BPU’s current average day and maximum day are approximately 31 million gallons per day (MGD) and 52 MGD, respectively. The water utility utilizes the state-of-the-art Nearman Water Treatment Plant (NWTP) to draw water from an aquifer below the Missouri River via two horizontal collector wells. These wells are each capable of supplying over 40 million gallons of raw water per day. The Nearman Water Treatment Plant is a conventional water treatment facility with a firm capacity of 72 MGD. Through the process of riverbed filtration, the Nearman Water Treatment Plant horizontal collector wells supply water from the aquifer, which is hydraulically connected to the Missouri River. The plant contains a 24 MGD sand-ballasted sedimentation basin and a Polymer feed system to help optimize the process.

The Water distribution system consists of a network of underground mains, reservoirs, and a series of booster district systems. The water transmission network consists of 72.5 miles of primary and trunk lines ranging in size from 24 to 48 inches. From these mains, water is delivered through a system of 900 miles of secondary water mains. The Utility has approximately 32.5 million gallons of water stored in reservoirs and elevated tanks at various locations in the distribution system. There are five booster-pumping stations, which increase water pressure to higher elevations and through the 1,000 miles of water pipes.

The Utility’s annual budget represents the plan for providing electric and water services for each fiscal year. An annual budget consisting of operating and maintenance expenses as well as a five-year capital plan is submitted by the General Manager and Executive Directors to the Board of Directors. The Board of Directors adopts the budget no later than December of each year. Budgetary control is maintained at the departmental level by comparing budgeted expenses with actual expenses on a periodic and year-to-date basis.

### **Economic Conditions**

The Unified Government is the government for both Wyandotte County and the City of Kansas City, KS. Wyandotte County accounts for a large number of manufacturing, transportation and distribution, including rail, and health care jobs in the metropolitan area. Many of these jobs are high paying and contribute to the positive statistics regarding gross payroll and gross sales. Development remains an important priority for the Unified Government.

The County of Wyandotte County covers 155.7 square miles. It is located on the eastern border of the State and along with three other Kansas counties and eight Missouri counties, comprise the Kansas City Metropolitan Statistical Area with a population of approximately 1.2 million.

According to the 2019 U.S. Census Bureau, Wyandotte County’s estimated population was 165,429. Compared to population trends in the prior decades, the current estimates indicate a more stable population.



The median age is 33 versus a national average of 38 years. Approximately, 31% of the population is greater than 45 years old.

In recent years, efforts have been directed toward the development of a 1,600-acre tract of land located directly northwest of the intersection of Interstate Highways I-70 and I-435. The Unified Government attracted the Kansas Speedway as the economic catalyst for development of this tract using the STAR Bond financing incentive. The speedway project, totaling more than \$280 million, is a 1.5-mile tri-oval on approximately 1,100 acres of land, with 72 luxury hospitality suites and grandstand seating for 82,000. Joining Kansas Speedway at Village West are major destination retailers and entertainment businesses that attract approximately 12 million visitors and shoppers annually. The initial anchor businesses and attractions include: Cabela's, Nebraska Furniture Mart, Great Wolf Lodge and Resort, Hollywood Casino, Children's Mercy Park, home of the Kansas City MLS soccer team Sporting KC Soccer Club and JustBats Field at T-Bones Stadium (formerly CommunityAmerica Ballpark), home of the Northern League's Kansas City T-Bones, an independent, minor league baseball team. An additional development north of I-70 and east of I-435, just east of the Village West area include the headquarters for the Dairy Farmers of America which is the area's largest private employer in terms of revenue. Completed in 2017 was the construction of the U.S. Soccer National Training and Coaching Development Center which will house the elite athlete training and performance analytics campus and national youth soccer development programs.

Industrial growth has resulted from the General Motors \$600 million investment in its Kansas City plant. The redevelopment of two adjacent industrial parks has occurred in this area as well. This building is occupied by Inergy and is a supplier to the General Motors automotive plant. In 2018, General Motors announced a \$265 million investment to support production of the new Cadillac XT4 Crossover SUV. General Motors also produces the Chevy Malibu. Additional industrial development was the construction of the Amazon Fulfillment Center. The facility is on 134 acres and approximately 3,500 employees were hired.

Adjacent to Kansas University Medical Center is a \$39 million mixed-use economic development project. The development includes approximately 10,000 square feet of first-floor retail space and on the second through fourth floors, an 83-room Holiday Inn Express & Suites. Also the area maintains a healthcare tenant focus. Kansas University Hospital operates an inpatient acute rehabilitation center along with Kansas City Transitional Care Center, a post-acute nursing rehabilitation facility and Hanger Prosthetics & Orthotics. In total, this development project is 100,000 square feet within a four-story building. The area draws more than 10,000 persons daily and expects to attract new retail development due to the area's dense resident population and the proximity to the KU Medical Center and Hospital.

### **Long Term Financial Planning**

BPU's goals for the future include meeting the needs of the community as development continues within the county. BPU utilizes a five-year capital improvement program to prioritize projects, which will be scheduled over a number of years as financial resources are available. The electric capital improvement plan identifies approximately \$186.6 million in generation, transmission, and distribution projects; of which \$2.7 million is for continued construction of environmental upgrades to the coal fired plant. The electric capital plan is projected to be 50% bond financed over the years. The water capital improvement plan identifies approximately \$81.1 million in projects, of which 60% are projected to be financed.

## **Cash Management and Investment Policy**

The Utility's cash management practice encourages investment of all cash not needed for immediate expenditures. It is the policy of the Utility to invest public funds in a manner that provides the highest investment return with the maximum security while complying with all Kansas statutes governing the investment of public funds. The Utility's investment policy was adopted by the Board of Directors.

## **Internal Control**

Management of the Board of Public Utilities (BPU) is responsible for establishing and maintaining internal controls to ensure that assets of the BPU are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgements by Management.

## **Major Initiatives**

The Board of Public Utilities is currently investing in significant capital improvements to update and improve service to our customers. Projects underway include electric substation, transmission and distribution improvements in the Rosedale and Armourdale areas as well as upgrading of the Water Distribution valves and mains throughout the community.

The electric utility is working on construction a new substation, Rosedale, as well as upgrading the Fisher and Barber substations to support the expansion of the University of Kansas Medical Center which constructed a \$75 million medical education building as well as a \$280 million patient tower which will be a seven-story facility. Additionally, the 161 kV transmission systems will be upgraded with the Armourdale to Fisher and Fisher to Barber substations with work to be completed by 2020-2021.

The water utility has increased efforts to replace aging water valves and mains in the Water distribution system. The additional effort will allow approximately 3-5 miles of pipe each year to be replaced over the next 4 years. In addition, construction of a transmission line will begin in the area of 98th Street and Parallel as well as a 16-inch main at 99<sup>th</sup> and Donahoo to I-435 to support additional development in the area.

## **GFOA Certificate of Achievement Award**

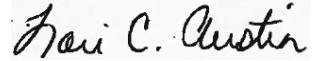
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kansas City Board of Public Utilities for its comprehensive annual financial report for the year ended December 31, 2018. This was the thirty-eighth consecutive year that the BPU received this prestigious award.

In order to be awarded a Certificate of Achievement, BPU must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this 2019 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for the thirty-ninth consecutive year.

## Acknowledgements

In closing, I would like to thank the Accounting staff for their efforts in preparing and providing the financial information. Special thanks to David Mehlhaff, Chief Communications Officer, in coordinating the comments for the President's and General Manager's messages.

Respectfully submitted,

A handwritten signature in cursive script that reads "Lori C. Austin". The signature is written in black ink on a white background.

Lori C. Austin  
Chief Financial Officer/Chief Administrative Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Kansas City Board of Public Utilities  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrell*

Executive Director/CEO

## **PRESIDENT'S MESSAGE**

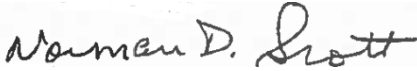
The Kansas City Board of Public Utilities (BPU) has been providing electric and water services to Wyandotte County for more than a century. As a non-profit organization, its mission remains the same as it was nearly 100 years ago – to provide quality dependable utility services to the community at the lowest possible price.

BPU undertook a number of initiatives in 2019 continuing its commitment to customer service, maintaining open transparent communications with customers and key stakeholder groups, promoting new programs and services, and being a productive community partner. This included:

- Customer Surveys – BPU undertook both lobby and online customer satisfaction surveys, allowing the utility to better understand the wants and needs of customers, determine enhancements and improvement to customer services processes, and to evaluate the awareness of various utility programs.
- Ease of Use Billing and Utility Usage effort – Continued promotion of the Energy Engage portal to track utility usage and one's impact on the overall environment, Paperless Billing capability to cut down on mail costs and paper usage, and a live “real-time” Outage Map feature to see if an outage has been reported in certain areas and to view a summary of outage calls reported.
- BPU Summer Youth Program – Provided grants to nine area non-profits that impacts at-risk and lower income youth in the community. These organizations have created a number of unique training and educational initiatives to help young persons, including a Learn-to-Earn program, a Leadership Development/Mentoring program, and a young Ambassadors Program. All are geared toward helping young people learn more about business etiquette, time management, crisis resolution, financial responsibility, while becoming stewards of their community as they grow and mature.
- Annual United Way of Wyandotte County (UWWC) Fundraising Campaign – BPU and its employees collected more than \$200,000 for United Way, and is regularly in the top five in its class for support and contribution levels.
- Hardship Assistance Program – Created program with United Way to help customers experiencing unforeseen financial hardship (due to unemployment, health issues, etc.) with their utility bill, providing more than \$500,000 in assistance to more than 1,300 families.
- Continual website improvements – With nearly 600,000 users and 1 million page views annually, the utility's website (BPU.com) is an integral platform for communicating with the community. Upgrades were undertaken in 2019, adding responsive design capabilities to be more mobile friendly as nearly 50% of users access the website via mobile devices.
  - These upgrades included an online Chatbot feature allowing customers to get answers to their questions 24 hours a day, 7 days a week, a new “Kid's Power” webpage offering free safety and educational resources, and several video's on Kid's Safety, Energy Efficiency Tips, and Utility Scams.

BPU's mission in 2019 remained the same as it's been for nearly 100 years, offering quality dependable utility services at the lowest possible price – and being committed to improving the quality of life for all in Wyandotte County.

Respectfully,

A handwritten signature in black ink that reads "Norman D. Scott". The signature is written in a cursive style with a large, looped 'S' at the end.

Norman D. Scott  
Board President  
June 4, 2020

## **Board of Directors – 2019**

The Board of Directors is composed of six members, three of whom are elected at large and three of whom are elected by district. Every two years three members are elected for four-year terms. The Board chooses a president, vice president, and secretary from its own membership. The Board meets twice a month, on the first and third Wednesdays. Members receive a monthly salary of \$950. The treasurer of the Unified Government of Wyandotte County/Kansas City, Kansas is the ex-officio treasurer of the Board. The Board is charged with the duty to hire a General Manager, who serves as BPU's chief executive officer, and who administers the day-to-day operations of the utility.



**Norman Scott**  
**President**  
**Member at Large**  
**Elected 2015-2019**

Norman is a native of Kansas City, Kansas and graduated from Wyandotte High School and attended Kansas City Kansas Community College. He currently serves as President for the Board of Public Utilities.

For over 40 years, he worked in the construction industry helping build the infrastructure of the Wyandotte County community. In 2001, he retired as a business agent from the International Union of Operating Engineers, Local 101.

Mr. Scott is an active chair member of the Missions for Wyandotte United Methodist Church, and the Wyandotte County Democrats. He previously served as President of Stoney Point Neighborhood Association, and on the Chair of Trustees for Grinter Chapel United Methodist Church. He also serves as a volunteer at Cross-Lines Community Outreach



**Ryan Eidson**  
**Vice President**  
**Member at Large**  
**Elected 2018-2021**

Mr. Eidson is a lifelong Wyandotte County resident and currently serves as Vice President for the Board of Public Utilities. He also is the General Manager for Wil Fischer of Kansas (Wyandotte County Anheuser-Busch Distributor). He has served in this role since 2014 and previously held several leadership positions at Schatz Distributing. He serves as a board member for the Chris Kugler Memorial Trust and also serves on the board of directors for Helpful Hands Inc.

Eidson is a graduate of Piper High School and attended Kansas State University where he graduated with a degree in communications and advertising.

**Board of Directors – 2019 – (continued)**



**Robert L. Milan, Sr.**  
**Secretary**  
**Member, First District**  
**Elected 1991-1995**  
**Re-elected 1995-1999**                   **Re-elected 2011-2015**  
**Re-elected 1999-2003**               **Re-elected 2015-2019**  
**Re-elected 2003-2007**  
**Re-elected 2007-2011**

Mr. Milan has served on the BPU Board for over 28 years, having been first elected in 1991. He has served as President of the Board four times and is currently the Secretary for the Board of Public Utilities. In 2007, BPU recognized Mr. Milan’s dedication to the utility by naming a new Water Division facility in his honor, the Robert L. Milan, Sr. Pump Station and Reservoir.

Mr. Milan worked at the U.S. Department of Labor for 32 years, retiring as a Federal Representative. He is active in the Northeast Optimist Club and NAACP. In 2001 he served as State President of AARP. In 2010, the Directors of the Heritage Registry of Who’s Who announced the inclusion of Mr. Milan. He has received many awards including being selected by the Kansas City Globe as one of the 100 most influential people in 1998.

A native of Kansas City, Kansas, he owned Milan's Roller Arena and Bowling establishment for many years. Mr. Milan is a Sumner High School graduate and attended Kansas City Kansas Community College, the University of Kansas extension, Donnelly College, the University of Colorado, Temple University and Pioneer College.



**Jeff Bryant**  
**Member, Third**  
**District**  
**Elected 2011-2015**  
**Re-elected 2015-2019**

Mr. Bryant is the Estimator and Job Cost Analyst for Plastic Packaging Technologies in Kansas City, Kansas. He has been with the company for over 35 years serving in a variety of roles and currently holds the position of Estimator & Job Cost Analyst. Jeff and his wife, Crystal, are authors and owners of the travel website, Our Changing Lives, which features an advertisement-free resource for information related to destinations around Kansas City and beyond. He also served as BPU’s Board President in 2017 and previously as Vice President and Secretary of the BPU Board.

He is a past member of the Armourdale Renewal Association, the Turner Lions Club and the Kansas City Chapter of the NAACP. He served a two-year term on the Schlagle Sit Council, which is committed to increasing the graduation rate of local students. He serves on the Unified Government’s (UG) Finance Standing Committee and previously served on the Public Works and Safety Committee. He is Leadership 2000 Class XX graduate and has served on the Board of Directors of Leadership 2000. Mr. Bryant is a graduate of Turner High School and attended Donnelly College.



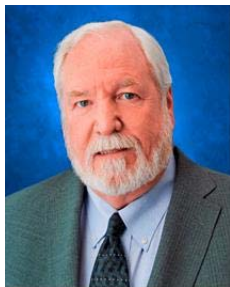
## **Board of Directors – 2019 – (continued)**



**Mary L. Gonzales**  
**Member at Large**  
**Elected 2001-2005**  
**Re-elected 2005-2009**  
**Re-elected 2009-2013**  
**Re-elected 2013-2017**  
**Re-elected 2018-2021**

Ms. Gonzales retired from teaching school in 2006 after a 33-year career. For many of those years she was an eighth-grade language arts teacher at Piper Middle School. Ms. Gonzales has a Bachelor of Arts degree in Education from the University of Montevallo in Montevallo, Alabama, and a Master's degree in Curriculum and Instruction from Emporia State University. She also served as BPU's Board President from 2005 to 2007 and previously as vice president and secretary of the BPU Board.

Besides her BPU Board and other community activities, she is a member of the American Public Power Association and the American Water Works Association. A graduate of Leadership 2000, she serves on the board for the Rosedale Development Association and also on the advisory board for the Civic Leadership Academy for Olathe, Kansas schools. Mary was also District 5 Coordinator in the successful effort to consolidate the Wyandotte County/City governments and served on the advisory board of the Wyandotte County Library. In addition, she is past President of Delta Kappa Gamma International Educational Society and is a former board member for both El Centro and City Vision Ministries.



**Tom Groneman**  
**Member, Second**  
**District**  
**Elected 2013-2017**  
**Re-Elected 2018-2021**

Mr. Groneman is a lifelong Wyandotte County resident, graduating from Wyandotte High School in 1965. He has served as BPU's Board President from 2016 to 2017. In 1969 he graduated from Bethany College, Lindsborg, KS with a Bachelor's degree in Business/Economics.

Following college, he entered the United States Navy and was trained as a Vietnamese linguist. He was stationed for 15 months at the Naval Communications Station, Philippines where he was assigned to temporary active duty with the Commander of Carrier Division 5/Task Force 77 aboard the USS Enterprise, USS Kitty Hawk and USS Constellation. He finished his tour at the National Security Agency, Ft. Meade, MD.

After the military he returned to Wyandotte County and worked briefly as a probation officer for the 29<sup>th</sup> Judicial District. In 1975 he was appointed Register of Deeds to fill out the unexpired term of Jack Reardon who had been elected mayor. He was subsequently elected to seven consecutive four-year terms as Register of Deeds. In 2003, Mr. Groneman joined the staff of Governor Kathleen Sebelius to become the Director of Alcoholic Beverage Control for the State of Kansas. He commuted for nearly eight years between Kansas City and Topeka until the change in administrations in 2011.

**Board of Directors – 2019 – (continued)**

During his time in public service, Tom has served in numerous positions on various state and national organizations.

## GENERAL MANAGER'S MESSAGE

In March of 2019, I was named General Manager of the Kansas City, Kansas Board of Public Utilities following the retirement of Don Gray. I have worked in various facets of this organization for more than 40 years, and am honored to be able to lead such a professional, well-respected, and nationally recognized utility.

As a publicly-owned utility, BPU conducts business consistent with its customer-focused principles including Accountability, Appreciation, Customer Focus, Innovation, Integrity, Respect, and Responsible Communication. The utility has provided quality dependable utility service to the community and residents of Wyandotte County for more than 100 years.

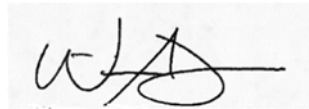
Today, BPU provides electric and water utility services to nearly 65,000 commercial, industrial, and residential customers over a 150 sq. mile area. The utility's primary goal remains providing quality dependable services to ratepayers at the lowest possible price.

The utility achieved a number of important accomplishments and milestones in 2019, continuing to deliver world-class utilities and customer service, while remaining one of the top municipally-owned utilities in the country. Accomplishments included, among other things:

- Securing several awards and recognitions for utility operations and programs, including the “10-Year Directors Award” from the Partnership for Safe Water; a program developed by EPA and American Water Works Association (AWWA) for providing safe, high-quality drinking water while achieving operational excellence in water treatment.
- Maintaining a stable financial position by adhering to industry best practices, improving the cash position, operating under a 2019 Budget that totaled \$381 million (approximately \$11 million less than the 2018 Budget), and securing the Award for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA).
- Ceasing operation of two electric generating units (Q1 and Q2) at the Quindaro Power Station. These units provided a reliable and economical source of power for more than half a century, but based on feasibility factors it was determined that the units were no longer viable or efficient.
- A strong commitment to environmental stewardship and a leader in renewable energy and energy efficiency, 45% of power generation coming from renewable energy sources like wind, hydro, etc.
  - Community Solar Farm – Continue residential customer enrollment, and expansion of eligibility to commercial customers, in the state's first municipal community solar farm.
- Continued improvements to maintain and upgrade an aging utility system, including the Rosedale Area Reliability Project, and working through a scheduled major outage for the Nearman Power Plant.
- Providing reliable quality water, available upon demand in an efficient manner. The utility continued to meet and exceed all state and federal water quality standards, while maintaining a state-of-the art award-winning water system.

- Undertook a comprehensive customer satisfaction survey to identify areas for expanded or improved customer service across the entire utility.
- Earning the 2019 Smart Energy Provider (SEP) designation from the American Public Power Association (APPA) for demonstrating commitment to and proficiency in energy efficiency, distributed generation, and environmental initiatives that support a goal of providing low-cost, quality, safe, and reliable electric service.
- Continued the coordination of capital construction improvements with the Unified Government of Wyandotte County and Kansas City, Kansas along Leavenworth Road.
- Developed and launched a number of educational videos for our customers including safety education targeting children, a behind the scenes look at our electrical outage restoration protocols and renewable energy.
- Developed a Chatbot for our website to assist customers in getting immediate answers to frequently asked questions.

The utility maintained its focus on providing reliable and affordable utility services to customers in 2019, and worked to improve the quality of life in our community. BPU will continue working to improve efficiencies and reduce costs, expand communications and outreach efforts with the community, and maintain customer excellence, as it has for more than a century.

A handwritten signature in black ink, appearing to read 'W.A. Johnson', is centered on a light gray rectangular background.

William A. Johnson  
General Manager  
June 4, 2020

## **Senior Management – 2019**

### **William A. Johnson General Manager**

Bill Johnson has worked at the Kansas City Board of Public Utilities for more than thirty-nine (39) years. Mr. Johnson earned an MBA from Ottawa University in 2007.

He began his career at BPU in an entry-level position and worked his way up through the ranks into an executive level position prior to being appointed General Manager. His previous position included directing BPU Electric Operation & Technology division activities; including but not limited to, Electric Transmission and Distribution, Electric Engineering, Information and Technology, Telecommunications, and Fleet Maintenance.

Over his career, he has sponsored many large utility projects including modernizing BPU's electric infrastructure and he has played a key role in introducing some of the utility's most advanced enterprise technology systems designed to improve utility operations.

He is past President of Kansas Municipal Utilities, a current board member for the Kansas City Kansas United Way, and past board member of the Boys & Girls Club. He is a member of the American Public Power Association (APPA) and the Rocky Mountain Electric League (RMEL). He is also past President of the Kansas-Missouri chapter of the American Association of Blacks in Energy. He received the distinguished "Black Achievers Award" from the Southern Christian Leadership Council and the "Black Man of Distinction Award" from the Friends of Yates.

**Lori C. Austin  
Chief Financial Officer/Chief  
Administrative Officer**

**James A. Epp  
Executive Director  
Water Operations**

**Jeremy Ash  
Executive Director  
Electric Operations**

**Johnetta M. Hinson  
Executive Director  
Customer Services**

**Gerald P. Ohmes, Sr.  
Executive Director  
Electric Supply**

**Dong T. Quach  
Executive Director  
Electric Production**

## Executive Staff and Department Heads 2019

Sperlynn R. Byers, Acting Director  
Information Technology

Dennis Dumovich, Director  
Human Resources

Andrew Ferris, Director  
Electric Supply Planning

Michael Fergus, Director  
Electric Distribution & Service

Jody Franchett, Director  
Administrative Services

Robert (Bobby) Gray  
NERC Compliance Officer

Stephen E. Green, Director  
Water Distribution

Brian D. Laverack, Director  
Network Operations

Darrin McNew, Director  
Electric Transmission & Substations

David E. Mehlhaff  
Chief Communications Officer

Patrick J. Morrill, Director  
Electrical Engineering

Tung Nguyen, Director  
Electric Production Engineer

Steve Nirschl, Director  
Water Processing

Randal J. Otting, Director  
Accounting

Jerin Purtee, Director  
Electric System Control

Ingrid Setzler, Director  
Environmental Services

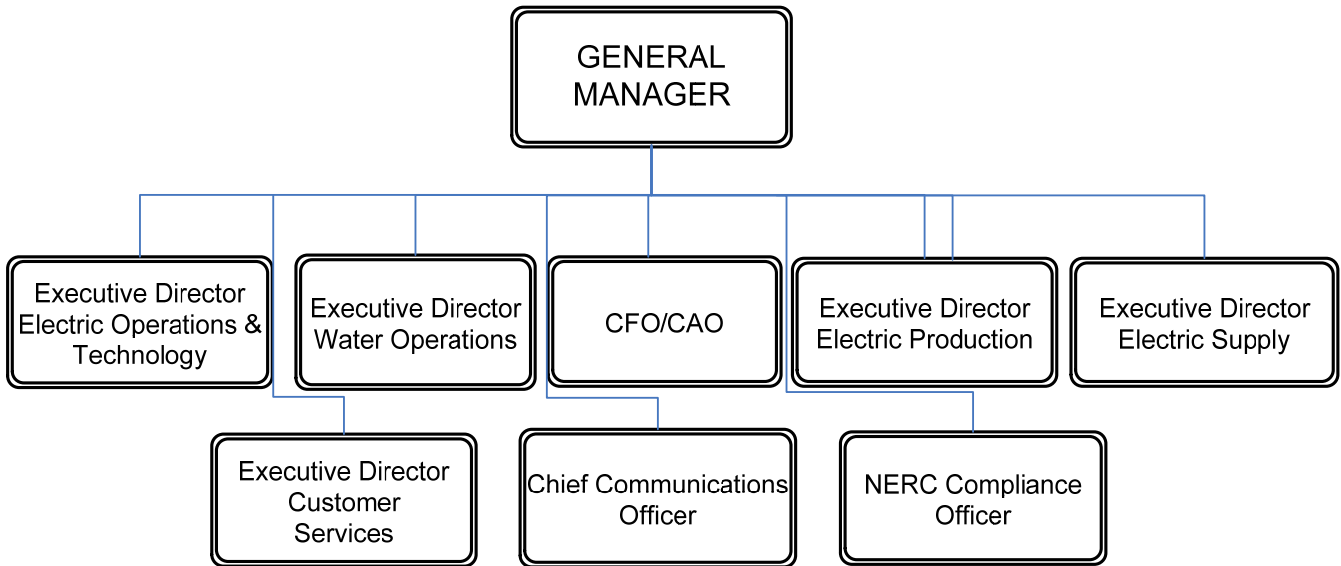
Chris D. Stewart, Director  
Civil Engineering

Patrice Townsend, Director  
Utility Services



# Kansas City Board of Public Utilities

## 2019 Organizational Chart



Accounting Civil Engineering Cash Operations and Collections Corporate Compliance Customer Service Electric Metering & Services Electric Production Engineering Electric Production Maintenance Electric Production Operations Electric Supply Planning Electric System Control	Electric Transmission & Dist Electrical Engineering Employee Relations Employment Environmental Services Grounds Maintenance Information Technology Network Support OH / UG Lines Production Support Services Purchasing	Radio / Telecom & Cable Stores Street Lights Substations Traffic Signal Transportation Utility Services Water Metering & Services Water Distribution Water Processing Water System Support
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# FINANCIAL SECTION

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## Independent Auditor's Report

The Board of Directors  
Board of Public Utilities  
Kansas City, Kansas

### Report on the Financial Statements

We have audited the accompanying financial statements of the Board of Public Utilities of Kansas City, Kansas (the BPU), an enterprise fund of the Unified Government of Wyandotte County/Kansas City, Kansas, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the BPU's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide* (the Guide) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Public Utilities of Kansas City, Kansas as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows 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* to the financial statements, the financial statements present only BPU and do not purport to, and do not, present fairly the financial position of the Unified Government of Wyandotte County, Kansas City, Kansas as of December 31, 2019 and 2018, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the BPU's basic financial statements. The combining information, Introductory Section and Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated June 4, 2020, on our consideration of BPU'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 BPU'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 BPU's internal control over financial reporting and compliance.

*BKD, LLP*

Kansas City, Missouri  
June 4, 2020



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**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Board of Public Utilities of Kansas City, Kansas's (BPU) financial statements. The BPU's financial statements comprise two components: 1) financial statements and 2) notes to the financial statements. Other required supplementary information is provided in addition to the financial statements.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the BPU's finances in a manner similar to a private-sector business.

The statement of net position presents information on BPU's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases/decreases in net position may serve as a useful indicator of whether the financial position of the BPU is improving/deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how BPU's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (for example, uncollected payments-in-lieu of taxes and earned but unused vacation leave).

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the BPU's progress in funding its obligation to provide pension and postretirement benefits to its employees.

The combining statements for the BPU's electric and water utilities are presented immediately following the required supplemental information.

The BPU is an administrative agency of the Unified Government of Wyandotte County/Kansas City, Kansas (Unified Government).

The electric and water departments are reflected as an enterprise fund on the Unified Government's financial statements consisting of the statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows. This management's discussion and analysis of the BPU's financial report presents the discussion and analysis of the BPU's financial performance for the years ended December 31, 2019 and 2018 with selected comparative information of the year ended December 31, 2017. This analysis should be read in conjunction with the financial statements and notes thereto.

**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

The following tables summarize the financial condition and operations of the BPU as of December 31, 2019, 2018 and 2017 and for each of the years then ended:

**Statements of Net Position Summary**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets and deferred outflows of resources:			
Capital assets, net	\$ 1,054,689,181	\$ 1,106,310,690	\$ 1,085,876,104
Current assets	154,190,844	153,241,821	139,417,951
Other noncurrent assets	90,341,202	62,631,565	63,539,586
Total assets	<u>1,299,221,227</u>	<u>1,322,184,076</u>	<u>1,288,833,641</u>
Deferred outflows of resources	<u>60,839,174</u>	<u>30,445,988</u>	<u>57,492,577</u>
Total assets and deferred outflows of resources	<u>\$ 1,360,060,401</u>	<u>\$ 1,352,630,064</u>	<u>\$ 1,346,326,218</u>
Liabilities, deferred inflows of resources, and net position:			
Noncurrent liabilities	\$ 770,194,789	\$ 770,466,235	\$ 769,220,554
Current liabilities	90,047,241	87,084,961	83,294,183
Total liabilities	<u>860,242,030</u>	<u>857,551,196</u>	<u>852,514,737</u>
Deferred inflows of resources	31,046,221	42,494,885	35,168,146
Net position:			
Net investment in capital assets	441,999,199	416,757,145	396,252,643
Restricted	24,986,290	47,761,884	24,216,477
Unrestricted	1,786,661	(11,935,046)	38,174,215
	<u>\$ 1,360,060,401</u>	<u>\$ 1,352,630,064</u>	<u>\$ 1,346,326,218</u>

**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

**Statements of Revenues, Expenses and Changes in Net Position Summary**

	<b>2019</b>	<b>2018</b>	<b>2017*</b>
Operating revenues:			
Residential	\$ 99,988,671	\$ 106,047,470	\$ 96,264,382
Commercial	112,966,497	118,435,681	113,608,013
Industrial	55,539,127	57,246,465	54,653,921
Other	34,554,724	38,572,604	20,278,405
Energy rate component	—	—	(171,983)
Payment-in-lieu of taxes	34,116,534	35,490,480	32,673,555
Total operating revenues	337,165,553	355,792,700	317,306,293
Operating expenses:			
Fuel	33,632,162	32,611,047	28,088,298
Purchased power	57,826,233	69,937,729	64,277,525
Production	44,076,349	43,485,432	43,338,443
Transmission and distribution	52,260,989	48,593,280	45,780,972
General and administrative	34,962,802	24,375,263	32,584,960
Depreciation and amortization	35,835,585	36,110,255	31,608,943
Total operating expenses	258,594,120	255,113,006	245,679,141
Operating income	78,571,433	100,679,694	71,627,152
Nonoperating income (expense):			
Interest expense	(31,425,697)	(29,044,525)	(27,734,117)
Payment-in-lieu of taxes	(34,116,534)	(35,490,480)	(32,673,555)
Other	2,832,041	2,560,008	2,029,089
Total nonoperating expense, net	(62,710,190)	(61,974,997)	(58,378,583)
Contributions and transfers:			
Contributions from developers and others	326,924	—	220,273
Change in net position	16,188,167	38,704,697	13,468,842
Net Position, Beginning of Year	452,583,983	413,879,286	445,174,493
Net position, end of year	\$ 468,772,150	\$ 452,583,983	\$ 458,643,335
Total revenue	\$ 340,324,518	\$ 358,352,708	\$ 319,335,382
Total expense	324,136,351	319,648,011	306,259,134

\*Fiscal year 2017 was not restated for the adoption of Governmental Accounting Standards Board Statement No. 75 as it was not practical to do so.

***Financial Highlights***

**2019 Compared to 2018**

- Net capital assets decreased by \$51.6 million in 2019. The decrease is attributed to the impairment of certain Quindaro Power Station assets of \$73.M.
- Debt service coverage ratio for 2019 decreased to 2.04 times in comparison with 2.36 for the year ended 2018.

**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

- Other noncurrent assets increased by \$27.7 million in 2019 due to an increase as a result of the transfer of Quindaro Power Station assets to regulatory asset and a decrease of \$45.9 million as a result of expenditures for capital projects funded by revenue bonds and the reversal of a net pension asset recorded in 2018.
- Deferred outflows of resources increased by \$30.4 million. Also, with the change in measurement date of the total OPEB liability, there were no contributions to the OPEB plan made subsequent to the measurement date.
- Net position increased by \$16.2 million during 2019.

In 2019, the BPU has finalized the \$13.0 million from the Kansas Public Water Supply loan fund. The projects funded by this loan consist of filter media and pump replacement at the Nearman Water Treatment Plant and replacement of deteriorated water lines throughout the distribution system. In 2019, the BPU's operating revenues were approximately \$337.2 million, with the Electric Utility recognizing revenues of \$286.3 million and the Water Utility recognizing revenues of \$50.9 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue decreased by approximately \$18.6 million to \$337.2 million in 2019. The Electric Utility experienced decreased electric sales of \$17.9 million compared to 2018. Residential, Commercial, Industrial and Wholesale sales were lower over prior year. In 2019, the BPU recognized \$5.5 million of deferred revenue from the 2019 over collection of the Energy Rate Component.

The Water Utility experienced a reduction \$700 thousand in water sales compared to 2018. In comparison to the 2019 budgeted revenue, overall, the BPU collected 99% of the projected Energy and Water sales and 103% of total operating revenue.

Operating expenses for 2019 and 2018 were approximately \$258.6 million and \$255.1 million, respectively. The Electric Utility represented \$220.8 million and \$220.4 million for 2019 and 2018, respectively, while the Water Utility represented \$37.8 million and \$34.7 million for 2019 and 2018 in operating expenses, respectively. The largest component of operating expenses is fuel, purchased power and production expense. Overall, in 2019, fuel, purchased power and electric production costs totaled \$135.5 million which is \$10.5 million less than 2018. The BPU's power supply mix for fiscal years 2019 and 2018 was 22% and 18% coal, 63% and 68% net power purchases, 10% and 12% gas, and 5% and 2% oil, respectively.

2018 Compared to 2017

- Net capital assets increased by \$20.4 million in 2018. The majority of the increase is attributed to an increase in property, plant and equipment for the year.
- Debt service coverage ratio for 2018 increased to 2.36 times in comparison with 1.78 for the year ended 2017.
- Other noncurrent assets decreased by \$908 thousand in 2018 as a result of expenditures for capital projects funded by revenue bonds and the addition of recording a net pension asset for 2018.
- Net position decreased by \$6.1 million during 2018, which includes the cumulative effect of a change in accounting principle for the adoption of GASB No. 75.



**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

As of December 31, 2018, the BPU had drawn \$12.0 million from the Kansas Public Water Supply loan fund. The projects funded by this loan consist of filter media and pump replacement at the Nearman Water Treatment Plant and replacement of deteriorated water lines throughout the distribution system. In 2018, the BPU's operating revenues were approximately \$355.8 million, with the Electric Utility recognizing revenues of \$304.2 million and the Water Utility recognizing revenues of \$51.6 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue increased by approximately \$38.5 million to \$355.8 million in 2018. The Electric Utility experienced increased electric sales of \$38.3 million compared to 2017. Residential, Commercial, Industrial and Wholesale sales were higher over prior year. In 2018, the BPU recognized \$4.8 million of deferred revenue from the 2018 over collection of the Energy Rate Component.

The Water Utility experienced an additional \$200 thousand in water sales compared to 2017. In comparison to the 2018 budgeted revenue, overall, the BPU collected 106% of the projected Energy and Water sales and 112% of total operating revenue.

Operating expenses for 2018 and 2017 were approximately \$255.1 million and \$245.7 million, respectively. The Electric Utility represented \$220.4 million and \$211.7 million for 2018 and 2017, respectively, while the Water Utility represented \$34.7 million and \$33.9 million for 2018 and 2017 in operating expenses, respectively. The largest component of operating expenses is fuel, purchased power and production expense. Overall, in 2018, fuel, purchased power and electric production costs totaled \$140.6 million which is \$10.3 million more than 2017. The BPU's power supply mix for fiscal years 2018 and 2017 was 18% and 20% coal, 68% and 70% net power purchases, 12% and 8% gas and 2% and 2% oil, respectively.

***Capital Assets***

2019 Compared to 2018

Net capital assets decreased by \$51.6 million in 2019. Capital asset additions were offset by approximately \$35.8 million of depreciation and amortization expense. Additionally, \$73.6 million of certain assets at the Quindaro Power Station were recognized as an impairment during the year.

Refer to Note 5 to the financial statements for additional information.

2018 Compared to 2017

Net capital assets increased by \$20.4 million in 2018. Capital asset additions were offset by approximately \$36.1 million of depreciation and amortization expense.

Refer to Note 5 to the financial statements for additional information.

***Debt Administration***

2019 Compared to 2018

Noncurrent liabilities outstanding as of December 31, 2019 and 2018 were \$770.2 million and \$770.5 million, respectively.

**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

The BPU maintains a debt ratio that is consistent with the current provisions in the bond indenture document. This debt service ratio is a measure of the adequacy of cash to pay debt service and is the minimum amount necessary to prevent bond default. The BPU must maintain debt coverage of 1.2. The coverage requirement imposed by the bond indenture is that operating revenues be at least 120% of the maximum annual debt service.

The BPU also has a mandatory provision in its bond indentures for a debt service trigger when debt coverage is 1.3 times or below the annual debt service payment amounts.

As of December 31, 2019 and 2018, the BPU had debt coverage of 2.04 times and 2.36 times, respectively.

In 2019, the BPU's utility system bonds for both electric and water debt are rated A from both Fitch and Standard & Poor's Rating Services and A2 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from 2.00% to 5.20%. Interest on debt expense, net of amounts capitalized, for 2019 and 2018 was \$31.4 million and \$29.0 million, respectively.

Refer to Note 6 to the financial statements for additional information.

2018 Compared to 2017

Noncurrent liabilities outstanding as of December 31, 2018 and 2017 were \$770.5 million and \$769.2 million, respectively.

The BPU maintains a debt ratio that is consistent with the current provisions in the bond indenture document. This debt service ratio is a measure of the adequacy of cash to pay debt service and is the minimum amount necessary to prevent bond default. The BPU must maintain debt coverage of 1.2. The coverage requirement imposed by the bond indenture is that operating revenues be at least 120% of the maximum annual debt service.

The BPU also has a mandatory provision in its bond indentures for a debt service trigger when debt coverage is 1.3 times or below the annual debt service payment amounts.

As of December 31, 2018 and 2017, the BPU had debt coverage of 2.36 times and 1.78 times, respectively.

In 2018, the BPU's utility system bonds for both electric and water debt are rated A+ from both Fitch and Standard & Poor's Rating Services and A2 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from 2.00% to 5.20%. Interest on debt expense, net of amounts capitalized, for 2018 and 2017 was \$29.0 million and \$27.7 million, respectively.

Refer to Note 6 to the financial statements for additional information.

**Board of Public Utilities**  
**Management's Discussion and Analysis**  
**December 31, 2019 and 2018**  
**(Unaudited)**

***Significant Events – Quindaro Power Plant***

Other regulatory assets during fiscal year 2019, the BPU recognized an impairment of certain assets as the Quindaro Power Station. As a result of the decision to cease operations of the Quindaro units as the units are not efficient to operate, the BPU determined that the Quindaro Power Station assets were permanently impaired as of December 31, 2019 and recorded a \$73.6 million loss as a Regulatory Asset on the Statement of Net Position and will be amortized through 2040, the period for which the regulatory asset will be recovered through future rates.

Refer to Note 5 to the financial statements for additional information.

**Board of Public Utilities**  
**Statements of Net Position**  
**December 31, 2019 and 2018**

<b>Assets and Deferred Outflows of Resources</b>	<b>2019</b>	<b>2018</b>
Noncurrent assets:		
Capital assets:		
Property, plant, and equipment	\$ 1,759,186,928	\$ 1,857,044,867
Less accumulated depreciation	<u>(834,610,947)</u>	<u>(844,811,900)</u>
Plant in service, net	924,575,981	1,012,232,967
Construction work in progress	<u>130,113,200</u>	<u>94,077,723</u>
Capital assets, net	<u>1,054,689,181</u>	<u>1,106,310,690</u>
Restricted assets:		
Cash and cash equivalents	15,911,410	38,687,271
Investments	249,000	249,000
Net pension asset	<u>—</u>	<u>22,516,528</u>
Total restricted assets	16,160,410	61,452,799
System development costs, net	619,656	1,178,766
Regulatory assets	<u>73,561,136</u>	<u>—</u>
Total noncurrent assets	<u>1,145,030,383</u>	<u>1,168,942,255</u>
Current assets:		
Cash and cash equivalents	54,227,944	47,940,247
Cash and cash equivalents – restricted	14,155,119	14,185,639
Investments – restricted	15,196,781	15,193,510
Accounts receivable – customers and other	27,562,013	31,340,826
Accounts receivable – unbilled	14,414,032	15,357,775
Allowance for doubtful accounts	(324,369)	(505,927)
Inventories	27,251,198	28,082,078
Prepayments and other current assets	<u>1,708,126</u>	<u>1,647,673</u>
Total current assets	<u>154,190,844</u>	<u>153,241,821</u>
Total assets	<u>1,299,221,227</u>	<u>1,322,184,076</u>
Deferred outflows of resources:		
Deferred loss on bond refunding	10,014,303	11,502,447
Deferred Outflows - Pension	50,824,871	15,529,509
Deferred Outflows - Other postemployment benefits	<u>—</u>	<u>3,414,032</u>
Total deferred outflows of resources	<u>60,839,174</u>	<u>30,445,988</u>
Total assets and deferred outflows of resources	<u>\$ 1,360,060,401</u>	<u>\$ 1,352,630,064</u>

**Board of Public Utilities**  
**Statements of Net Position**  
**December 31, 2019 and 2018**

<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>2019</b>	<b>2018</b>
Net position:		
Net investment in capital assets	\$ 441,999,199	\$ 416,757,145
Restricted - debt service	24,986,290	25,245,356
Restricted - net pension asset	—	22,516,528
Unrestricted (deficit)	1,786,661	(11,935,046)
Total net position	<u>468,772,150</u>	<u>452,583,983</u>
Liabilities:		
Noncurrent liabilities:		
Long-term debt – revenue bonds	650,450,673	678,283,354
Government loans	31,086,167	31,553,635
Total long-term debt	<u>681,536,840</u>	<u>709,836,989</u>
Total other postemployment benefit liability	50,295,281	54,987,646
Compensated absences	5,741,800	5,641,600
Net pension liability	32,620,868	—
Total noncurrent liabilities	<u>770,194,789</u>	<u>770,466,235</u>
Current liabilities:		
Current maturities of revenue bonds	24,700,000	23,885,000
Current maturities of government loans	2,935,102	2,821,191
Accrued interest	9,869,110	10,232,460
Customer deposits	6,965,610	6,733,792
Accounts payable	29,561,251	27,584,594
Payroll and payroll taxes	2,924,815	2,668,628
Accrued claims payable	1,275,725	1,379,277
Workers compensation	1,521,617	880,093
Public liability reserve	460,250	535,759
Other accrued liabilities	5,472,196	5,714,877
Payment-in-lieu of taxes	2,607,675	2,700,207
Construction contract retainage payable	1,753,890	1,949,083
Total current liabilities	<u>90,047,241</u>	<u>87,084,961</u>
Total liabilities	<u>860,242,030</u>	<u>857,551,196</u>
Deferred inflows of resources:		
Recovery fuel purchased power	5,545,635	4,750,297
Deferred Inflows - Pension	20,850,109	37,744,588
Deferred Inflows - OPEB	4,650,477	—
Total deferred inflows of resources	<u>31,046,221</u>	<u>42,494,885</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,360,060,401</u>	<u>\$ 1,352,630,064</u>

**Board of Public Utilities**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Residential	\$ 99,988,671	\$ 106,047,470
Commercial	112,966,497	118,435,681
Industrial	55,539,127	57,246,465
Other	34,554,724	38,572,604
Payment-in-lieu of taxes	34,116,534	35,490,480
Total operating revenues	<u>337,165,553</u>	<u>355,792,700</u>
Operating expenses:		
Fuel	33,632,162	32,611,047
Purchased power	57,826,233	69,937,729
Production	44,076,349	43,485,432
Transmission and distribution	52,260,989	48,593,280
General and administrative	34,962,802	24,375,263
Depreciation and amortization	35,835,585	36,110,255
Total operating expenses	<u>258,594,120</u>	<u>255,113,006</u>
Operating income	<u>78,571,433</u>	<u>100,679,694</u>
Nonoperating revenues (expenses):		
Interest expense	(31,425,697)	(29,044,525)
Payment-in-lieu of taxes	(34,116,534)	(35,490,480)
Other	2,832,041	2,560,008
Total nonoperating expenses, net	<u>(62,710,190)</u>	<u>(61,974,997)</u>
Income before contributions and transfers	15,861,243	38,704,697
Contributions and transfers:		
Contributions from developers and others	326,924	—
Change in net position	16,188,167	38,704,697
Net position, Beginning of Year	<u>452,583,983</u>	<u>413,879,286</u>
Net position, End of Year	<u>\$ 468,772,150</u>	<u>\$ 452,583,983</u>

**Board of Public Utilities**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from customers	\$ 341,707,551	\$ 333,674,496
Receipts from customers on behalf of Unified Government	51,951,989	51,270,306
Payments to suppliers	(152,936,336)	(144,548,399)
Payments to Unified Government	(51,363,041)	(50,121,852)
Payments to employees	(61,472,554)	(59,981,037)
Net cash provided by operating activities	<u>127,887,609</u>	<u>130,293,514</u>
Cash flows used in noncapital financing activities – payment-in-lieu of taxes	(34,209,066)	(35,223,760)
Cash flows from capital and related financing activities:		
Purchases of property, plant, and equipment	(56,379,772)	(53,761,388)
Payments on capital leases	-	(1,003,499)
System development costs	(278,364)	(473,834)
Payments on revenue bonds	(23,885,000)	(20,735,000)
Payments on government loans	(2,902,099)	(2,823,818)
Issuance of government loans	2,548,542	2,388,271
Interest paid on utility system debt	(31,789,047)	(32,570,641)
Net cash used in capital and related financing activities	<u>(112,685,740)</u>	<u>(108,979,909)</u>
Cash flows from investing activities:		
Purchases of investments	(54,355,271)	(47,717,838)
Proceeds from sales and maturities of investments	54,352,000	46,877,830
Interest received	2,491,784	2,021,635
Net cash provided by investing activities	<u>2,488,513</u>	<u>1,181,627</u>
Net decrease in cash and cash equivalents	(16,518,684)	(12,728,528)
Cash and cash equivalents, beginning of year	100,813,157	113,541,685
Cash and cash equivalents, end of year	<u>\$ 84,294,473</u>	<u>\$ 100,813,157</u>
Components of cash and cash equivalents at end of fiscal year:		
Restricted	\$ 30,066,529	\$ 52,872,910
Unrestricted	54,227,944	47,940,247
	<u>\$ 84,294,473</u>	<u>\$ 100,813,157</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 78,571,433	\$ 100,679,694
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	35,835,585	36,110,253
Changes in noncash assets and noncash liabilities:		
Accounts receivable – customers and other, net	4,540,998	(1,630,245)
Inventories	830,880	(3,092,939)
Prepayments and other current assets	(224,157)	1,666,863
Customer deposits	231,818	1,284,784
Accounts payable	264,782	(146,158)
Payroll and payroll-related liabilities	356,387	629,225
Accrued claims payable	462,463	(986,359)
Other accrued liabilities	(242,681)	20,192
Deferred fuel costs and deferred purchased power	795,338	(1,583,814)
Construction contract payable	(195,193)	928,896
Deferred outflows - pension	(35,295,362)	8,695,263
Deferred inflows - pension	(16,894,479)	29,187,767
Net pension asset/liability	55,137,396	(42,966,519)
Total other postemployment benefit liability	(4,692,365)	480,768
Deferred outflows - other postemployment benefits	3,414,032	411,568
Deferred inflows - other postemployment benefits	4,650,477	-
Other noncurrent assets, net	340,257	604,275
Net cash provided by operating activities	<u>\$ 127,887,609</u>	<u>\$ 130,293,514</u>
Supplemental noncash disclosure:		
Contributions of capital assets from developers	\$ 326,924	-
Accounts payable incurred for purchase of capital assets	1,711,875	633,464
Transfer impaired capital assets to regulatory asset	(73,561,136)	-

See Notes to Financial Statements

# Board of Public Utilities

## Notes to Financial Statements

### December 31, 2019 and 2018

#### Note 1: Summary of Significant Accounting Policies

##### ***Description of Business***

The Board of Public Utilities of Kansas City, Kansas (the BPU) consists of the municipal electric and water utility, which provide services to approximately 65,000 electric and 51,000 water customers.

Under Charter Ordinance of the Unified Government of Wyandotte County, Kansas City, Kansas (the Unified Government), the BPU is an administrative agency of the Unified Government and, as such, is a part of the Unified Government's primary government. However, the BPU's operational and administrative control is under a six-member elected board of directors (the Board). The accompanying financial statements represent the combination of only those operations related to the Unified Government's electric and water utility.

##### ***Basis of Accounting***

The BPU accounts for the water and electric utility as an enterprise fund. Significant interdepartmental accounts, including interdepartmental sales, have been eliminated. BPU uses the economic resources measurement focus and accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. The BPU's accounting policies conform to the requirements for regulated operations. In accordance with these rules, certain costs or credits may be recorded as deferred charges or credits when it is probable that future rates established by the Board permit recovery of specific costs or require these credits to be returned to ratepayers. The BPU applies the provisions of GASB Accounting Standards Codification Section Re10, *Regulated Operations*, as appropriate.

Revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants, subsidies and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

##### ***Estimates and Assumptions***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of capital assets; allowances for doubtful accounts, and inventory; employee benefit obligations, environmental liabilities and other contingencies.



# Board of Public Utilities

## Notes to Financial Statements

### December 31, 2019 and 2018

#### ***Revenue Recognition***

Operating revenues are recognized when electric and water services are delivered to customers. Payment-in-lieu of taxes represents amounts billed and collected by the BPU on behalf of the Unified Government. The BPU remits all such amounts to the Unified Government.

Meters are read and bills are rendered on a cycle basis. Unbilled revenue represents services delivered to customers and not billed at the end of a period. Management accrues estimated delivered amounts each period.

Operating revenues reported in the statements of revenues, expenses and changes in net position are shown net of discounts and estimated allowances for doubtful accounts.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased. Current restricted assets are assets that are scheduled to be disbursed within the year.

#### ***Capital Assets***

Capital assets are stated at cost to acquire or cost to construct. These costs include payroll-related costs, including pensions and other fringe benefits. For depreciable assets that are retired due to circumstances other than impairment, the net book value of assets retired plus the cost of removal, less salvage, is charged against accumulated depreciation with no gain or loss recognized. Per the financial reporting requirements of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, any losses associated with capital asset impairments will be charged as a non-operating expense. Repairs and maintenance are charged to maintenance expense. Contributions from developers and others are stated at acquisition value at the date donated. Currently, BPU has a capitalization threshold of \$5,000 for plant assets.

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will 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 a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The BPU has three items that meet the criterion for reporting as deferred outflows on the statement of net position, the deferred charge on bond refunding, the difference between projected and actual earnings on pension plan investments, and contributions made to retirement and other postemployment benefit plans subsequent to the measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The difference between projected and actual earnings on pension plan investments is recognized in pension expense over a five-year period, beginning in the current reporting period. These amounts are described in detail in Note 9.

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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 a future period(s) and so will not be recognized as an inflow of resources (revenue and/or contra expense) until that time. The BPU will report the over recovery of revenue from the Energy Rate Component (ERC) rider and certain changes in assumptions relating to the pension plan as deferred inflows of resources on the statement of net position.

***Depreciation***

The BPU depreciates plant and equipment on a composite basis over their estimated useful lives on a straight-line basis. In 2014, BPU engaged an independent third-party consulting firm to conduct a depreciation study to determine if existing depreciation rates remained applicable to the depreciable property groups. New depreciation rates resulting from the study were adopted during fiscal year 2015.

	<b>Composite Rates</b>	<b>Useful Lives (in years)</b>
Production plant	1.70%–9.69%	10–59
Transmission and distribution	1.36%–8.76%	11–74
General plant	2.52%–7.75%	13–40

***Interest Capitalization***

With the 2019 implementation of GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest costs are no longer reported as capitalized interest. For 2018, prior to implementation of GASB Statement No. 89, interest costs incurred to finance construction work in progress net of interest income from tax-exempt bonds were capitalized. The BPU reported capitalized interest of \$3.3 million in 2018.

***Accounts Receivable***

An estimate is made for the provision for uncollectible accounts based on an analysis of the aged accounts receivable and historical write-offs, net of recoveries. Additional amounts may be included based upon management’s evaluation of customer credit risks. Allowances for doubtful accounts totaled \$324 and \$506 thousand at December 31, 2019 and 2018, respectively.

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

***Inventories***

Inventories are stated at cost and consist of the following:

	<b>2019</b>	<b>2018</b>
Fuel	\$ 6,043,057	\$ 6,560,937
Material and supplies	21,208,141	21,521,141
Total	\$ 27,251,198	\$ 28,082,078

***Investments***

Investments consist of deposits, repurchase agreements, certificates of deposit, money market funds, and U.S. Treasury securities, which are recorded at estimated fair value as determined by market prices. BPU's investment policies are governed by the BPU's Charter Ordinance, management policies, and statutes established by the State of Kansas. Securities are held by BPU's safekeeping agent. Cash deposits are held with banks insured by Federal Deposit Insurance Corporation (FDIC) and acceptable collateral is maintained for amounts above FDIC limits, equal to or greater than 102% of the funds deposited at all times.

***Brushy Creek Coal Company and Liberty Coal Company***

The BPU holds an indirect 50% interest in Brushy Creek Coal Company (BCCC) and a 50% indirect interest in Liberty Coal Company (Liberty). The other 50% interest in both BCCC and Liberty is indirectly owned by the City of Sikeston, Missouri (Sikeston). BCCC was the owner and operator of a coal mine and related equipment located in Illinois. BCCC discontinued mining operations in 1997. BCCC did not have material operations during the years ended December 31, 2019 and 2018. Upon cessation of operations at BCCC, the BPU became contractually responsible for 50% of asset retirement obligations and for 50% of certain postretirement benefits to mine workers. At December 31, 2019 and 2018, the BPU has recorded an estimated liability of \$1.3 million and \$1.4 million, respectively, within accrued claims payable for its estimated remaining share of these obligations. Funding provided for these obligations was \$270,000 and \$100,000 in 2019 and 2018, respectively.

The amounts recorded for the BPU's portion of the asset retirement obligation and the miners' benefits require significant judgment and involve a number of estimates. The BPU has recorded its estimated obligations for each of these items using information currently available to management. These estimates could change significantly over time.

***Customer Deposits***

Customer deposits are moneys that have been collected from customers that are held by the BPU until the customer either terminates their service or the customer is in good credit standing with the BPU for 12 months. The funds are held in an interest-bearing account; after 12 months, the deposit, plus interest, is credited back to the customer.

# Board of Public Utilities

## Notes to Financial Statements

### December 31, 2019 and 2018

#### **Debt Issuance Costs**

Debt issuance costs are expensed as incurred with the exception that bond insurance premiums are capitalized and amortized over the life of the bonds.

#### **Pensions**

In accordance with the BPU's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the financial statements.

The net pension liability (asset) is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability (asset), deferred outflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Retirement Pension Plan for Employees of the Board of Public Utilities of Kansas City, Kansas (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Other Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are for the OPEB Plan. For this purpose, benefit payments are funded on a pay-as-you-go basis. The BPU funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. The following timeframes are used for the year ended December 31, 2019:

- Valuation Date December 31, 2019
- Measurement Date December 31, 2019
- Measurement Period January 1, 2019 to December 31, 2019

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

For the year ended December 31, 2018:

- Valuation Date January 1, 2018
- Measurement Date December 31, 2017
- Measurement Period January 1, 2017 to December 31, 2017

In 2019, the BPU recognized the effect of a change in accounting principle for a change in the measurement date of its other postemployment benefit liability to be the same as its fiscal year-end. This presentation is preferable as the measurement date for the plan now aligns with the fiscal year-end, which provides correct information as of the date of the financial statements.

***Vacation and Sick Leave***

Under the terms of the BPU’s personnel policy, employees are granted vacation and sick leave. In the event of termination, an employee is paid for accumulated vacation days. Employees may carry over, from year to year, a maximum of 80 hours of vacation hours for bargaining unit employees and 120 hours for nonbargaining employees. The liability for accumulated vacation of \$1,405,100 and \$1,358,500 includes current vacation of \$287,400 and \$251,540 at December 31, 2019 and 2018, respectively, which is included in reserve for compensated absences and payroll and payroll tax liabilities in the accompanying statements of net position. Sick leave can be accrued up to 1,760 hours. Employees who resign with at least 15 years of service are paid for 75% of accumulated sick leave. All employees are paid for accumulated sick leave upon retirement or death. The liability for accrued sick leave of \$5,849,300 and \$5,540,800 includes current sick leave of \$1,225,200 and \$1,006,160 at December 31, 2019 and 2018, respectively, which is included in reserve for compensated absences and payroll and payroll taxes in the accompanying statements of net position.

	<b>2019</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Sick leave	\$ 5,540,800	\$ 1,225,200	\$ (916,700)	\$ 5,849,300
Vacation	1,358,500	287,400	(240,800)	1,405,100

	<b>2018</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Sick leave	\$ 5,218,570	\$ 1,006,160	\$ (683,930)	\$ 5,540,800
Vacation	1,273,390	251,540	(166,430)	1,358,500

# Board of Public Utilities

## Notes to Financial Statements

### December 31, 2019 and 2018

#### **Net Position**

In the financial statements, net position is displayed in three components as follows:

- Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted – This consists of net positions that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the BPU’s policy to use restricted resources first, then unrestricted resources as they are needed.
- Unrestricted – This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### **Revision**

An immaterial revision was made to the 2018 financial statements to properly distinguish between the major categories of restricted net position by segregating net position restricted for debt service and for net pension asset. This revision had no effect on total restricted net position or total net position.

#### **New Accounting Pronouncements - Not Yet Effective**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. The primary objective is to reduce inconsistency in financial reporting and enhance comparability for both the recognition and measurement for assets retirement obligations, other than landfills. The requirements of this statement were originally effective for reporting periods beginning after June 15, 2018. In May 2020, the GASB approved Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the effective date to reporting periods beginning after June 15, 2019. The BPU is currently assessing the impact of this statement.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement were originally effective for fiscal years beginning after December 15, 2019. In May 2020, the GASB approved Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

effective date to reporting periods beginning after June 15, 2021. At this time, the BPU is currently assessing the impact of this Statement.

**Adoption of GASB Standards**

In 2019, the BPU adopted the following GASB Standards:

- GASB 84, *Fiduciary Activities*, which had no impact on the BPU’s prior or current year financial statements.
- GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which had no impact on the BPU’s prior or current year financial statements.
- GASB 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which was early adopted and applied prospectively. (Note 1, Interest Capitalization)

**Note 2: Cash and Investments**

Kansas state statutes authorize the BPU, with certain restrictions, to invest in open accounts, time deposits, certificates of deposit, U.S. Treasury notes and U.S. agency notes. All deposits with banks are collateralized at 102% of market value, as required by the BPU’s Cash and Investment Policy and Kansas state statute, less insured amounts.

The following represents the BPU’s total cash and investments at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Cash and certificates of deposit (CDs)	\$ 443,139	\$ 1,260,942
Repurchase agreements	62,250,414	54,913,097
U.S. agency	17,674,837	17,763,711
Money market funds	19,371,864	42,317,917
Total cash and investments	\$ 99,740,254	\$ 116,255,667

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

Cash and investments are included in the following statement of net position accounts at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 54,227,944	\$ 47,940,247
Cash and cash equivalents – restricted	14,155,119	14,185,639
Investments – restricted	15,196,781	15,193,510
Noncurrent restricted assets:		
Cash and cash equivalents	15,911,410	38,687,271
Investments	249,000	249,000
	\$ 99,740,254	\$ 116,255,667

***Deposits and Investments***

The BPU maintains a cash and investment program to pay for operating and capital requirements, as well as, for debt service requirements. The investment program consists of deposits, repurchase agreements, certificates of deposit and U.S. Treasury securities. Other investments using U.S. agency and money market fund securities for the debt service program are managed by the bond trustee. Nearly all maturities of securities were less than one year. At December 31, 2019 and 2018, the bank balance and certificates of deposit were \$443,139 and \$1,260,942, respectively, which were covered by federal depository insurance or collateral held in safekeeping in the BPU's name.

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2019 are as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities</b>	
		<b>Less than 6 Months</b>	<b>6–12 Months</b>
Cash and CDs	\$ 443,139	\$ 443,139	\$ -
Repurchase agreements	62,250,414	62,250,414	-
U.S. agency	17,674,837	10,030,501	7,644,336
Money market funds	19,371,864	19,371,864	-
Total	\$ 99,740,254	\$ 92,095,918	\$ 7,644,336



**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2018 are as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities</b>	
		<b>Less than 6 Months</b>	<b>6-12 Months</b>
Cash and CDs	\$ 1,260,942	\$ 1,260,942	\$ -
Repurchase agreements	54,913,097	54,913,097	-
U.S. agency	17,763,711	10,235,401	7,528,310
Money market funds	42,317,917	42,317,917	-
Total	<u>\$ 116,255,667</u>	<u>\$ 108,727,357</u>	<u>\$ 7,528,310</u>

Investment Policy

The BPU has an investment policy that regulates investments in securities that have objectives of safety of principal, liquidity with all investments in U.S. dollars, and investment returns optimized within the constraints of safety and liquidity. Eligible securities are specific to Kansas state statutes and the BPU's bond indenture agreements. All securities owned by the BPU are in conformance with the investment policy.

Credit Risk

Credit risk is the risk that an entity will not be able to honor its commitments in the event of liquidation. The BPU's investment policy states that the investment portfolio be designed and managed in accordance with the responsibility of ensuring the public's trust and is consistent with state and local laws. Two investment objectives that the BPU strives for are safety and liquidity. Investments are made so as to minimize the potential for realized losses arising from changes in market value or issuer default. Sufficient liquidity is also maintained in order to meet the anticipated cash needs of the utility. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the State of Kansas as described in K.S.A. 12-1675 and 10-131. These statutes require all investments be in (a) U.S. Treasury securities; (b) U.S. agency securities; (c) Money Market Mutual Funds; (d) Repurchase Agreement securities; (e) and any external investment pools and be the highest rated by nationally recognized rating agencies. All of the BPU's securities including money market mutual funds are AAA rated by Moody's. Any bank deposits and certificates of deposit are fully collateralized by the FDIC or other qualifying securities. All securities held by the BPU meet the credit quality objective.

Custody Risk

Custody risk is the risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The BPU believes it has no custodial risk. All securities are registered in the name of the BPU and held by a third-party safekeeping agent. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the state of Kansas in K.S.A. 12-1675 and 10-131 and diversifying investment holdings to avoid high concentration of any one security issuer. The BPU has a concentration of credit risk where it holds more than 5% of its investment portfolio in any one security issuer other than U.S. Treasury securities and in investment pools.

The following U.S. agency securities held in safekeeping by the BPU's bond trustee are in excess of 5% of total investments as of December 31, 2019:

<b>Issuer</b>	<b>Amount</b>	<b>Percentage of Total Portfolio</b>
Federal Home Loan Mortgage Corp	\$ 12,735,132	12.77%

The following U.S. agency securities held in safekeeping by the BPU's bond trustee are in excess of 5% of total investments as of December 31, 2018:

<b>Issuer</b>	<b>Amount</b>	<b>Percentage of Total Portfolio</b>
Federal Home Loan Bank	\$ 17,763,711	15.33%

Interest Rate Risk

Interest rate risk is the risk that the fair value of the BPU's investments will decrease as a result of the increase in interest rates. The BPU investment policy requires the minimization of the risk of market value change. This is accomplished by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for debt service and other disbursement requirements for ongoing operations and by keeping maturities short.

Derivatives

The BPU has not used derivative instruments historically. Contracts containing derivatives, such as coal procurement and other commodity purchase contracts are routinely evaluated and amounts purchased have been used by the BPU in producing power and qualify as normal purchases.

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***Nonrestricted Designated Assets***

Certain cash and investment amounts have been designated by Board policy for specific purposes as follows:

	<u>2019</u>	<u>2018</u>
Economic development fund	\$ 250,000	\$ 500,000
Capital debt reduction	6,290,000	6,290,000
Reserve - Public Liability	1,000,000	1,000,000
Reserve - Workers' Comp	1,100,000	1,100,000
Rate stabilization fund	9,156,273	9,156,273
System development reserve	<u>9,288,900</u>	<u>8,786,900</u>
Total	<u>\$ 27,085,173</u>	<u>\$ 26,833,173</u>

**Note 3: Restricted Assets**

Restricted assets were held in the following funds at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Debt service fund	\$ 22,386,290	\$ 22,645,357
Customer deposits	6,965,610	6,733,792
Construction funds	14,660,410	37,436,271
Improvement and emergency fund	<u>1,500,000</u>	<u>1,500,000</u>
Total restricted assets	<u>\$ 45,512,310</u>	<u>\$ 68,315,420</u>

The BPU is permitted to invest funds in specified types of investments in accordance with its investment policy until the time such funds are required to be disbursed for their designated purposes.

**Note 4: Dogwood Energy Facility (Dogwood)**

BPU owns an undivided 17% interest in the assets of the Dogwood Energy Facility (Dogwood), a natural gas-fired combined cycle generating plant located in Pleasant Hill, Missouri in Cass County, Missouri, operated by Dogwood Energy, LLC. In addition to the BPU, Kansas Power Pool (KPP), Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the City of Independence, Missouri also own 10.3%, 16.4% and 12.3%, respectively, of the Dogwood Energy Facility. Dogwood Energy, LLC maintains the remaining ownership (44.0%) in the facility.

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The BPU's portion of the 630 megawatt (MW) rated capability of Dogwood is approximately 110 megawatts (MW). Generation from Dogwood and operating expenses incurred by Dogwood are allocated to the BPU based on the 17% ownership interest. The BPU's proportionate share of their plant operating expenses is included in the corresponding operating expenses in the statement of net position. In addition, the BPU is required to provide its share of financing for any capital additions to Dogwood. During 2019 and 2018, BPU's portion of fuel expense was \$7,227,218 and \$7,899,115, respectively, and its portion of operating and maintenance expense was \$3,069,832 and \$2,740,027, respectively. BPU also receives a portion of the wholesale sales generated by the Dogwood plant. BPU received \$11,241,180 and \$11,900,842 during 2019 and 2018, respectively, in wholesale sales from Dogwood. These amounts are included in the accompanying statements of revenues, expenses and changes in net position.

The BPU applied proportionate consolidation rules to record its undivided ownership interest in this facility. The BPU's investment includes an acquisition adjustment of \$34.8 million, which is presented as property, plant, and equipment and amortized over the estimated life of the plant (29.1 years). The BPU paid 15 years of Payment-in-Lieu of Taxes (PILOT) to Cass County, Missouri in the amount of \$2.5 million. This was recorded as a prepayment and is being amortized until 2028.

The BPU Board of Directors has approved the recovery of amounts invested in this facility, including the acquisition adjustments in current rates.

Information relative to the BPU's ownership interest in Dogwood as of December 31, 2019 and 2018, is shown in the table below. These amounts are included in the 2019 and 2018 Capital Assets table in Note 5.

Facility (type)	Percent Ownership	Net MW	Plant in Service	Accumulated Depreciation	CWIP
<b>2019</b>					
Dogwood (combined cycle)	17%	110	\$ 39,082,093	\$ 8,747,921	\$ 2,243,981
<b>2018</b>					
Dogwood (combined cycle)	17%	110	\$ 37,945,897	\$ 7,116,334	\$ 1,276,445

The BPU has an operating agreement with Dogwood Energy, LLC, which provides for a management committee comprising one representative and an alternate from each participant. Dogwood Power Management, LLC, the project management company, controls the operating and maintenance decisions of Dogwood in its role as operator. The BPU and other participating entities have joint approval rights for the annual business plan, the annual budget and material changes to the budget.

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**Note 5: Capital Assets**

Capital asset activity for the year ended December 31, 2019 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers/ Adjustments</b>	<b>Ending Balance</b>
<b>Electric:</b>					
Production plant	\$ 935,376,897	\$ 816,293	\$ -	\$ (117,744,567)	\$ 818,448,623
Transmission and distribution	408,803,910	9,241,149	(31,791)	(2,830,704)	415,182,564
General plant	130,614,578	1,452,377	-	513	132,067,468
Total electric	<u>1,474,795,385</u>	<u>11,509,819</u>	<u>(31,791)</u>	<u>(120,574,758)</u>	<u>1,365,698,655</u>
<b>Water:</b>					
Production plant	141,167,428	-	-	1,500	141,168,928
Transmission and distribution	195,706,126	11,151,237	-	(4,435)	206,852,928
General plant	45,375,928	90,460	-	29	45,466,417
Total water	<u>382,249,482</u>	<u>11,241,697</u>	<u>-</u>	<u>(2,906)</u>	<u>393,488,273</u>
Property, plant, and equipment	1,857,044,867	22,751,516	(31,791)	(120,577,664)	1,759,186,928
Construction work in progress – not depreciable	94,077,723	58,418,572	(22,383,095)	-	130,113,200
Total capital assets	<u>1,951,122,590</u>	<u>81,170,088</u>	<u>(22,414,886)</u>	<u>(120,577,664)</u>	<u>1,889,300,128</u>
<b>Less accumulated depreciation:</b>					
<b>Electric:</b>					
Production plant	398,471,870	17,609,306	-	(45,375,647)	370,705,529
Transmission and distribution	231,144,217	5,960,189	(30,390)	(40,154)	237,033,862
General plant	76,336,086	3,889,407	-	42	80,225,535
Total electric	<u>705,952,173</u>	<u>27,458,902</u>	<u>(30,390)</u>	<u>(45,415,759)</u>	<u>687,964,926</u>
<b>Water:</b>					
Production plant	61,632,732	3,609,111	-	40	65,241,883
Transmission and distribution	46,798,938	3,135,077	-	-	49,934,015
General plant	30,428,057	1,042,063	-	3	31,470,123
Total water	<u>138,859,727</u>	<u>7,786,251</u>	<u>-</u>	<u>43</u>	<u>146,646,021</u>
Combined total	<u>844,811,900</u>	<u>35,245,153</u>	<u>(30,390)</u>	<u>(45,415,716)</u>	<u>834,610,947</u>
Capital assets, net	<u>\$ 1,106,310,690</u>	<u>\$ 45,924,935</u>	<u>\$ (22,384,496)</u>	<u>\$ (75,161,948)</u>	<u>\$ 1,054,689,181</u>

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Capital asset activity for the year ended December 31, 2018 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers/ Adjustments</b>	<b>Ending Balance</b>
Electric:					
Production plant	\$ 892,449,100	\$ 30,860,300	\$ (64,103)	\$ 12,131,600	\$ 935,376,897
Transmission and distribution	392,882,819	15,884,729	(115,872)	152,234	408,803,910
General plant	128,753,848	1,860,678	-	52	130,614,578
Total electric	<u>1,414,085,767</u>	<u>48,605,707</u>	<u>(179,975)</u>	<u>12,283,886</u>	<u>1,474,795,385</u>
Water:					
Production plant	139,258,840	1,908,588	-	-	141,167,428
Transmission and distribution	190,999,843	4,704,332	-	1,951	195,706,126
General plant	44,683,588	712,355	(70,358)	50,343	45,375,928
Total water	<u>374,942,271</u>	<u>7,325,275</u>	<u>(70,358)</u>	<u>52,294</u>	<u>382,249,482</u>
Property, plant, and equipment	1,789,028,038	55,930,982	(250,333)	12,336,180	1,857,044,867
Construction work in progress – not depreciable	<u>106,598,953</u>	<u>56,947,060</u>	<u>(69,468,290)</u>	<u>-</u>	<u>94,077,723</u>
Total capital assets	<u>1,895,626,991</u>	<u>112,878,042</u>	<u>(69,718,623)</u>	<u>12,336,180</u>	<u>1,951,122,590</u>
Less accumulated depreciation:					
Electric:					
Production plant	380,862,805	17,256,521	(64,103)	416,647	398,471,870
Transmission and distribution	225,346,122	5,894,344	(96,249)	-	231,144,217
General plant	72,576,380	3,759,706	-	-	76,336,086
Total electric	<u>678,785,307</u>	<u>26,910,571</u>	<u>(160,352)</u>	<u>416,647</u>	<u>705,952,173</u>
Water:					
Production plant	57,889,719	3,743,013	-	-	61,632,732
Transmission and distribution	43,638,731	3,160,207	-	-	46,798,938
General plant	29,437,130	1,033,225	(42,298)	-	30,428,057
Total water	<u>130,965,580</u>	<u>7,936,445</u>	<u>(42,298)</u>	<u>-</u>	<u>138,859,727</u>
Combined total	<u>809,750,887</u>	<u>34,847,016</u>	<u>(202,650)</u>	<u>416,647</u>	<u>844,811,900</u>
Capital assets, net	<u>\$ 1,085,876,104</u>	<u>\$ 78,031,026</u>	<u>\$ (69,515,973)</u>	<u>\$ 11,919,533</u>	<u>\$ 1,106,310,690</u>

As discussed in Note 4, on December 18, 2012, the BPU acquired an undivided 17% interest in the assets of the Dogwood Energy Facility. The BPU's portion of the Dogwood investment included an acquisition adjustment of \$34.8 million. This amount is included in the Electric Production Plant. The BPU is amortizing the acquisition adjustment over 29.1 years. The amount amortized in 2018 and 2019 is \$1,201,133 and is included in the Electric Production Plant Adjustments in the 2018 and 2019 table.

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In February 2019, the BPU announced plans to cease operations of two electric generating units (Q1 and Q2) at its Quindaro Power Station. The units, brought online in 1965 and 1971, have provided the BPU with power generation for more than 50 years. However, based on the findings of a recent feasibility study and economic market conditions, BPU management has determined that these units are no longer viable, efficient or necessary to operate in today's marketplace. In October 2019, the BPU notified the Southwest Power Pool (SPP) and removed the Quindaro units from any future SPP energy market activity. As a result of the decision to cease operations of the Quindaro units, the BPU determined that the Quindaro Power Station assets were permanently impaired as of December 31, 2019 and recorded a \$73.6 million loss as a Regulatory Asset on the Statement of Net Position and will be amortized through 2040. Before the impairment, approximately \$73.6 million of net book value was in capital assets related to the Quindaro Power Station, with an average remaining life of 41 years within Property, Plant and Equipment.

**Note 6: Long-Term Debt**

The BPU's indebtedness as of December 31, 2019 consists of the following obligations:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due in One Year</b>
Revenue bonds:					
2009A	\$ 1,865,000	\$ —	\$ (1,865,000)	\$ —	\$ —
2010 refunding	10,390,000	—	(825,000)	9,565,000	890,000
2011	75,080,000	—	(5,780,000)	69,300,000	6,060,000
2012 refunding	102,835,000	—	(2,310,000)	100,525,000	2,390,000
2012B	68,940,000	—	(1,805,000)	67,135,000	1,875,000
2014	164,695,000	—	(9,930,000)	154,765,000	10,425,000
2016A	114,165,000	—	—	114,165,000	—
2016BI	2,775,000	—	(1,370,000)	1,405,000	1,405,000
2016B refunding	42,545,000	—	—	42,545,000	1,655,000
2016C	56,265,000	—	—	56,265,000	—
	<u>639,555,000</u>	<u>—</u>	<u>(23,885,000)</u>	<u>615,670,000</u>	<u>24,700,000</u>
Unamortized premium	<u>62,613,354</u>	<u>—</u>	<u>(3,132,681)</u>	<u>59,480,673</u>	
Total revenue bonds	702,168,354	—	(27,017,681)	675,150,673	—
Government loans -Unified KCK	3,450,272	1,455,000	(338,592)	4,566,680	344,062
Government loans – KDHE	<u>30,924,554</u>	<u>1,093,542</u>	<u>(2,563,507)</u>	<u>29,454,589</u>	<u>2,591,040</u>
	<u>\$ 736,543,180</u>	<u>\$ 2,548,542</u>	<u>\$ (29,919,780)</u>	<u>\$ 709,171,942</u>	<u>\$ 27,635,102</u>

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The BPU's indebtedness as of December 31, 2018 consists of the following obligations:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due in One Year</b>
Revenue bonds:					
2009A	\$ 3,640,000	\$ —	\$ (1,775,000)	\$ 1,865,000	\$ 1,865,000
2010 refunding	13,370,000	—	(2,980,000)	10,390,000	825,000
2011	78,445,000	—	(3,365,000)	75,080,000	5,780,000
2012 refunding	105,045,000	—	(2,210,000)	102,835,000	2,310,000
2012B	70,675,000	—	(1,735,000)	68,940,000	1,805,000
2014	172,020,000	—	(7,325,000)	164,695,000	9,930,000
2016A	114,165,000	—	—	114,165,000	—
2016BI	4,120,000	—	(1,345,000)	2,775,000	1,370,000
2016B refunding	42,545,000	—	—	42,545,000	—
2016C	56,265,000	—	—	56,265,000	—
	<u>660,290,000</u>	<u>—</u>	<u>(20,735,000)</u>	<u>639,555,000</u>	<u>23,885,000</u>
Unamortized premium	<u>65,746,036</u>	<u>—</u>	<u>(3,132,682)</u>	<u>62,613,354</u>	
Total revenue bonds	726,036,036	—	(23,867,682)	702,168,354	
Capital leases	1,003,499	—	(1,003,499)	—	—
Government loans -Unified KCK	3,733,635	—	(283,363)	3,450,272	291,092
Government loans – KDHE	<u>31,076,736</u>	<u>2,388,271</u>	<u>(2,540,453)</u>	<u>30,924,554</u>	<u>2,530,099</u>
	<u>\$ 761,849,906</u>	<u>\$ 2,388,271</u>	<u>\$ (27,694,997)</u>	<u>\$ 736,543,180</u>	<u>\$ 26,706,191</u>



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Details of utility system revenue bonds outstanding at December 31, 2019 and 2018 are as follows:

Revenue Bonds	Interest Rate	Original Amount	Maturity	2019	2018
2009A	2.75-5.00 %	\$ 57,575,000	09-01-2034	\$ —	\$ 1,865,000
2010 Refunding	2.00-5.00	32,190,000	09-01-2028	9,565,000	10,390,000
2011 Series	2.00-5.20	90,000,000	09-01-2036	69,300,000	75,080,000
2012 Refunding	3.12-5.00	110,830,000	09-01-2032	100,525,000	102,835,000
2012B	2.00-5.00	79,540,000	09-01-2037	67,135,000	68,940,000
2014 Refunding and Imp.	3.00-5.00	190,620,000	09-01-2044	154,765,000	164,695,000
2016A	3.00-5.00	114,165,000	09-01-2045	114,165,000	114,165,000
2016BI	2.00	6,775,000	11-01-2020	1,405,000	2,775,000
2016B Refunding	3.25-5.00	42,545,000	09-01-2034	42,545,000	42,545,000
2016C	5.00	56,265,000	09-01-2046	56,265,000	56,265,000
Subtotal				615,670,000	639,555,000
Current maturities				(24,700,000)	(23,885,000)
Unamortized premium				59,480,673	62,613,355
Total utility system revenue bonds, excluding current maturities				\$ 650,450,673	\$ 678,283,355

Interest on portions of the outstanding utility system revenue bonds is payable on a semiannual basis. As of December 31, 2019 and 2018, the BPU was in compliance with all required debt covenant ratios.

The BPU completed a defeasement of utility systems revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide all future debt service payments on the old 2009 Utility System Revenue Bonds. Accordingly, neither the trust account assets nor the liability for the defeased bonds are included in the BPU's financial statements. The amount of outstanding advance refunding of in substance defeased debt was \$0 and \$42,315,000 as of December 31, 2019 and 2018, respectively.

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The debt service to maturity on the outstanding BPU revenue bonds as of December 31, 2019 is as follows:

	<b>Principal</b>	<b>Interest (including Accreted)</b>
Bond year(s) ending December 31:		
2020	\$ 24,700,000	\$ 29,614,369
2021	24,400,000	28,480,068
2022	27,725,000	27,311,156
2023	28,805,000	25,932,106
2024	23,835,000	24,499,319
2025–2029	143,825,000	103,523,275
2030–2034	149,910,000	67,406,350
2035–2039	92,280,000	36,966,838
2040–2044	84,585,000	17,001,250
2045–2046	15,605,000	979,000
	\$ 615,670,000	\$ 361,713,731

The utility system revenue bond indebtedness requires special reserves and accounts as follows:

<b>Account</b>	<b>Authorized Expenditure</b>
Debt service and reserve	Paying current principal and interest on bonds
Construction	Acquiring, constructing and installing capital improvements
Improvement and emergency	Financing major renewals, repairs, and replacements, and extraordinary or unforeseen expenditures

The utility system revenue bond debt service and reserve account is held in escrow in a bank acting as trustee for the BPU. The utility system revenue bond indentures also provide for a bond reserve account to be held by the trustee for the future payments of principal and interest in the event that the net revenues of the utility system are less than or equal to 130% of the maximum annual debt service on the bonds. All amounts are reported on the accompanying statements of net position as restricted assets.

The current indentures also require the BPU to establish utility rates and collect fees sufficient to pay the operating, maintenance, and debt service costs of the utilities; to maintain the accounts listed above; and to provide net operating income, before depreciation and payment-in-lieu of taxes, of at least 120% of the maximum annual debt service due on the outstanding bonds. All of the BPU's utility plant facilities are pledged under the terms of the indentures.

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Total indebtedness also includes government loans, which represent the amounts borrowed from Kansas Department of Health and Environment for the purpose of Water capital improvements to be repaid in installments over 18 years ending 2036. Governmental loans also include a \$4.56 million loan with the Unified Government of Wyandotte County and Kansas City, Kansas, for improvements to the radio tower system as well as a new loan with the Unified Government in 2019 for the Leavenworth Road Improvements Project of \$1.455 million.

The debt service to maturity on the outstanding BPU government loans as of December 31, 2019 is as follows:

	<b>Principal</b>	<b>Interest (including Accreted)</b>
Bond year(s) ending December 31:		
2020	\$ 2,935,102	\$ 875,801
2021	3,027,990	790,791
2022	3,126,122	702,004
2023	3,226,196	610,180
2024	3,334,588	514,650
2025–2029	9,888,189	1,589,015
2030–2034	6,917,717	597,023
2035–2038	1,565,365	60,385
	\$ 34,021,269	\$ 5,739,849

In July 2014, the BPU entered into a Kansas Public Water Supply loan fund agreement, for which the amount is not to exceed \$13.0 million. The projects to be funded by this loan consist of filter media and pump replacement at the Nearman Water Treatment Plant and replacement of deteriorated water lines throughout the distribution system. As of December 31, 2019 and 2018, the BPU has drawn approximately \$13.0 million and \$11.9 million of the \$13.0 million, respectively. This amount is included in the principal column of the above debt service schedule and was finalized in 2019.

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The BPU has pledged specific revenue streams to secure the repayment of certain outstanding debt issuances. The corresponding debt issuances are for utility system revenue bonds and the purpose of the debt is for utility improvements. The following table lists those revenues, the amount and term of pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

Type revenue pledged	Amount of pledge	Term of commitment	Percentage of revenue pledged	Principal and interest for the year ended 2019	Pledged revenue recognized for the year ended 2019
Electric and water operating revenue	\$ 977,383,731	Through 2046	16.2%	\$ 54,603,319	\$ 65,523,983

**Note 7: Regulatory Assets and Deferred Inflows**

The BPU is subject to the provisions of GASB Codification Section Re10, *Regulated Operations*, and has recorded assets and deferred inflows on its statements of net position resulting from the effects of the rate-making process, which would not be recorded under U.S. generally accepted accounting principles for nonregulated entities. Regulatory assets represent costs incurred that have been deferred because future recovery in customer rates is probable. Deferred inflows generally represent probable future reductions in revenue or refunds to customers. Management regularly assesses whether regulatory assets and deferred inflows are probable of future recovery or refund. If recovery or refund of regulatory assets or deferred inflows is not approved by the BPU Board of Directors, which is authorized to approve rates charged to customers or is no longer deemed probable, these regulatory assets or deferred inflows are recognized in the current period results of operations. Additionally, these factors could result in an impairment of utility plant assets if the cost of the assets could not be expected to be recovered in customer rates. Regulatory assets and deferred inflows as of December 31, 2019 and 2018 are as follows:

	Amortization Ending	2019	2018
Regulatory assets:			
Recovery of Quindaro Power Station Units	2040	\$ 73,561,136	\$ —
Total regulatory assets		<u>\$ 73,561,136</u>	<u>\$ —</u>
Deferred inflows:			
Recovery fuel purchased power	2020	\$ 5,545,635	\$ 4,750,297
Total deferred inflows		<u>\$ 5,545,635</u>	<u>\$ 4,750,297</u>

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A regulatory asset has been approved by the Board of Directors to recover through rates the costs related to the Quindaro Power Station units closing. The remaining net book value was recorded as a regulatory asset in 2019. The remaining costs of these assets will be accelerated and amortized over a 20-year period.

The BPU has an energy adjustment rate rider (ERC). Estimated retail tariffs are set to recover estimated fuel costs such as coal, natural gas, and purchased power. The ERC allows differences between these estimates and actual fuel and purchased power costs to be deferred as a regulatory asset or a deferred inflow depending on the nature of the variance between estimated and actual costs incurred.

#### **Note 8: Payment-in-Lieu of Taxes (PILOT) and Community Contributions**

The BPU is exempt from federal and state income taxes and local property taxes because it is an administrative agency of the Unified Government. However, the BPU is required by a Charter Ordinance to pay a percentage of gross operating revenues to the Unified Government. The Charter Ordinance established a range of 5.0% – 15.0%. The payment-in-lieu of tax was established at 11.9% in 2019 and 2018, which amounted to \$34,116,534 and \$35,490,480, respectively. The PILOT is billed and collected by the BPU by a supplemental rate rider.

In addition to these payments to the Unified Government, the BPU also contributes services to the Unified Government, such as electricity, water, street lighting, fire hydrant services, traffic signals, billing and collection of the Unified Government sewer, storm water and trash fees at no charge. These service contributions approximated \$10,318,291 and \$10,134,369 or 3.4% and 3.1% of total operating revenue, for 2019 and 2018, respectively. Expenses associated with these service contributions are recorded in the relevant operating expense caption on the statements of revenues, expenses and changes in net position.

#### **Note 9: Commitments and Contingencies**

##### ***Power Purchase and Sales Agreements***

On December 21, 2006, the BPU entered into a Renewable Energy Purchase Agreement with TradeWind Energy to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. This contract is a 20-year fixed price contract for 25% of the output of 100.8 MW of turbines as well as the Renewable Energy Credits associated with the output. The wind farm, which was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties, began commercial operation in January 2008. Total power purchased under this agreement was \$4,301,681 and \$3,846,936 in 2019 and 2018, respectively.

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On November 3, 2010, the BPU entered into an agreement with Lawrence, Kansas based Bowersock Mills and Power Company to purchase 7 MW of hydroelectric power over the next 25 years, providing additional renewable energy resources to BPU's existing power generating mix. Total power purchased under this agreement was \$2,314,273 and \$2,474,415 in 2019 and 2018, respectively.

In December 2013, the BPU completed negotiations with OwnEnergy Inc., a developer of mid-sized wind projects, for the purchase of 25 megawatts of energy generated by wind turbines. The wind farm is located south of Alexander, Kansas in Rush County. Construction began in December 2013, and ties into the Southwest Power Pool (SPP) Midwest Energy transmission system. The contract between BPU and OwnEnergy Inc. is a 20-year renewable energy Purchase Power Agreement (PPA). The wind farm was completed in 2015 with commercial production beginning in December 2015. Total power purchased under this agreement was \$3,259,225 and \$3,179,054 in 2019 and 2018, respectively.

The BPU has contracts with the Southwestern Power Administration ("SPA") entitling the BPU to annually purchase 38.6 MW of hydroelectric peaking capacity. These contracts provide the BPU with hydro allocations until July 1, 2020. The BPU counts the full SPA capacity as a firm supply resource, reducing the need for additional capacity purchases and delaying the need for additional firm generation or other firm purchase power agreements. The energy available from this capacity is equal to 1,200 hours per MW of capacity per year, the scheduling of such energy being at the BPU's discretion (with certain minimum and maximum monthly and seasonal limitations). Total power purchased under this agreement was \$3,781,142 and \$3,286,224 in 2019 and 2018, respectively. The BPU also has an allotment of 5 MW of hydroelectric power from the Western Area Power Administration ("WAPA") until September 30, 2024. Total power purchased under this agreement was \$469,199 and \$468,077 in 2019 and 2018, respectively.

In January 2016, the BPU completed negotiations with TradeWind Energy Inc., a renewable energy developer, for the purchase of 200 megawatts of energy generated by wind turbines. Construction began on the wind farm in 2016 with commercial operations beginning in April of 2017. The facility is located just south of Minneola, Kansas and ties into the Southwest Power Pool (SPP) in the Sunflower Energy transmission system. The contract between BPU and the Cimarron Bend Wind Project, LLC. is a 20-year renewable energy Purchase Power Agreement (PPA). Total power purchased under this agreement was \$18,054,493 and \$18,003,499 in 2019 and 2018, respectively.

In November 2016, the BPU finalized an agreement with MC Power, a solar developer, for the purchase of a 1 megawatt alternating current solar photovoltaic facility to be located at the Kansas City Board of Public Utilities Nearman Creek Power facility in Kansas City, Kansas. The contract between the BPU and MCP-KCBPU, LLC is a 25-year renewable energy Purchase Power Agreement (PPA) with commercial operations beginning in September of 2017. The project is intended to serve as a community solar project whereas BPU customers can license panels within the project to reduce their overall monthly electric expenses, while supporting greener initiatives. Total power purchased under this agreement was \$141,703 and \$138,366 in 2019 and 2018, respectively.

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The BPU has determined these purchase contracts to be excluded from the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as these are normal purchase contracts.

#### **Coal Contracts**

BPU purchases coal for Nearman generating stations through contracts with Western Fuels Association (WFA) and affiliates. WFA, in turn, contracts with coal producers and railroads to meet its coal supply and delivery commitments to the BPU. BPU is required to pay all costs incurred by WFA in acquiring and delivering the coal as well as a management fee.

Coal delivery to Nearman is contracted between WFA and Union Pacific Railroad which is effective until December 31, 2022. The delivery cost is established from a base price and is adjusted by indices set out in the contract.

The BPU is committed to purchase coal through WFA for the duration of the Nearman plant. The estimated coal purchase for Nearman station is \$18,000,000, \$18,000,000, and \$18,000,000 for 2020, 2021 and 2022, respectively. Any additional coal required will be bought through spot market.

The BPU has determined these coal contracts to be excluded from the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as these are normal purchase contracts.

#### **Retirement Plan**

##### Plan Description

The Retirement Pension Plan for the Board of Public Utilities of Kansas City, Kansas (the “Plan”) is a contributory, single-employer defined benefit pension plan administered by the Board of Pension Trustees of the Retirement Pension Plan of the Board of Public Utilities of Kansas City, Kansas (“the Board”) of Pension Trustees.

The Plan is governed by Kansas State statutes, which provide for the establishment of a Board of Pension Trustees and provides authorization for the Plan to take control and custody of all assets, property and funds presently held, controlled and in the possession of the Plan’s Board of Pension Trustees. The Plan was established and may be amended only by the Board of Pension Trustees. The Board of Pension Trustees is represented equally by three management seats, appointed by the General Manager, and three non-management seats elected by the BPU members. The Plan membership includes all persons employed by the BPU on a regular, permanent basis.

Separate, stand-alone financial statements of the Plan can be obtained from the Pension Administrator, in care of the Human Resources Department of the BPU, 540 Minnesota Avenue, Kansas City, KS 66101.

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Benefits Provided

The primary benefits provided by the Plan are retirement benefits. However, the Plan also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire. An employee of the BPU is eligible for coverage at the time of employment as a regular, permanent BPU employee. An employee remains a Member of the Plan as long as they continue employment with the BPU. Vesting is achieved upon the completion of five years of service. For Tier 1 members, retirement is at age 55, regardless of service. Benefits are calculated using the compensation for the three highest years of service within the last 10 years of service, multiplied by the total years of service and the formula factor of 1.80 percent, plus final average salary multiplied by the total years of service prior to January 1, 2004 and the formula factor of 0.40 percent. Benefits vest after five years of service. For Tier 2 members, retirement is at age 65, with five years of service or age 60, with 30 years of service. Benefits are calculated using the compensation for the member's entire career, multiplied by the formula factor of 1.50 percent. Benefits vest after five years of service.

Cost of Living Adjustment (COLA)

The COLA is an automatic, simple 3% for members who retired before January 1, 1993. The COLA is not automatic, but discretionary for members who retired on or after January 1, 1993. The COLA can vary from 0% to 3% of the previous year's pension as determined by the Pension Board every year. If, on the first January 1 following benefit commencement, benefits have been received for less than a full calendar year, the increase is a fraction of the determined increase equal to the ratio of number of monthly benefit payments received divided by 12.

Employees Covered by Benefit Terms

The data required regarding the membership of the Plan was furnished by the Pension Administrator of the Plan. The following table summarizes the membership of the Plan as of December 31, 2018 and 2017, the respective measurement dates.

	<b>2018</b>	<b>2017</b>
Inactive Members or Beneficiaries Currently Receiving Benefits	815	810
Disabled Members	8	8
Inactive Members Entitled To But Not Yet Receiving Benefits	19	20
Inactive Non-vested Members Entitled to a Refund of Member Contributions	4	1
Active Members	530	554
Total	1,376	1,393

Contributions

Benefit and contribution provisions are established by and may only be amended by the Pension Board of Trustees. Contribution rates are determined annually by the Pension Board of Trustees. The BPU contributes a fixed contribution rate, equal to that of the members, currently 8.50% of pensionable earnings as of December 31, 2019 and 2018.



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For the years ended December 31, 2019 and 2018, BPU contributed \$4,462,042 and \$4,393,307, respectively to the Plan.

Net Pension Liability/Asset

The total pension liability used to calculate the net pension liability/(asset) was determined by actuarial valuations as of January 1, 2018 and 2017 and rolled forward to the respective measurement dates as applicable. As of December 31, 2019, the Plan reported a net pension liability of \$32,620,868. As of December 31, 2018, the Plan reported a net pension asset of \$22,516,528.

Actuarial Assumptions

The total pension liability/asset based on the January 1, 2018 and 2017 actuarial valuations was determined using the following actuarial assumptions, and applied to all periods included in the respective measurement:

	<b>January 1, 2018 Valuation</b>	<b>January 1, 2017 Valuation</b>
Price inflation	2.60 percent	3.10 percent
Salary inflation	3.35 - 13.35 percent	4.70 - 11.00 percent
Long-term rate of return, net of investment expenses; and including inflation rate assumption	7.50 percent	8.00 percent

January 1, 2018 Valuation

Pre-retirement mortality rates were based on the RP-2014 Blue Collar Employee Table with generational mortality projections using Scale MP-2017. Post-retirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with generational mortality projections using Scale MP-2017.

January 1, 2017 Valuation

Pre-retirement mortality rates were based on the RP-2000 Employee Table with generational mortality projections using Scale AA. Post-retirement mortality rates were based on the RP-2000 Healthy Annuitant Table with generational mortality projections using Scale AA.

The actuarial assumptions used in the 2018 valuation were based on the results of the most recent actuarial experience study, which covered the five-year period ending December 31, 2017. The experience study report is dated November 14, 2018. The actuarial assumptions used in the 2017 valuation were based on the results of the most recent actuarial experience study, which contained the five-year period ending December 31, 2012. The experience study report is dated June 18, 2014.

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The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated November 14, 2018. Several factors are considered in evaluating the long-term rate or return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan’s investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by some investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The investment consultant for the Board of Public Utilities, at the time the Experience Study was completed, provided capital market assumptions for a 30-year period and those were used as part of the analysis. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class used for the experience study dated November 14, 2018, as provided by the Plan’s investment consultant at that time, Asset Consulting Group, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Large Cap Equity	17.5 %	7.5 %
Domestic Small Cap Equity	17.5	8.8
Non-US Equity	20.0	8.7
Long/Short Equity	5.0	6.3
Core Bonds	26.0	2.7
Core Real Estate	7.0	5.9
Value Added Real Estate	7.0	7.2
	<u>100.0 %</u>	

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Discount Rate

The discount rate used to measure the total pension liability at December 31, 2018 was 7.5 percent. The discount rate used to measure the total pension liability at December 31, 2017 was 8.0 percent. The projection of cash flows used to determine the discount rate assumed the plan contributions from members and BPU will be made at the current contribution rates as determined annually by the Pension Board in effect on the measurement date:

- i. Employee contribution rate: 8.5 percent of annual compensation
- ii. BPU contribution rate: Same as member contributions (8.5 percent of annual compensation)
- iii. Administrative expenses for the current and future years were assumed to be .70 percent of the current member's proportionate share of covered payroll.

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 7.5 percent was applied to all periods of projected benefit payments to determine the total pension liability.

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**Changes in the Net Pension (Asset) Liability**

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) are:

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balances at January 1, 2019</b>	\$ 491,595,570	\$ 514,112,098	\$ (22,516,528)
<b>Changes for the year:</b>			
Service cost	7,201,941	-	7,201,941
Interest on total pension liability	38,047,652	-	38,047,652
Difference between expected and actual experience	(7,318,385)	-	(7,318,385)
Changes of assumptions	13,089,347	-	13,089,347
Employer contributions	-	4,398,226	(4,398,226)
Employee contributions	-	4,398,226	(4,398,226)
Net investment income	-	(12,362,654)	12,362,654
Benefit payments, including member refunds	(32,627,516)	(32,627,516)	-
Administrative expenses	-	(550,639)	550,639
Net changes	18,393,039	(36,744,357)	55,137,396
<b>Balances at December 31, 2019</b>	<b>\$ 509,988,609</b>	<b>\$ 477,367,741</b>	<b>\$ 32,620,868</b>

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	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balances at January 1, 2018</b>	\$ 484,051,193	\$ 463,601,202	\$ 20,449,991
<b>Changes for the year:</b>			
Service cost	7,440,404	-	7,440,404
Interest on total pension liability	37,460,630	-	37,460,630
Difference between expected and actual experience	(10,311,840)	-	(10,311,840)
Changes of assumptions	5,161,410	-	5,161,410
Employer contributions	-	4,250,560	(4,250,560)
Employee contributions	-	4,250,560	(4,250,560)
Net investment income	-	74,677,580	(74,677,580)
Benefit payments, including member refunds	(32,206,227)	(32,206,227)	-
Administrative expenses	-	(461,577)	461,577
Net changes	<u>7,544,377</u>	<u>50,510,896</u>	<u>(42,966,519)</u>
<b>Balances at December 31, 2018</b>	<u>\$ 491,595,570</u>	<u>\$ 514,112,098</u>	<u>\$(22,516,528)</u>

Within the January 1, 2018 valuation, the following changes were applied to the actuarial assumption and method:

- The inflation assumption was decreased from 3.10% to 2.60%.
- The investment return assumption was decreased from 8.0% to 7.5%
- The general wage growth assumption was decreased from 4.0% to 3.35%.
- The covered payroll growth assumption was decreased from 4.0% to 3.25%.
- The interest crediting rate assumption for contribution account balances was decreased from 4.0% to 3.5%.
- The mortality assumption was changed to the RP-2014 Blue Collar Mortality Table with future mortality improvements modeled using Scale MP-2017.
- Retirement rates were adjusted to better reflect actual experience.
- Termination rates were changed from age-based, sex-distinct assumption to a service-based, unisex assumption.

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- The individual salary increase assumption was modified to reflect the lower general wage increase assumption of 3.35%. In addition, the merit salary increase assumption was adjusted to reflect higher salary increases at younger ages.
- The administration expense assumption was increased from 0.60% of pay to 0.70% of pay.
- The amortization method for the unfunded actuarial liability (UAL) was changed to a “layered” amortization approach. The UAL as of January 1, 2018 will continue to be amortized according to the current schedule. New amortization bases will be created on each subsequent valuation date equal to the difference between the actual and expected UAL, with payments calculated using a closed 20-year period as a level-percent of payroll. A new amortization base will also be created when actuarial assumptions are changed or the benefit structure is modified. An appropriate period will be determined by the Board for these events, after discussion with the actuary.

Within the January 1, 2017 valuation, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2022 and 3% thereafter to 1% through 2021 and 3% thereafter.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Plan, calculated using a discount rate of 7.50 percent, as well as the Plan’s net pension liability (asset) calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	<b>2019</b>		
	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Net pension liability (asset)	\$90,955,093	\$32,620,868	(\$16,270,408)

The following was 2018 presented sensitivity impact to the net pension liability (asset) of the Plan, calculated using a discount rate of 8.00 percent, as well as the Plan’s net pension liability (asset) calculated using a discount rate that is 1-percentage point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	<b>2018</b>		
	<b>1% Decrease (7.0%)</b>	<b>Current Discount Rate (8.0%)</b>	<b>1% Increase (9.0%)</b>
Net pension liability (asset)	\$32,120,704	(\$22,516,528)	(\$68,594,236)

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Pension Expense

For the fiscal years ended December 31, 2019 and 2018, the BPU recognized pension expense (reduction of pension expense) of \$7,414,517 and (\$695,241), respectively. Annual pension expense consists of service cost, interest and administrative expenses on pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five year period.

Deferred Outflows/Inflows of Resources related to Pensions

In accordance with GASB Statement Nos. 67 and 68, the BPU recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflow/inflows of resources.

As of December 31, 2019, the BPU reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ 18,094,002
Changes of assumptions	17,458,644	2,756,107
Net difference between projected and actual earnings on pension plan investments	28,904,185	—
Contributions subsequent to the measurement date	<u>4,462,042</u>	<u>—</u>
Total	<u>\$ 50,824,871</u>	<u>\$ 20,850,109</u>

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As of December 31, 2018, the BPU reported deferred outflows and inflows of resources related to pensions from the following sources

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ —	\$ 19,842,136
Changes of assumptions	11,136,202	7,349,622
Net difference between projected and actual earnings on pension plan investments	—	10,552,830
Contributions subsequent to the measurement date	4,393,307	—
<b>Total</b>	<b>\$ 15,529,509</b>	<b>\$ 37,744,588</b>

The amount reported as deferred outflows of resources as of December 31, 2019 resulting from contributions subsequent to the measurement date of \$4,462,042 will be recognized as a reduction in the net pension liability for the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

**Year Ended December 31:**

2020	\$ 6,933,241
2021	4,396,026
2022	3,286,319
2023	10,897,134
	<b>\$ 25,512,720</b>

***Other Postemployment Benefits***

***Plan Description***

The BPU provides certain postemployment health care and life insurance benefits to eligible retirees and their dependents in accordance with provisions established by the BPU's Board of Directors. The plan is a single-employer defined-benefit healthcare plan administered by the BPU. The BPU currently determines the eligibility, benefits provided, and changes to those provisions applicable to eligible retirees. The OPEB plan does not issue separate financial statements. Employees are given a 90-day window to retire with medical coverage at ages 55 and above with seven consecutive years of service.



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**Benefits Policy**

The post retirement benefit plan is a comprehensive major medical plan with a \$100 deductible per individual or \$200 per family. For individuals, the plan pays 80% of the next \$12,500 of allowable charges and 100% thereafter for the remainder of that calendar year. For families, the plan pays 80% of the next \$25,000 of allowable charges and 100% thereafter for the remainder of that calendar year. The plan has a lifetime benefit maximum of \$750,000. Benefits cease at the first of the month that the retired employee attains age 65 or death. Spouse benefits end at the first of the month that the retired employee attains age 65, the end of the month of the retiree’s death, or on the date of the spouse’s death. Retirees are not required to contribute toward the cost of the postretirement benefits.

**Funding Policy**

The contribution requirements of plan members and the BPU are established and can be amended by the BPU’s Board. The required contribution is based on a pay-as-you-go financing requirement. For the years ended December 31, 2018 and 2017, the BPU paid \$3,414,000 and \$3,825,597, respectively, for retirees medical. GASB Statement 75 does not require funding of the OPEB liability, and the BPU has chosen not to fund it. The BPU funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits nor are any assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. A schedule of funding progress is included as required supplementary information.

**Employees Covered by Benefit Terms**

As of December 31, 2019 (the actuarial valuation date), the OPEB plan membership consisted of the following:

Number of Participants	
Retirees (with medical coverage)	153
Retiree Spouses (with medical coverage)	<u>105</u>
Total	<u>258</u>

**Total OPEB Liability**

**2019**

The total OPEB liability of \$50,295,281 at December 31, 2019 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

<b>Discount rate:</b>	3.10% per annum
<b>Salary increases:</b>	2.50% per annum

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**Healthcare cost trend rate:** Medical: 7.25% graded down to 6.5% over three years afterward, trend is set to follow the Getzen Model

Mortality rates were based on the RP-2014 total dataset adjusted to base year 2006, projected with Scale MP-2019.

The actuarial cost method was Entry Age Normal Level Percent of Salary.

**2018**

The total OPEB liability of \$54,987,646 at December 31, 2018 was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions:

**Discount rate:** 3.03% per annum

**Salary increases:** 2.50% per annum

**Healthcare cost trend rate:** Medical: 8.0% graded down to 5.0% over 10 years

The discount rate used for the plan was the S&P Municipal Bond 20-Year High Grade Index as of January 2, 2020.

Mortality rates were based on the RP-2014 total dataset adjusted to base year 2006 using MP-2014 and projected forward generationally using improvement scale MP-2017.

The actuarial cost method was Entry Age Normal Level Percent of Salary.

The BPU's annual OPEB cost, employer contributions, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for December 31 are as follows:

***Changes in Total OPEB Liability***

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 54,987,646	\$ 54,506,878
Service costs	2,777,950	2,689,238
Interest costs	1,677,527	1,617,127
Experience losses (gain)	(294,584)	-
Changes of assumptions	(5,201,435)	-
Benefits payments	(3,651,823)	(3,825,597)
Net change	<u>(4,692,365)</u>	<u>480,768</u>
Balance at December 31	<u>\$ 50,295,281</u>	<u>\$ 54,987,646</u>

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***Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following represents the total OPEB liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage-point higher than the assumed trend rate:

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	6.25% decreasing to 3% over 75 years	7.25% decreasing to 4% over 75 years	8.25% decreasing to 5% over 75 years
Total OPEB Liability \$	45,753,254	\$ 50,295,281	\$ 55,581,795

***Sensitivity of Total OPEB Liability to Changes in the Discount Rate***

The following represents the total OPEB liability calculated using the stated discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	2.10%	3.10%	4.10%
Total OPEB Liability \$	\$ 53,725,346	\$ 50,295,281	\$ 47,111,227

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

The BPU recognized OPEB expense of \$3,609,935 and \$4,306,365 in 2019 and 2018, respectively.

The BPU recognized deferred outflows of resources related to OPEB of \$0 and \$3,414,032 in 2019 and 2018, respectively.

The BPU recognized deferred inflows of resources related to OPEB of \$4,650,477 in 2019.

***Risk Management***

The BPU is exposed to various risks of loss related to tort claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The BPU is self-insured for workers' compensation, healthcare, certain general liability claims and a portion of the automobile and small vehicle fleet.

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

The BPU is responsible for the first \$750,000 of a workers' compensation claim per employee/per occurrence and workers' compensation claims greater than \$750,000 and up to \$35,000,000 per employee/per occurrence are fully insured. At December 31, 2019 and 2018, an asset of \$1,100,000 is within current assets-cash and cash equivalents and a liability of \$1,522,000 and \$881,000 as of December 31, 2019 and 2018 is within current liabilities-workers' compensation reserve in the statements of net position. Claims for worker's compensation in 2019 and 2018 were \$440,000 and \$418,000, respectively.

At December 31, 2019 and 2018, an asset of \$1,000,000 is within current assets-cash and cash equivalents and a liability of approximately \$460,000 and \$536,000 as of December 31, 2019 and 2018 is within current liabilities-public liability in the statements of net position. Public liability and healthcare claims paid were \$12,600,000 and \$13,161,000 as of December 31, 2019 and 2018, respectively.

The BPU is essentially 100% self-insured for healthcare claims and is responsible for the first \$500,000 of general liability and automobile insurance claims. In addition, any general liability or automobile claims greater than \$35,000,000 are the responsibility of the BPU. Settlements did not exceed insurance coverage for the past three years. At December 31, 2019 and 2018, the BPU has established a liability of \$1,982,000 and \$1,416,000 for workers' compensation and public liability reserves, respectively, which is based on estimates of the amounts needed to pay prior and current year claims. The liability is based on the requirement that a liability for claims incurred prior to the statement of net position date be recorded if information related to such claims is available prior to the issuance of the financial statements and the amount of loss can be reasonably estimated. The total amount of claims and judgments is expected to become due within one year.

Changes in the workers' compensation and public liability reserves for 2019, 2018 and 2017 are as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning accruals	\$ 1,416,000	\$ 2,305,000	\$ 2,622,000
Additional accruals	14,068,000	12,711,000	12,783,000
Charges for claim payments	<u>(13,502,000)</u>	<u>(13,600,000)</u>	<u>(13,100,000)</u>
Ending accruals	<u>\$ 1,982,000</u>	<u>\$ 1,416,000</u>	<u>\$ 2,305,000</u>

***Environmental Compliance***

The BPU is subject to substantial regulation of air emissions and control equipment, as well as water, waste, remediation, and disposal issues related to operation of its electric generating utilities under federal, state, and county environmental laws and regulations. In the last 10 years, federal, state and local agencies have continued to issue regulations applicable to electric generating utilities. The BPU continues to review and evaluate regulations and implement changes to its processes to attain compliance.

# **Board of Public Utilities**

## **Notes to Financial Statements**

### **December 31, 2019 and 2018**

Nationwide, utilities with coal-fired generating units have been under heavy scrutiny and enforcement by the U.S. Environmental Protection Agency (EPA) and Department of Justice for matters related to permitting of modifications to those coal-fired units. This is referred to as “new source review permitting.” In 2008, EPA issued the BPU a Notice of Violation (NOV) alleging violation of Clean Air Act new source review permitting requirements and corresponding requirements under the Kansas State Implementation Plan at the Utility’s Nearman plant dating back to 1994 (four violations) and Quindaro plant dating back to 2001 (two violations). The NOV states such fines and/or penalties could be as much as \$25,000 to \$32,500 per day (depending upon when the violation occurred) commencing from date of the violation. Settlements of numerous similar notice of violation have included penalties and injunctive relief requiring capital expenditures for air pollution control equipment in the hundreds of millions of dollars. The BPU and EPA had a series of settlement discussions, the last of which was in August 2011. Recent court decisions have limited EPA’s ability to successfully enforce through imposition of penalties and injunctive relief allegations in notices of violation like those in NOV issued to the BPU. In addition, pursuant to requirements of law, the BPU implemented measures and installed much of the pollution control equipment typically part of injunctive relief in enforcement of such notice of violation. The BPU is not presently able to evaluate what, if any, liability might be imposed and has not accrued anything for this possible obligation.

On July 16, 2012, the BPU and the Unified Government received from the Kansas Chapter of the Sierra Club a notice of intent to sue the BPU, under the Clean Air Act citizen suit provisions, for alleged violations of opacity emissions limits at the Nearman Station and Quindaro Station. The Sierra Club and the BPU signed a consent decree approved by the U.S. District Court on December 5, 2013. The Consent Decree requires that coal no longer be combusted at the Quindaro Station as of April 16, 2015 (which has been accomplished) and that the Nearman Station install and operate particulate matter pollution control equipment by June 1, 2017. The BPU has completed its obligations under the Consent Decree and intends to seek termination of the Decree.

#### ***Other Legal Matters***

In the normal course of business, the BPU is subject to various lawsuits, actions, proceedings, claims, and other matters asserted under laws and regulations. Management believes the amounts provided in the financial statements, as prescribed by U.S. generally accepted accounting principles, are adequate in light of the probable and estimable contingencies. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various legal proceedings, claims and other matters, and to comply with applicable laws and regulations, will not exceed the amounts reflected in the BPU’s financial statements. As such, costs, if any, that may be incurred in excess of those amounts provided as of December 31, 2019 and 2018 cannot be reasonably determined.

**Board of Public Utilities**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 10: Principal Customers**

Electric and water charges to the BPU's six largest retail customers expressed as a percentage of total operating revenues for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Principal retail customers:		
General Motors Corporation	4.4%	3.9%
CertainTeed Corp	4.3%	4.0%
Griffin Wheel Co	2.8%	2.0%
Johnson County WaterDistrict # 1	2.4%	2.0%
Univ. of Kansas Hosp. Auth.	2.4%	2.0%
Owens Corning Sales, LLC	<u>2.0%</u>	<u>2.0%</u>
Total principal retail customers	<u><u>18.3%</u></u>	<u><u>15.9%</u></u>

**Note 11: Disclosures About Fair Value of Assets and Liabilities**

The BPU 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.

The BPU has the following recurring fair value measurements:

- Federal agency securities of \$17,674,837 and \$17,763,711 as of December 31, 2019 and 2018, respectively, are valued using quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets (Level 2 inputs)

**Note 12: Subsequent Events**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the BPU. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**Board of Public Utilities**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fiscal Years Ended December 31,**  
**(Unaudited)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>					
Service cost	\$ 7,201,941	\$ 7,440,404	\$ 7,297,782	\$ 7,339,629	\$ 7,560,923
Interest on total pension liability	38,047,652	37,460,630	36,679,579	38,033,409	36,958,626
Difference between expected and actual experience	(7,318,385)	(10,311,840)	(14,572,637)	(9,622,386)	-
Assumption changes	13,089,347	5,161,410	12,331,048	(21,130,167)	-
Benefit payments, including member refunds	<u>(32,627,516)</u>	<u>(32,206,227)</u>	<u>(31,747,866)</u>	<u>(31,346,590)</u>	<u>(30,832,788)</u>
Net change in total pension liability	18,393,039	7,544,377	9,987,906	(16,726,105)	13,686,761
Total pension liability, beginning	<u>491,595,570</u>	<u>484,051,193</u>	<u>474,063,287</u>	<u>490,789,392</u>	<u>477,102,631</u>
Total pension liability, ending (a)	<u>\$ 509,988,609</u>	<u>\$ 491,595,570</u>	<u>\$ 484,051,193</u>	<u>\$ 474,063,287</u>	<u>\$ 490,789,392</u>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 4,398,226	\$ 4,250,560	\$ 4,252,025	\$ 4,172,968	\$ 4,278,318
Employee contributions	4,398,226	4,250,560	4,252,025	4,172,968	4,278,318
Net investment income	(12,362,654)	74,677,580	27,612,362	3,875,505	27,423,709
Benefit payments, including member refunds	(32,627,516)	(32,206,227)	(31,747,866)	(31,346,590)	(30,832,788)
Administrative expenses	<u>(550,640)</u>	<u>(461,577)</u>	<u>(371,417)</u>	<u>(332,625)</u>	<u>(338,801)</u>
Net change in plan fiduciary net position	(36,744,358)	50,510,896	3,997,129	(19,457,774)	4,808,756
Plan fiduciary net position, beginning	<u>514,112,098</u>	<u>463,601,202</u>	<u>459,604,073</u>	<u>479,061,847</u>	<u>474,253,091</u>
Plan fiduciary net position, ending (b)	<u>\$ 477,367,740</u>	<u>\$ 514,112,098</u>	<u>\$ 463,601,202</u>	<u>\$ 459,604,073</u>	<u>\$ 479,061,847</u>
Net pension liability, ending (a) - (b)	<u>\$ 32,620,869</u>	<u>\$ (22,516,528)</u>	<u>\$ 20,449,991</u>	<u>\$ 14,459,214</u>	<u>\$ 11,727,545</u>
Fiduciary net position as a percentage of the total pension liability	93.60%	104.58%	95.78%	96.95%	97.61%
Covered payroll	\$ 51,909,688	\$ 50,272,605	\$ 50,070,440	\$ 50,400,000	\$ 49,091,000
Net pension liability as a percentage of covered payroll	62.84%	-44.79%	40.84%	28.69%	23.89%

(Continued)

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Note: Required schedule is intended to show 10-year trend. GASB 68 was adopted in 2015, as such, only five years are presented herein. Additional years will be added as they become available.

**Board of Public Utilities**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fiscal Years Ended December 31,**  
**(Unaudited)**

**Changes of actuarial assumptions and methods:**

- The inflation assumption was decreased from 3.10% to 2.60%.
- The investment return assumption was decreased from 8.0% to 7.5%
- The general wage growth assumption was decreased from 4.0% to 3.35%.
- The covered payroll growth assumption was decreased from 4.0% to 3.25%.
- The interest crediting rate assumption for contribution account balances was decreased from 4.0% to 3.5%.
- The mortality assumption was changed to the RP-2014 Blue Collar Mortality Table with future mortality improvements modeled using Scale MP-2017.
- Retirement rates were adjusted to better reflect actual experience.
- Termination rates were changed from age-based, sex-distinct assumption to a service-based, unisex assumption.
- The individual salary increase assumption was modified to reflect the lower general wage increase assumption of 3.35%. In addition, the merit salary increase assumption was adjusted to reflect higher salary increases at younger ages.
- The administration expense assumption was increased from 0.60% of pay to 0.70% of pay.
- The amortization method for the unfunded actuarial liability (UAL) was changed to a “layered” amortization approach. The UAL as of January 1, 2019 will continue to be amortized according to the current schedule. New amortization bases will be created on each subsequent valuation date equal to the difference between the actual and expected UAL, with payments calculated using a closed 20-year period as a level-percent of payroll. A new amortization base will also be created when actuarial assumptions are changed or the benefit structure is modified. An appropriate period will be determined by the Board for these events, after discussion with the actuary.



**Board of Public Utilities**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fiscal Years Ended December 31,**  
**(Unaudited)**

- In 2018, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2022 and 3% thereafter to 1% through 2021 and 3% thereafter, for TPL purposes only.
- In 2017, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2025 and 3% thereafter to 1% through 2022 and 3% thereafter for TPL purposes only.
- In 2016, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2020 and 3% thereafter to 1% through 2025 and 3% thereafter for TPL purposes only.

**Board of Public Utilities**  
**Required Supplementary Information**  
**Schedule of Employer 10 Year Contributions**  
**December 31,**  
**(Dollar amounts in thousands)**  
**(Unaudited)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarially determined contribution	\$ 5,561	\$ 6,458	\$ 5,781	\$ 7,263	\$ 7,428	\$ 7,887	\$ 8,398	\$ 7,257	\$ 5,817	\$ 5,269
Actual employer contributions	4,462	4,398	4,251	4,252	4,173	4,278	4,269	4,332	4,255	4,155
Contribution deficiency (excess)	\$ 1,099	\$ 2,060	\$ 1,530	\$ 3,011	\$ 3,255	\$ 3,609	\$ 4,129	\$ 2,925	\$ 1,562	\$ 1,114
Covered payroll	\$52,494	\$51,910	\$50,273	\$50,070	\$49,091	\$50,128	\$50,792	\$51,357	\$50,254	\$49,254
Contribution as a percentage of covered payroll	8.50%	8.47%	8.46%	8.49%	8.50%	8.53%	8.41%	8.43%	8.47%	8.44%

**Board of Public Utilities**  
**Required Supplementary Information**  
**Schedule of Employer 10 Year Contributions**  
**December 31,**  
**(Dollar amounts in thousands)**  
**(Unaudited)**

**Notes to Required Supplementary Information for Contributions**

The following actuarial methods and assumptions were used to determine the actuarially determined contribution reported in the most recent actuarial valuation (January 1, 2019):

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed,
Remaining amortization period	Layered bases with both bases having 20 years remaining
Asset valuation method	8 year smoothed market with an 80-120 percent corridor around the market value of assets
Inflation	2.60 percent
Salary increases	3.25 percent
Investment rate of return	7.50 percent
Cost-of-living adjustments	3.00 percent

Changes of benefits and funding tiers: In 2010, The Pension Board Trustees adopted a new plan design for members hired on or after January 1, 2010. The new plan is a career average defined benefit plan. The Pension Board Trustees increased the member contribution rate from 5.5 percent to 8.5 percent. This also increased the BPU’s matching contribution rate.

**Board of Public Utilities**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Fiscal Years Ended December 31,**  
**(Unaudited)**

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 2,777,950	\$ 2,689,238
Interest on total OPEB liability	1,677,527	1,617,127
Experience losses (gain)	(294,584)	-
Changes of assumptions	(5,201,435)	-
Benefit Payments/Refunds	<u>(3,651,823)</u>	<u>(3,825,597)</u>
Net change in total OPEB liability	(4,692,365)	480,768
Total OPEB liability, beginning	<u>54,987,646</u>	<u>54,506,878</u>
Total OPEB liability, ending	<u>\$ 50,295,281</u>	<u>\$ 54,987,646</u>
Covered employee payroll	\$ 47,719,637	\$ 48,709,400
Total OPEB liability as a percentage of covered employee payroll	105.40%	112.89%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

**Changes of benefit terms:** There were no changes of benefit terms in 2019.

**Changes of benefit assumptions:** There were no changes of benefit assumptions in 2019

**Changes of plan provisions, actuarial assumptions and actuarial methods in 2019:**

- The discount rate increased to 3.10% from 3.03%.
- The mortality improvement rates were updated to use MP2019, compared to MP2017.
- The medical trend was updated to follow the Getzen model after a three year transition period starting at 7.25% and decreasing uniformly to 6.50%.
- The medical aging factors were updated to adjust for age and gender and are assumed to follow the Yamamoto aging assumptions.

This schedule is intended to show information for 10 years. Additional years will be included as they become available. This information is presented as of the measurement date, which is the same as each of the years presented above.

**Board of Public Utilities**  
**Combining Statements of Net Position**  
**December 31, 2019 and 2018**

Assets and Deferred Outflows of Resources	Electric		Water		Total Utility	
	2019	2018	2019	2018	2019	2018
Noncurrent assets:						
Capital assets:						
Property, plant, and equipment	\$ 1,365,698,655	\$ 1,474,795,385	\$ 393,488,273	\$ 382,249,482	\$ 1,759,186,928	\$ 1,857,044,867
Less accumulated depreciation	(687,964,926)	(705,952,173)	(146,646,021)	(138,859,727)	(834,610,947)	(844,811,900)
Plant in service, net	677,733,729	768,843,212	246,842,252	243,389,755	924,575,981	1,012,232,967
Construction work in progress	106,302,171	66,208,571	23,811,029	27,869,152	130,113,200	94,077,723
Capital assets, net	784,035,900	835,051,783	270,653,281	271,258,907	1,054,689,181	1,106,310,690
Restricted assets:						
Cash and cash equivalents	15,761,410	38,537,271	150,000	150,000	15,911,410	38,687,271
Investments	249,000	249,000	—	—	249,000	249,000
Net pension asset	—	18,013,222	—	4,503,306	—	22,516,528
Total restricted assets	16,010,410	56,799,493	150,000	4,653,306	16,160,410	61,452,799
System development costs	544,670	1,045,539	74,986	133,227	619,656	1,178,766
Regulatory assets	73,561,136	—	—	—	73,561,136	—
Total noncurrent assets	874,152,116	892,896,815	270,878,267	276,045,440	1,145,030,383	1,168,942,255
Current assets:						
Cash and cash equivalents	37,308,814	30,902,437	16,919,130	17,037,810	54,227,944	47,940,247
Cash and cash equivalents – restricted	11,771,834	11,752,908	2,383,285	2,432,731	14,155,119	14,185,639
Investments – restricted	12,652,987	12,685,615	2,543,794	2,507,895	15,196,781	15,193,510
Accounts receivable – customers and other	24,169,621	27,627,671	3,392,392	3,713,155	27,562,013	31,340,826
Accounts receivable – unbilled	11,923,135	12,889,121	2,490,897	2,468,654	14,414,032	15,357,775
Allowance for doubtful accounts	(281,468)	(423,963)	(42,901)	(81,964)	(324,369)	(505,927)
Inventories	24,986,851	25,991,702	2,264,347	2,090,376	27,251,198	28,082,078
Prepayments and other current assets	1,731,959	1,658,576	(23,833)	(10,903)	1,708,126	1,647,673
Total current assets	124,263,733	123,084,067	29,927,111	30,157,754	154,190,844	153,241,821
Total assets	998,415,849	1,015,980,882	300,805,378	306,203,194	1,299,221,227	1,322,184,076
Deferred outflows of resources:						
Deferred loss on bond refunding	8,292,515	9,485,479	1,721,788	2,016,968	10,014,303	11,502,447
Deferred outflow - Pension	40,638,827	12,423,607	10,186,044	3,105,902	50,824,871	15,529,509
Deferred outflow - OPEB	—	2,731,226	—	682,806	—	3,414,032
Total deferred outflow of resources	48,931,342	24,640,312	11,907,832	5,805,676	60,839,174	30,445,988
Total assets and deferred outflows of resources	\$ 1,047,347,191	\$ 1,040,621,194	\$ 312,713,210	\$ 312,008,870	\$ 1,360,060,401	\$ 1,352,630,064

**Board of Public Utilities**  
**Combining Statements of Net Position**  
**December 31, 2019 and 2018**

Liabilities, Deferred Inflows of Resources, and Net Position	Electric		Water		Total Utility	
	2019	2018	2019	2018	2019	2018
Net position:						
Net investment in capital assets	\$ 269,135,111	\$ 250,124,558	\$ 172,864,088	\$ 166,632,587	\$ 441,999,199	\$ 416,757,145
Restricted - debt service	20,905,520	21,145,086	4,080,770	4,100,270	24,986,290	25,245,356
Restricted - net pension asset	—	18,013,222	—	4,503,306	—	22,516,528
Unrestricted	24,691,474	13,624,038	(22,904,813)	(25,559,084)	1,786,661	(11,935,046)
Total net position	<u>314,732,105</u>	<u>302,906,904</u>	<u>154,040,045</u>	<u>149,677,079</u>	<u>468,772,150</u>	<u>452,583,983</u>
Liabilities:						
Noncurrent liabilities:						
Long-term debt – revenue bonds	587,945,385	609,698,736	62,505,288	68,584,618	650,450,673	678,283,354
Government loans	2,963,066	1,769,141	28,123,101	29,784,494	31,086,167	31,553,635
Total long-term debt	<u>590,908,451</u>	<u>611,467,877</u>	<u>90,628,389</u>	<u>98,369,112</u>	<u>681,536,840</u>	<u>709,836,989</u>
Total other postemployment benefit liability	40,236,225	43,990,117	10,059,056	10,997,529	50,295,281	54,987,646
Reserve for compensated absences	4,995,367	4,908,192	746,433	733,408	5,741,800	5,641,600
Net pension liability	26,096,694	—	6,524,174	—	32,620,868	—
Noncurrent liabilities	<u>662,236,737</u>	<u>660,366,186</u>	<u>107,958,052</u>	<u>110,100,049</u>	<u>770,194,789</u>	<u>770,466,235</u>
Current liabilities:						
Current maturities of revenue bonds	18,981,300	18,422,850	5,718,700	5,462,150	24,700,000	23,885,000
Current maturities of government loans	213,575	163,012	2,721,527	2,658,179	2,935,102	2,821,191
Accrued interest	8,861,769	9,139,714	1,007,341	1,092,746	9,869,110	10,232,460
Customer deposits	5,749,300	5,523,438	1,216,310	1,210,354	6,965,610	6,733,792
Accounts payable	27,153,163	25,641,170	2,408,088	1,943,424	29,561,251	27,584,594
Payroll and payroll taxes	1,476,803	1,313,042	1,448,012	1,355,586	2,924,815	2,668,628
Accrued claims payable	1,275,725	1,379,277	—	—	1,275,725	1,379,277
Workers compensation reserve	1,151,135	712,832	370,482	167,261	1,521,617	880,093
Public liability reserve	255,128	307,997	205,122	227,762	460,250	535,759
Other accrued liabilities	5,417,805	5,660,593	54,391	54,284	5,472,196	5,714,877
Payment-in-lieu of taxes	2,211,359	2,318,084	396,316	382,123	2,607,675	2,700,207
Construction Contract Retainage Payable Current	1,311,525	1,795,236	442,365	153,847	1,753,890	1,949,083
Interdepartmental balances	(29,626,343)	(29,996,178)	29,626,343	29,996,178	—	—
Total current liabilities	<u>44,432,244</u>	<u>42,381,067</u>	<u>45,614,997</u>	<u>44,703,894</u>	<u>90,047,241</u>	<u>87,084,961</u>
Total liabilities	<u>706,668,981</u>	<u>702,747,253</u>	<u>153,573,049</u>	<u>154,803,943</u>	<u>860,242,030</u>	<u>857,551,196</u>
Deferred inflows of resources:						
Recovery fuel purchased power	5,545,635	4,750,297	—	—	5,545,635	4,750,297
Deferred Inflow - Pension	16,680,088	30,216,740	4,170,021	7,527,848	20,850,109	37,744,588
Deferred Inflow - OPEB	3,720,382	—	930,095	—	4,650,477	—
Total deferred inflows of resources	<u>25,946,105</u>	<u>34,967,037</u>	<u>5,100,116</u>	<u>7,527,848</u>	<u>31,046,221</u>	<u>42,494,885</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 1,047,347,191</u>	<u>\$ 1,040,621,194</u>	<u>\$ 312,713,210</u>	<u>\$ 312,008,870</u>	<u>\$ 1,360,060,401</u>	<u>\$ 1,352,630,064</u>

**Board of Public Utilities**  
**Combining Statements of Revenues, Expenses and Change in Net Position**  
**Years Ended December 31, 2019 and 2018**

	Electric		Water		Total Utility	
	2019	2018	2019	2018	2019	2018
Operating revenues:						
Residential	\$ 75,952,160	\$ 81,811,709	\$ 24,036,511	\$ 24,235,761	\$ 99,988,671	\$ 106,047,470
Commercial	101,781,643	106,882,111	11,184,854	11,553,570	112,966,497	118,435,681
Industrial	49,601,656	51,385,553	5,937,471	5,860,912	55,539,127	57,246,465
Other	30,184,813	34,031,887	4,369,911	4,540,717	34,554,724	38,572,604
Payment-in-lieu of taxes	28,800,400	30,108,224	5,316,134	5,382,256	34,116,534	35,490,480
Total operating revenues	<u>286,320,672</u>	<u>304,219,484</u>	<u>50,844,881</u>	<u>51,573,216</u>	<u>337,165,553</u>	<u>355,792,700</u>
Operating expenses:						
Fuel	33,632,162	32,611,047	—	—	33,632,162	32,611,047
Purchased power	57,826,233	69,937,729	—	—	57,826,233	69,937,729
Production	38,570,978	38,111,686	5,505,371	5,373,746	44,076,349	43,485,432
Transmission and distribution	36,207,994	33,400,078	16,052,995	15,193,202	52,260,989	48,593,280
General and administrative	26,560,647	18,257,246	8,402,155	6,118,017	34,962,802	24,375,263
Depreciation and amortization	28,026,499	28,105,307	7,809,086	8,004,948	35,835,585	36,110,255
Total operating expenses	<u>220,824,513</u>	<u>220,423,093</u>	<u>37,769,607</u>	<u>34,689,913</u>	<u>258,594,120</u>	<u>255,113,006</u>
Operating income	<u>65,496,159</u>	<u>83,796,391</u>	<u>13,075,274</u>	<u>16,883,303</u>	<u>78,571,433</u>	<u>100,679,694</u>
Nonoperating income (expense):						
Interest expense	(27,298,721)	(25,405,068)	(4,126,976)	(3,639,457)	(31,425,697)	(29,044,525)
Payment-in-lieu of taxes	(28,800,400)	(30,108,224)	(5,316,134)	(5,382,256)	(34,116,534)	(35,490,480)
Other	2,428,163	2,313,872	403,878	246,136	2,832,041	2,560,008
Total nonoperating expense, net	<u>(53,670,958)</u>	<u>(53,199,420)</u>	<u>(9,039,232)</u>	<u>(8,775,577)</u>	<u>(62,710,190)</u>	<u>(61,974,997)</u>
Income before contributions and transfers	11,825,201	30,596,971	4,036,042	8,107,726	15,861,243	38,704,697
Contributions and transfers:						
Contributions from developers and others	—	—	326,924	—	326,924	—
Change in net position	11,825,201	30,596,971	4,362,966	8,107,726	16,188,167	38,704,697
Net Position, Beginning of Year	<u>302,906,904</u>	<u>272,309,933</u>	<u>149,677,079</u>	<u>141,569,353</u>	<u>452,583,983</u>	<u>413,879,286</u>
Net Position, End of year	<u>\$ 314,732,105</u>	<u>\$ 302,906,904</u>	<u>\$ 154,040,045</u>	<u>\$ 149,677,079</u>	<u>\$ 468,772,150</u>	<u>\$ 452,583,983</u>

**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***

**Independent Auditor's Report**

The Board of Directors  
Board of Public Utilities  
Kansas City, Kansas

We have audited, in accordance with 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 Board of Public Utilities of Kansas City, Kansas (BPU), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2020, which contained an "Emphasis of Matter" paragraph regarding presentation of only BPU financial statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered BPU's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BPU's internal control. Accordingly, we do not express an opinion on the effectiveness of BPU'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 may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BPU'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 determination of financial statement amounts. 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.

*BKD, LLP*

Kansas City, Missouri  
June 4, 2020

# **STATISTICAL SECTION**

**(Unaudited)**

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**Financial Trends**  
**Revenue Capacity**  
**Debt Capacity**  
**Demographic and Economic Information**  
**Operating Information**





## Statistical Section (Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the utility's overall financial health.

<i>Contents</i>	<i>Page</i>
<b><u>Financial Trends</u></b>	84
These schedules contain trend information to help the reader understand how the utility's financial performance and well-being have changed over time.	
<b><u>Revenue Capacity</u></b>	86
These schedules contain information to help the reader assess the utility's most significant local revenue source.	
<b><u>Debt Capacity</u></b>	88
These schedules present information to help the reader assess the affordability of the utility's current levels of outstanding debt and the utility's ability to issue additional debt in the future.	
<b><u>Demographic and Economic Information</u></b>	91
These schedules offer demographic and economic indicators to help the reader understand how the information in the utility's financial activities takes place.	
<b><u>Operating Information</u></b>	96
These schedules contain service and infrastructure data to help the readers understand how the information in the utility's financial report relates to the services the utility provides and the activities it performs.	



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# Financial Trends

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# Board of Public Utilities

## Net Position By Component Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net Investment in Capital Assets:</b>										
Capital assets, net of depreciation	\$ 678,544,095	\$ 706,397,621	\$ 823,905,500	\$ 840,462,907	\$ 866,886,249	\$ 937,144,580	\$ 1,056,866,885	\$ 1,085,876,104	\$ 1,106,310,690	\$ 1,128,250,318
<b>Bonds and notes payable:</b>										
Principal, long term	(311,697,479)	(333,859,746)	(445,759,661)	(448,634,819)	(467,692,007)	(523,972,467)	(611,647,461)	(645,044,993)	(640,847,083)	(635,790,263)
Government Loans	(19,645,748)	(18,701,155)	(17,633,390)	(25,897,005)	(30,415,148)	(31,193,378)	(31,425,644)	(32,076,338)	(31,553,635)	(31,086,167)
Capital Leases	(74,989)	-	-	(690,070)	(854,126)	(2,261,192)	(1,003,499)	-	-	-
Principal, current	(13,935,000)	(15,680,000)	(16,970,000)	(19,030,000)	(18,230,000)	(19,340,000)	(19,995,000)	(20,735,000)	(23,885,000)	(24,700,000)
Government Loans, current	(1,071,373)	(1,112,511)	(1,155,230)	(1,688,935)	(1,748,714)	(2,081,722)	(2,650,896)	(2,734,035)	(2,821,191)	(2,935,102)
Capital Leases, current	(292,964)	(74,989)	-	(321,746)	(600,093)	(1,551,182)	(1,257,694)	(1,003,499)	-	-
Retainage Liability	-	-	-	-	-	-	(17,645,683)	(1,020,187)	(1,949,083)	(1,753,890)
Deferred Outflow of Resources	-	-	7,387,844	7,012,191	13,379,768	12,226,051	14,478,732	12,990,591	11,502,447	10,014,303
<b>Total Net Investment in Capital Assets:</b>	<b>\$ 331,826,542</b>	<b>\$ 336,969,220</b>	<b>\$ 349,775,063</b>	<b>\$ 351,212,523</b>	<b>\$ 360,725,929</b>	<b>\$ 368,970,690</b>	<b>\$ 385,719,740</b>	<b>\$ 396,252,643</b>	<b>\$ 416,757,145</b>	<b>\$ 441,999,199</b>
<b>Restricted Net Position (A)</b>										
Bond covenant requirements	\$ 50,980,822	\$ 97,519,802	\$ 66,873,587	\$ 46,162,140	\$ 135,307,603	\$ 53,414,286	\$ 140,494,752	\$ 84,472,520	\$ 62,681,627	\$ 39,646,700
Bond proceeds designated for project construction (B)	34,560,938	78,919,255	28,148,696	25,458,437	(109,205,755)	(31,487,584)	(117,521,257)	(60,256,043)	(37,436,271)	(14,660,410)
Bond principal unspent	(34,560,938)	(78,919,255)	(28,148,696)	(25,458,437)	-	-	-	-	-	-
Funds segregated under City Ordinance due to	3,345,722	3,388,815	3,579,724	3,612,072	3,796,842	4,103,492	4,118,734	5,449,008	6,733,792	6,965,610
Liability for customer deposits	(3,345,722)	(3,388,815)	(3,579,724)	(3,612,072)	(3,796,842)	(4,103,492)	(4,194,474)	(5,449,008)	(6,733,792)	(6,965,610)
Net Pension Asset	-	-	-	-	-	-	-	-	22,516,528	-
<b>Total Restricted Net Position</b>	<b>\$ 50,980,822</b>	<b>\$ 97,519,802</b>	<b>\$ 66,873,587</b>	<b>\$ 46,162,140</b>	<b>\$ 26,101,848</b>	<b>\$ 21,926,702</b>	<b>\$ 22,897,755</b>	<b>\$ 24,216,477</b>	<b>\$ 47,761,884</b>	<b>\$ 24,986,290</b>
<b>Unrestricted Net Position</b>										
Other designated funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve funds	-	-	-	-	-	-	-	-	-	-
Funds held for future improvements	-	-	-	-	-	-	-	-	-	-
Project construction accounts	-	-	-	-	-	-	-	-	-	-
Unrestricted - Other	23,941,008	(27,779,967)	(10,699,699)	18,906,563	37,943,638	53,521,776	36,556,998	38,174,218	(11,935,046)	1,786,661
<b>Total Unrestricted Net Position</b>	<b>\$ 23,941,008</b>	<b>\$ (27,779,967)</b>	<b>\$ (10,699,699)</b>	<b>\$ 18,906,563</b>	<b>\$ 37,943,638</b>	<b>\$ 53,521,776</b>	<b>\$ 36,556,998</b>	<b>\$ 38,174,218</b>	<b>\$ (11,935,046)</b>	<b>\$ 1,786,661</b>
<b>Total Net Position</b>	<b>\$ 406,748,372</b>	<b>\$ 406,709,054</b>	<b>\$ 405,948,951</b>	<b>\$ 416,281,226</b>	<b>\$ 424,771,415</b>	<b>\$ 444,419,168</b>	<b>\$ 445,174,493</b>	<b>\$ 458,643,338</b>	<b>\$ 452,583,983</b>	<b>\$ 468,772,150</b>

**Footnote A**

Per Question 95 of "Guide to Implementation of GASB Statement 34 on Basic Financial Statements - and Management's discussion and Analysis - For State and Local Governments" (Implementation Guide), restricted Net Position should be reported when constraints placed on net asset use are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments.
- b. Imposed by law through constitutional provisions or enabling legislation.

The basic concept is that restrictions are not unilaterally established by the reporting government itself, and cannot be removed without the consent of those imposing the restrictions or through formal due process.

**Footnote B**

Per the Implementation Guide, if there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included in the "calculation of net investment in capital assets. The unspent portion of the debt would be included in the calculation of Net Position restricted for capital projects.

# Board of Public Utilities

## Combined Operating Statements Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Residential	\$ 72,383,530	\$ 79,631,157	\$ 86,729,958	\$ 86,654,645	\$ 89,816,917	\$ 86,380,759	\$ 89,793,663	\$ 96,264,382	\$ 106,047,470	\$ 99,988,671
Commercial	74,233,899	88,910,745	101,859,200	99,649,009	104,306,455	101,468,567	101,480,393	113,608,013	118,435,681	112,966,497
Industrial	44,277,063	43,860,628	45,902,344	44,178,102	47,842,971	50,923,573	50,595,037	54,653,921	57,246,465	55,539,127
Other	33,932,880	31,057,374	28,121,275	28,305,763	43,412,193	35,805,009	28,665,489	20,278,405	38,572,604	34,554,724
Deferred Energy Rate Component	12,332,254	-	(1,296,801)	1,296,801	(5,129,895)	(2,112,487)	171,983	(171,983)	-	-
Payment-in-lieu of taxes	27,831,160	28,303,139	28,052,962	27,333,943	31,291,744	30,658,851	30,336,724	32,673,555	35,490,480	34,116,534
<b>Total Operating Revenues</b>	<b>264,990,786</b>	<b>271,763,043</b>	<b>289,368,938</b>	<b>287,418,263</b>	<b>311,540,385</b>	<b>303,124,272</b>	<b>301,043,289</b>	<b>317,306,293</b>	<b>355,792,700</b>	<b>337,165,553</b>
Operating Expenses										
Production	(1) 104,447,219	121,079,793	133,651,887	122,778,881	139,651,369	118,860,432	127,789,644	135,704,266	146,034,208	135,534,744
Transmission & Distribution	37,287,338	41,157,088	41,157,296	42,336,766	41,865,301	47,304,341	47,459,564	45,780,972	48,593,280	52,260,989
General and Administrative	29,900,838	30,376,612	29,832,976	31,747,806	34,179,058	35,096,181	34,997,762	32,584,960	24,375,263	34,962,802
Depreciation & Amortization	31,705,944	32,380,345	32,818,565	33,613,655	32,939,640	47,538,375	36,436,756	31,608,943	36,110,255	35,835,585
<b>Total Operating Expense</b>	<b>203,341,339</b>	<b>224,993,838</b>	<b>237,460,724</b>	<b>230,477,108</b>	<b>248,635,368</b>	<b>248,799,329</b>	<b>246,683,726</b>	<b>245,679,141</b>	<b>255,113,006</b>	<b>258,594,120</b>
<b>Operating Income</b>	<b>61,649,447</b>	<b>46,769,205</b>	<b>51,908,214</b>	<b>56,941,155</b>	<b>62,905,017</b>	<b>54,324,943</b>	<b>54,359,563</b>	<b>71,627,152</b>	<b>100,679,694</b>	<b>78,571,433</b>
Interest Income/(Expense)	(2) (17,306,717)	(18,564,432)	(19,288,063)	(19,509,494)	(23,329,806)	(23,725,356)	(23,497,562)	(25,705,028)	(26,484,517)	(28,593,656)
Payment-in-lieu of taxes	(27,831,160)	(28,303,139)	(28,052,962)	(27,333,943)	(31,291,744)	(30,658,851)	(30,336,724)	(32,673,555)	(35,490,480)	(34,116,534)
<b>Nonoperating Income/(Expense)</b>	<b>(45,137,877)</b>	<b>(46,867,571)</b>	<b>(47,341,025)</b>	<b>(46,843,437)</b>	<b>(54,621,550)</b>	<b>(54,384,206)</b>	<b>(53,834,286)</b>	<b>(58,378,583)</b>	<b>(61,974,997)</b>	<b>(62,710,190)</b>
<b>Income/Loss</b>	<b>16,511,570</b>	<b>(98,366)</b>	<b>4,567,189</b>	<b>10,097,718</b>	<b>8,283,467</b>	<b>(59,263)</b>	<b>525,277</b>	<b>13,248,569</b>	<b>38,704,697</b>	<b>15,861,243</b>
Contributions	300,888	59,048	130,878	234,557	206,722	951,950	230,046	220,273	-	326,924
<b>Change In Net Position</b>	<b>\$ 16,812,458</b>	<b>\$ (39,318)</b>	<b>\$ 4,698,067</b>	<b>\$ 10,332,275</b>	<b>\$ 8,490,189</b>	<b>\$ 892,687</b>	<b>\$ 755,323</b>	<b>\$ 13,468,842</b>	<b>\$ 38,704,697</b>	<b>\$ 16,188,167</b>

Footnotes:

- (1) Includes fuel, purchased power and production.
- (2) Includes other non operating income.



# Revenue Capacity

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# Board of Public Utilities

## LAST TEN FISCAL YEARS

	Residential					Commercial					
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Monthly kWh	Average Sales /\$s	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2010	\$ 53,468,956	609,507,300	56,357	10,815	901	\$ 948.75	\$ 65,639,995	880,896,928	6,905	127,574	\$ 9,506.15
2011	\$ 58,399,854	593,262,827	56,297	10,538	878	\$ 1,037.35	\$ 79,123,112	947,700,453	6,782	139,738	\$ 11,666.63
2012	\$ 63,637,856	575,632,270	56,161	10,250	854	\$ 1,133.13	\$ 90,921,884	1,002,859,658	6,824	146,961	\$ 13,323.84
2013	\$ 62,720,564	570,101,207	56,607	10,071	839	\$ 1,108.00	\$ 88,739,827	974,198,305	6,867	141,867	\$ 12,922.65
2014	\$ 66,175,299	570,452,010	57,104	9,990	832	\$ 1,158.86	\$ 93,289,110	972,781,805	6,897	141,044	\$ 13,526.04
2015	\$ 62,913,435	553,722,235	57,138	9,691	808	\$ 1,101.08	\$ 90,640,767	971,810,982	6,946	139,909	\$ 13,049.35
2016	\$ 65,823,214	578,784,449	57,952	9,987	832	\$ 1,135.82	\$ 90,335,199	976,063,357	6,836	142,783	\$ 13,214.63
2017	\$ 72,054,974	565,191,151	58,432	9,673	806	\$ 1,233.14	\$ 102,217,692	963,303,327	6,826	141,123	\$ 14,974.76
2018	\$ 81,811,709	615,850,423	58,556	10,517	876	\$ 1,397.15	\$ 106,882,111	1,031,359,796	6,837	150,850	\$ 15,632.90
2019	\$ 75,952,160	585,778,805	58,907	9,944	829	\$ 1,289.36	\$ 101,781,643	964,951,084	6,799	141,925	\$ 14,970.09

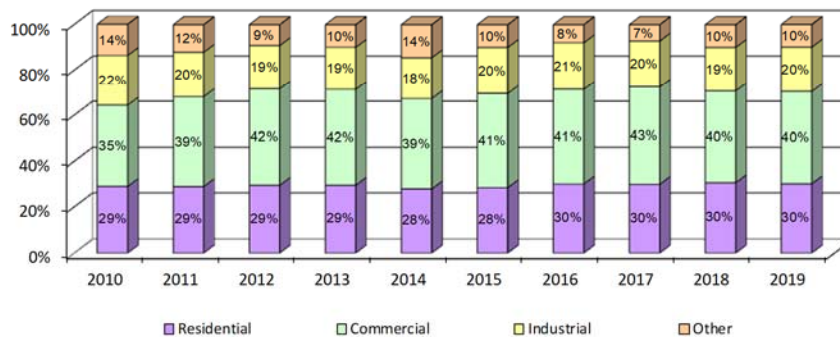
	Industrial				
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2010	\$ 40,758,341	751,421,546	94	7,993,846	\$ 433,599.38
2011	\$ 39,556,941	617,010,984	94	6,563,947	\$ 420,818.52
2012	\$ 41,183,223	558,120,634	93	6,001,297	\$ 442,830.35
2013	\$ 39,454,295	539,561,698	90	5,995,130	\$ 438,381.06
2014	\$ 42,828,672	554,090,099	90	6,156,557	\$ 475,874.13
2015	\$ 45,014,967	622,671,779	88	7,075,816	\$ 511,533.72
2016	\$ 44,967,833	599,924,592	87	6,895,685	\$ 516,871.64
2017	\$ 48,680,080	558,582,767	83	6,729,913	\$ 586,506.99
2018	\$ 51,385,553	594,719,707	83	7,165,298	\$ 619,103.05
2019	\$ 49,601,656	569,703,684	84	6,782,187	\$ 590,495.90

	Other				
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2010	\$ 25,318,233	417,673,813	233	1,792,591	\$ 108,661.94
2011	\$ 24,325,345	375,029,948	203	1,847,438	\$ 119,829.29
2012	\$ 19,663,998	209,451,130	203	1,031,779	\$ 96,866.99
2013	\$ 21,028,399	264,080,917	203	1,300,891	\$ 103,588.17
2014	\$ 34,251,771	397,969,989	199	1,999,849	\$ 172,119.45
2015	\$ 21,934,068	352,047,700	195	1,805,373	\$ 112,482.40
2016	\$ 17,322,688	355,559,247	197	1,804,869	\$ 87,932.43
2017	\$ 17,131,916	265,561,130	175	1,517,492	\$ 97,896.66
2018	\$ 26,472,362	432,377,270	178	2,429,086	\$ 148,721.13
2019	\$ 25,071,583	496,463,564	165	3,008,870	\$ 151,948.99

\*Other includes Schools, Wholesale Sales, Highway Lighting and Public Authorities

	Total				
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2010	\$ 185,185,525	2,659,499,587	63,589	41,823	2,912
2011	\$ 201,405,252	2,533,004,212	63,376	39,968	3,178
2012	\$ 215,406,961	2,346,063,692	63,281	37,074	3,404
2013	\$ 211,943,085	2,347,942,127	63,767	36,821	3,324
2015	\$ 236,544,852	2,495,293,903	64,290	38,813	3,679
2015	\$ 220,503,237	2,500,252,696	64,367	38,844	3,426
2016	\$ 218,448,934	2,510,331,645	65,072	38,578	3,357
2017	\$ 240,084,662	2,352,638,375	65,516	35,909	3,665
2018	\$ 266,551,735	2,674,307,196	65,654	40,733	4,060
2019	\$ 252,407,042	2,616,897,137	65,955	39,677	3,827

### Percentage of Electric Utility Sales



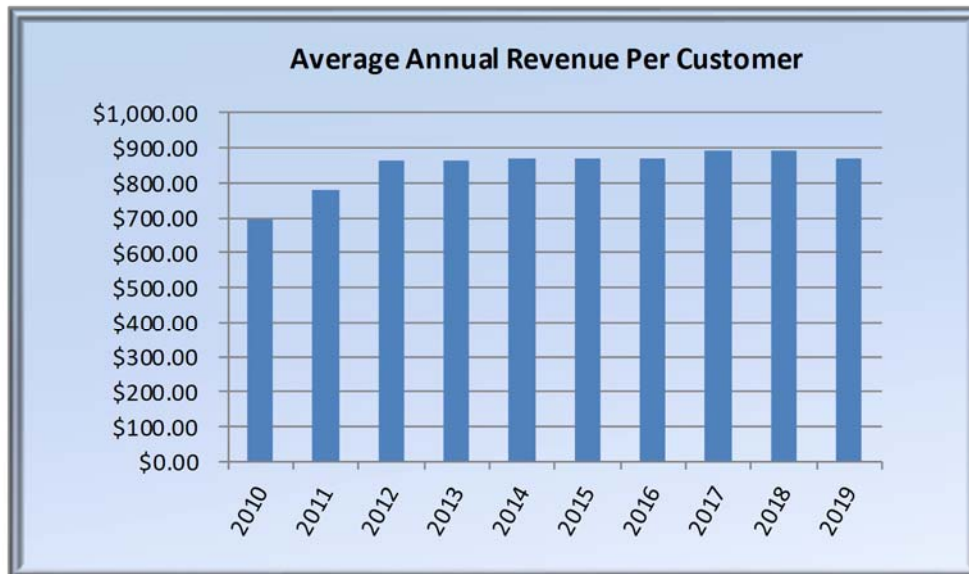
# Board of Public Utilities

## Water Sales

### Last Ten Fiscal Years

Fiscal Year	Gallons Pumped	Gallons Sold	Operating Revenue	Average Number of Customers	Average Revenue Per Customer
2010	11,088,290,000	6,422,126,000	\$ 34,731,824	49,987	\$694.82
2011	11,435,840,000	6,662,349,000	\$ 38,855,138	49,833	\$779.71
2012	12,373,150,000	6,848,172,000	\$ 43,178,953	49,982	\$863.89
2013	11,239,380,000	6,217,618,000	\$ 43,245,833	49,927	\$866.18
2014	10,708,060,000	6,240,941,000	\$ 43,714,822	50,384	\$867.63
2015	10,335,230,000	6,377,958,000	\$ 44,451,047	51,060	\$870.56
2016	10,621,330,000	6,473,999,000	\$ 44,588,234	51,232	\$870.32
2017	10,446,880,000	6,405,780,000	\$ 46,063,465	51,683	\$891.27
2018	10,935,800,000	6,917,117,000	\$ 46,190,960	51,923	\$889.60
2019	11,157,640,000	6,738,982,000	\$ 45,528,747	52,484	\$867.48

**NOTE:** Gallons sold excludes internal BPU department use and water services provided to the Unified Government of Wyandotte County/Kansas City, Kansas.



# Debt Capacity

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# Board of Public Utilities

## Utility System Revenue Bonded Indebtedness

Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Current Year Net Revenue Available for Debt Service	Maximum Outstanding Annual Debt Service (3)	Debt Service						
					Principal (3)	Interest (3)	Total (3)	Coverage (4)	Percentage of Personal Income (5)	Per Capita (6)	
2010	\$ 265,907,854	\$ 171,635,396	\$ 94,272,458	\$ 33,934,990	376,147,121	214,362,010	590,509,131	2.78	8.3%	\$ 2,421	
2011	\$ 273,231,435	\$ 192,613,493	\$ 80,617,942	\$ 38,594,328	440,913,666	255,860,571	696,774,237	2.07	7.4%	\$ 2,837	
2012	\$ 290,217,990	\$ 204,642,159	\$ 85,575,831	\$ 44,144,619	498,523,619	285,077,454	783,601,073	1.94	6.1%	\$ 3,270	
2013	\$ 287,771,566	\$ 196,863,453	\$ 90,908,113	\$ 44,144,619	490,350,940	264,673,442	755,024,382	2.06	6.6%	\$ 3,241	
2014	\$ 311,682,145	\$ 215,695,728	\$ 95,986,417	\$ 49,344,896	580,178,862	348,063,141	928,242,003	1.94	9.1%	\$ 3,873	
2015	\$ 304,013,043	\$ 201,260,954	\$ 102,752,089	\$ 50,117,164	563,060,100	322,942,821	886,002,921	2.03	9.3%	\$ 3,735	
2016	\$ 300,906,787	\$ 210,246,970	\$ 90,659,817	\$ 58,791,060	714,361,539	463,204,520	1,177,566,059	1.57	15.3%	\$ 4,763	
2017	\$ 319,335,382	\$ 214,070,198	\$ 105,265,184	\$ 58,791,060	695,100,373	431,129,444	1,126,229,817	1.78	14.4%	\$ 4,609	
2018	\$ 358,352,708	\$ 219,002,751	\$ 139,349,957	\$ 58,791,060	670,929,825	398,585,911	1,069,515,736	2.36	13.5%	\$ 4,455	
2019	\$ 339,997,594	\$ 222,758,535	\$ 117,239,059	\$ 58,864,282	649,691,269	367,453,580	1,017,144,849	2.04	12.6%	\$ 4,287	

**NOTE:** The most restrictive bond ordinance provides for historical net revenue coverage at 120 percent of the Maximum Outstanding Annual Debt Service.

- (1) Total operating revenues, interest on investments, other interest and income (excluding Construction Fund) and other.
- (2) Total operating expenses exclusive of depreciation and amortization.
- (3) Beginning in 2004 the maximum outstanding annual debt service and debt service includes the payments required for the government loans.
- (4) Current Year Net Revenue Available for Debt Service divided by Maximum Outstanding Annual Debt Service
- (5) Details regarding outstanding debt can be found in the notes to the financial statements.
- (6) Population and personal income data can be found in the Demographic Schedule.

## Board of Public Utilities

### UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS RATIOS OF OUTSTANDING DEBT Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Capital Leases	Revolving Loan	Total Debt <sup>(1)</sup>	Percentage of Personal Income <sup>(2)</sup>	Per Capita <sup>(2)</sup>
2010	360,193,417	367,952	20,717,121	381,278,490	8.3%	\$ 2,421
2011	428,459,001	74,989	19,813,666	448,347,656	7.4%	\$ 2,837
2012	502,501,364	-	18,788,619	521,289,983	6.1%	\$ 3,270
2013	493,123,256	1,011,816	27,585,940	521,721,012	6.6%	\$ 3,241
2014	594,842,762	1,454,219	32,448,862	628,745,843	9.1%	\$ 3,873
2015	574,800,051	3,812,374	33,275,100	611,887,525	9.3%	\$ 3,735
2016	749,163,718	2,261,193	34,076,540	785,501,451	15.3%	\$ 4,763
2017	726,036,036	1,003,499	34,810,371	761,849,906	14.4%	\$ 4,609
2018	702,168,354	-	34,374,826	736,543,180	13.5%	\$ 4,455
2019	675,150,673	-	34,021,269	709,171,942	12.6%	\$ 4,287

(1) Details regarding outstanding debt can be found in the notes to the financial statements.

(2) Population and personal income data can be found in the Demographic Schedule.



# Board of Public Utilities

## Debt per Customer

Last Ten Fiscal Years

Year	Total Electric				
	Principal	Interest	Total	Customers	Debt / Customer
2010	5,576,178	18,202,133	23,778,311	63,589	374
2011	10,307,294	14,467,224	24,774,518	63,376	391
2012	11,548,703	16,048,952	27,597,655	63,281	436
2013	12,990,212	17,556,873	30,547,085	63,767	479
2014	6,006,202	13,967,449	19,973,651	64,290	311
2015	13,374,647	23,175,436	36,550,083	64,367	568
2016	13,132,257	21,674,172	34,806,429	65,072	535
2017	15,109,395	27,432,979	42,542,374	65,516	649
2018	15,668,083	28,121,516	43,789,600	65,654	667
2019	18,633,362	27,551,597	46,184,958	65,955	700
<b>Total</b>	<b>122,346,333</b>	<b>208,198,331</b>	<b>330,544,664</b>	<b>64,487</b>	<b>511</b>

Year	Total Water				
	Principal	Interest	Total	Customers	Debt / Customer
2010	3,410,459	5,954,275	9,364,734	49,987	187
2011	4,699,079	4,808,237	9,507,316	49,833	191
2012	5,243,808	5,238,741	10,482,549	49,982	210
2013	5,135,018	5,430,078	10,565,096	49,927	212
2014	3,553,934	4,034,112	7,588,046	50,384	151
2015	6,528,435	5,080,064	11,608,499	51,060	227
2016	7,183,067	4,648,256	11,831,323	51,232	231
2017	7,536,501	4,645,095	12,181,596	51,683	236
2018	7,800,952	4,419,018	12,219,971	51,923	235
2019	8,153,737	4,105,635	12,259,372	52,484	234
<b>Total</b>	<b>59,244,991</b>	<b>48,363,511</b>	<b>107,608,501</b>	<b>50,850</b>	<b>211</b>

Year	Total Combined				
	Principal	Interest	Total	Customers	Debt / Customer
2010	8,986,637	24,156,408	33,143,045	113,576	292
2011	15,006,373	19,275,461	34,281,834	113,209	303
2012	16,792,511	21,287,693	38,080,204	113,263	336
2013	18,125,230	22,986,951	41,112,181	113,694	362
2014	9,560,136	18,001,561	27,561,697	114,674	240
2015	19,903,082	28,255,500	48,158,582	115,427	417
2016	20,315,324	26,322,428	46,637,752	116,304	401
2017	22,645,896	32,078,074	54,723,970	117,199	467
2018	23,469,036	32,540,534	56,009,570	117,577	476
2019	26,787,099	31,657,231	58,444,330	118,439	493
<b>Total</b>	<b>181,591,323</b>	<b>256,561,842</b>	<b>438,153,165</b>	<b>115,336</b>	<b>379</b>

# Demographic and Economic Information

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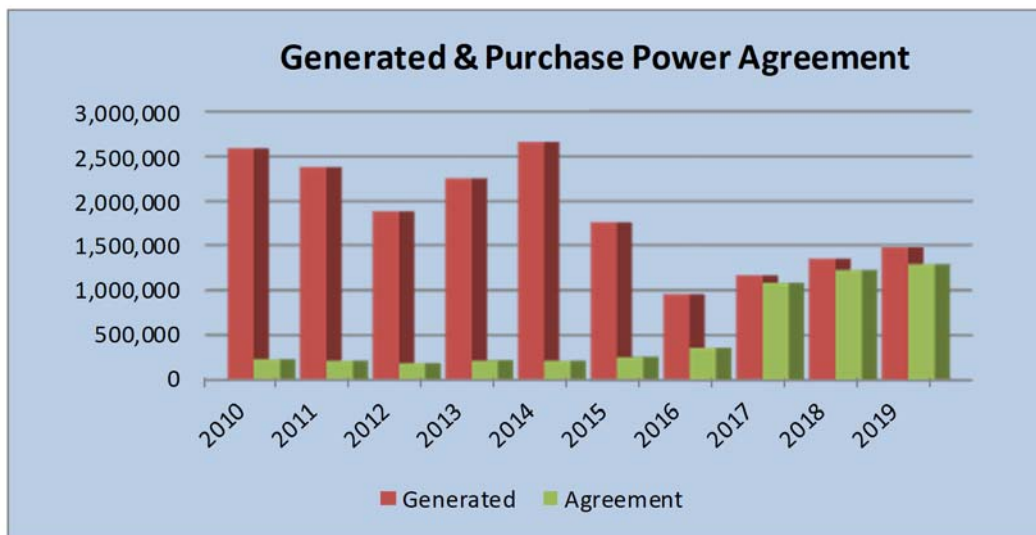
# Board of Public Utilities

## Electric Load Statistics in Megawatts

### Last Ten Fiscal Years

<b>Fiscal</b>	<b>Purchase Power</b>		<b>Market</b>	<b>Maximum</b>		
<b>Year</b>	<b>Generated</b>	<b>Agreement</b>	<b>Purchases/(Sales)</b>	<b>Total Load</b>	<b>System Peak</b>	<b>Net Capability</b>
2010	2,590,447	233,373	(293,552)	2,530,268	501	633
2011	2,382,961	214,335	(132,021)	2,465,275	502	599
2012	1,887,972	185,993	351,079	2,425,044	495	747
2013	2,252,961	218,782	(121,528)	2,350,215	454	747
2014	2,661,052	214,332	(464,931)	2,410,453	459	728
2015	1,767,688	257,821	382,733	2,408,242	485	718
2016	954,458	360,986	1,116,577	2,432,021	480	718
2017	1,164,228	1,083,830	104,101	2,352,158	494	726
2018	1,350,390	1,224,246	(39,637)	2,534,999	496	726
2019	1,478,032	1,292,993	(363,824)	2,407,201	483	580

- NOTES:**
- Generated amounts include BPU's owned generating assets less system usage.
  - Starting in 2013, BPU's portion of Dogwood's generations is included in the generated amounts.
  - Purchase power agreements (PPA) represent renewable energy generated outside BPU's service territory and sold directly through the Southwest Power Pool.
  - Total load is the amount of power supplied to BPU's retail and borderline customers.



# Board of Public Utilities

<b>PRINCIPAL CUSTOMERS (Ten year history)</b>			
<b>2010</b>	<b>Revenue</b>	<b>2011</b>	<b>Revenue</b>
General Motor's (Auto Production)	\$ 9,175,537	General Motor's (Auto Production)	\$ 10,095,840
Owens Corning Fiberglass (Insulation)	7,616,293	CertainTeed Corp. (Insulation)	\$ 6,959,810
CertainTeed Corp. (Insulation)	4,839,908	Owens Corning Fiberglass (Insulation)	\$ 5,345,680
Griffin Wheel (Railroad Wheels)	3,987,251	Griffin Wheel (Railroad Wheels)	\$ 5,183,123
Procter & Gamble Co. (Cleaning Products)	3,720,138	WaterOne of Johnson County (Water Utility)	\$ 4,744,739
WaterOne of Johnson County (Water Utility)	3,643,474	Univ. of Kansas Hospital Authority (Hospital)	\$ 3,979,728
Univ. of Kansas Hospital Authority (Hospital)	3,455,220	Procter & Gamble Co. (Cleaning Products)	\$ 3,912,967
Univ. of Kansas Medical Center (Hospital)	2,679,192	Univ. of Kansas Medical Center (Hospital)	\$ 3,406,181
Constar Plastics (Plastic Containers)	1,666,777	Sara Lee Foods Corporation (Packaged Foods)	\$ 1,770,958
Magellan Pipeline Company (Petroleum Pipeline)	1,642,803	Magellan Pipeline Company (Petroleum Pipeline)	\$ 1,731,142
<b>2012</b>	<b>Revenue</b>	<b>2013</b>	<b>Revenue</b>
General Motor's (Auto Production)	\$ 11,109,840	General Motor's (Auto Production)	\$ 9,270,426
WaterOne of Johnson County (Water Utility)	\$ 6,403,823	Griffin Wheel (Railroad Wheels)	\$ 5,630,110
CertainTeed Corp. (Insulation)	\$ 5,991,417	Owens Corning Fiberglass (Insulation)	\$ 5,399,261
Owens Corning Fiberglass (Insulation)	\$ 5,880,369	WaterOne of Johnson County (Water Utility)	\$ 5,058,926
Griffin Wheel (Railroad Wheels)	\$ 5,568,105	Univ. of Kansas Hospital Authority (Hospital)	\$ 4,338,344
Univ. of Kansas Hospital Authority (Hospital)	\$ 4,786,604	CertainTeed Corp. (Insulation)	\$ 4,070,531
Procter & Gamble Co. (Cleaning Products)	\$ 4,584,365	Univ. of Kansas Medical Center (Hospital)	\$ 3,933,091
Univ. of Kansas Medical Center (Hospital)	\$ 4,060,018	Procter & Gamble Co. (Cleaning Products)	\$ 3,900,600
Sara Lee Foods Corporation (Packaged Foods)	\$ 2,303,146	Magellan Pipeline Company (Petroleum Pipeline)	\$ 2,018,430
Keebler Company (Food Manufacturer)	\$ 2,024,924	Sara Lee Foods Corporation (Packaged Foods)	\$ 1,958,357
<b>2014</b>	<b>Revenue</b>	<b>2015</b>	<b>Revenue</b>
General Motor's (Auto Production)	\$ 11,111,432	General Motor's (Auto Production)	\$ 14,149,360
Griffin Wheel (Railroad Wheels)	\$ 6,616,049	Griffin Wheel (Railroad Wheels)	\$ 6,847,075
Owens Corning Fiberglass (Insulation)	\$ 5,787,124	CertainTeed Corp. (Insulation)	\$ 6,584,360
WaterOne of Johnson County (Water Utility)	\$ 5,086,239	Owens Corning Fiberglass (Insulation)	\$ 5,622,261
Univ. of Kansas Hospital Authority (Hospital)	\$ 4,582,043	Univ. of Kansas Hospital Authority (Hospital)	\$ 5,135,283
CertainTeed Corp. (Insulation)	\$ 4,168,566	WaterOne of Johnson County (Water Utility)	\$ 4,637,054
Univ. of Kansas Medical Center (Hospital)	\$ 4,128,363	Univ. of Kansas Medical Center (Hospital)	\$ 4,406,627
Procter & Gamble Co. (Cleaning Products)	\$ 3,581,800	Procter & Gamble Co. (Cleaning Products)	\$ 4,373,082
Magellan Pipeline Company (Petroleum Pipeline)	\$ 2,277,962	P Q Corporation (Chemicals Manufacturer)	\$ 2,430,849
Keebler Company (Food Manufacturer)	\$ 2,088,604	Hillshire Brands (Food Manufacturer)	\$ 2,274,983
<b>2016</b>	<b>Revenue</b>	<b>2017</b>	<b>Revenue</b>
General Motor's (Auto Production)	\$ 12,137,710	General Motor's (Auto Production)	\$ 10,945,178
CertainTeed Corp. (Insulation)	\$ 9,374,453	CertainTeed Corp. (Insulation)	\$ 10,726,179
Griffin Wheel (Railroad Wheels)	\$ 5,705,991	Griffin Wheel (Railroad Wheels)	\$ 6,656,822
Univ. of Kansas Hospital Authority (Hospital)	\$ 4,909,834	Univ. of Kansas Hospital Authority (Hospital)	\$ 6,631,641
WaterOne of Johnson County (Water Utility)	\$ 4,896,004	Owens Corning Fiberglass (Insulation)	\$ 5,777,506
Owens Corning Fiberglass (Insulation)	\$ 4,825,533	WaterOne of Johnson County (Water Utility)	\$ 5,752,958
Procter & Gamble Co. (Cleaning Products)	\$ 4,356,090	Univ. of Kansas Medical Center (Hospital)	\$ 4,801,206
Univ. of Kansas Medical Center (Hospital)	\$ 4,265,334	Procter & Gamble Co. (Cleaning Products)	\$ 4,677,147
P Q Corporation (Chemicals Manufacturer)	\$ 2,670,974	P Q Corporation (Chemicals Manufacturer)	\$ 2,935,005
GNB Battery (Battery Manufacturer)	\$ 2,312,000	GNB Battery (Battery Manufacturer)	\$ 2,823,661
<b>2018</b>	<b>Revenue</b>	<b>2019</b>	<b>Revenue</b>
General Motor's (Auto Production)	\$ 12,542,607	General Motor's (Auto Production)	\$ 13,401,776
CertainTeed Corp. (Insulation)	\$ 11,253,924	CertainTeed Corp. (Insulation)	\$ 13,085,501
Griffin Wheel (Railroad Wheels)	\$ 7,823,039	Griffin Wheel (Railroad Wheels)	\$ 8,545,022
WaterOne of Johnson County (Water Utility)	\$ 6,892,251	WaterOne of Johnson County (Water Utility)	\$ 7,364,110
Univ. of Kansas Hospital Authority (Hospital)	\$ 6,426,046	Univ. of Kansas Hospital Authority (Hospital)	\$ 7,151,463
Owens Corning Fiberglass (Insulation)	\$ 6,183,292	Owens Corning Fiberglass (Insulation)	\$ 6,327,404
Procter & Gamble Co. (Cleaning Products)	\$ 4,961,457	Procter & Gamble Co. (Cleaning Products)	\$ 5,441,844
Univ. of Kansas Medical Center (Hospital)	\$ 4,959,198	Univ. of Kansas Medical Center (Hospital)	\$ 5,343,639
P Q Corporation (Chemicals Manufacturer)	\$ 3,065,642	P Q Corporation (Chemicals Manufacturer)	\$ 3,709,720
Keebler Company (Food Manufacturer)	\$ 2,812,566	Keebler Company (Food Manufacturer)	\$ 3,063,239

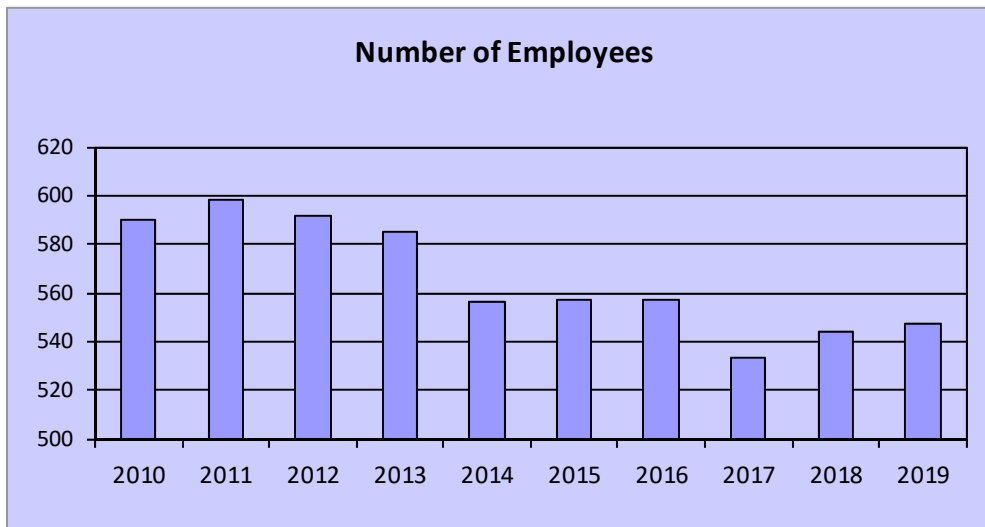
# Board of Public Utilities

## Employee Data

Last Ten Fiscal Year

Fiscal Year	Salaries	Employee Benefits and Payroll Taxes (1)	Total Salary And Benefits (2)	Number of Employees As of December 31, (3)
2010	\$ 49,253,884	\$ 28,047,842	\$ 68,758,964	590
2011	\$ 50,254,375	\$ 29,605,619	\$ 71,778,420	598
2012	\$ 51,356,748	\$ 39,509,248	\$ 82,877,013	592
2013	\$ 50,791,860	\$ 24,823,381	\$ 67,604,414	585
2014	\$ 50,128,257	\$ 28,327,841	\$ 70,156,566	556
2015	\$ 49,616,092	\$ 26,999,213	\$ 69,373,164	557
2016	\$ 50,386,498	\$ 26,829,378	\$ 69,763,315	557
2017	\$ 50,446,956	\$ 28,680,273	\$ 71,303,334	533
2018	\$ 52,109,160	\$ 28,343,762	\$ 72,511,843	544
2019	\$ 53,032,489	\$ 31,404,739	\$ 76,496,149	547

- (1) Includes compensated absences that are also included in salaries
- (2) Excludes paid time not worked.
- (3) Excludes temporary employees and employees on long-term disability.



# Board of Public Utilities

## UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Year	County Population <sup>1</sup>	Personal Income <sup>2</sup> <i>(thousands of dollars)</i>	Per Capita <sup>2</sup> Personal Income	County-wide Public School Enrollment <sup>3</sup>	Unemployment Rate
2010	157,505	\$4,575,257	\$29,023	28,455	10.1%
2011	158,020	\$6,072,087	\$38,426	28,462	9.5%
2012	159,411	\$8,514,739	\$53,394	29,284	8.4%
2013	160,984	\$7,910,231	\$49,150	29,753	7.9%
2014	162,320	\$6,912,435	\$42,641	30,200	6.9%
2015	163,832	\$6,574,820	\$40,242	30,414	6.0%
2016	164,934	\$5,141,826	\$31,273	30,826	5.5%
2017	165,313	\$5,303,254	\$32,085	31,578	5.2%
2018	165,324	\$5,435,835	\$32,663	31,436	4.8%
2019	165,429	\$5,623,400	\$33,900	32,353	4.3%

**Sources and Notes:**

<sup>1</sup> U.S. Dept of Commerce, Bureau of Census, Local Population Estimates; non-decennial Census figures are time-series data updated annually with release of annual population estimate. 2010 population from the U.S. Census Count.

<sup>2</sup> Personal Income and Per Capita Personal Income per U.S. Bureau of Economic Analysis. Most recent year is an estimate based on trends.

<sup>3</sup> School enrollment of Kansas City, Kansas #500, Turner #202, Piper #203, Bonner Springs #204 and parochial schools in Wyandotte County.

# Board of Public Utilities

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

	Fiscal Year 2019			Fiscal Year 2010		
	Employees in County (Employment Range)	Rank	Percentage of Total County Employment	Employees in County (Employment Range)	Rank	Percentage of Total County Employment
Kansas University Health Systems	5,000+	1	10.17%	4000-4500	1	5.42%
Amazon Fulfillment Center	3500-4000	2	4.14%			--
Kansas City, KS School District #500	3500-4000	3	4.01%	3500-4000	3	4.40%
University of Kansas Medical Center	3500-4000	4	3.54%	2500-3499	4	3.60%
Cerner	2500-3499	5	3.13%			--
Burlington Northern/Santa Fe Railroad	2500-3499	6	2.59%	2500-3499	5	3.01%
General Motors Corporation	1000-2499	7	2.51%	3500-4000	2	4.66%
Unified Government of Wyandotte Co/KCK	1000-2499	8	2.45%	1000-2499	6	2.75%
Providence Medical Center	1000-2499	9	1.23%	1000-2499	7	1.35%
Nebraska Furniture Mart	1000-2499	10	1.07%	1000-2499	8	1.34%
Associated Wholesale Grocers	-	-	-	1000-2499	9	1.27%
Kansas City, Kansas Community College	-	-	-	750-999	10	1.06%
	<u>33,621</u>		<u>34.84%</u>	<u>23,953</u>		<u>28.86%</u>

Source: Unified Government Finance Department, Research Division.



# Operating Information

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# Board of Public Utilities

## Electric Rates 2010 thru 2019

	Jul-10		Jan-11		Jan-12		Jan-13		Mar-17		Dec-18	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
<b>Residential</b>												
<b>Rate Code 100</b>												
Customer Charge	\$ 7.06	\$ 7.06	\$ 13.00	\$ 13.00	\$ 14.50	\$ 14.50	\$ 16.00	\$ 16.00	\$ 19.00	\$ 19.00	\$ 22.00	\$ 22.00
Energy Charge:												
First 1,000 kWh	0.06020	0.06020	0.06400	0.04950	0.06790	0.05260	0.07240	0.05610	0.06406	0.06406	0.06466	0.06466
Next 1,000 kWh	0.07190	0.02850	0.07500	0.04800	0.07960	0.05100	0.08480	0.05430	0.06406	0.06406	0.06466	0.06466
All Additional kWh	0.10610	0.02850	0.09400	0.04800	0.09980	0.05100	0.10630	0.05430	0.06406	0.06406	0.06466	0.06466
<b>Residential Electric Heating</b>												
<b>Rate Code 101 (Started Jan-2011)</b>												
Customer Charge			13.00	13.00	14.50	14.50	16.00	16.00	19.00	19.00	22.00	22.00
Energy Charge:												
First 1,000 kWh			0.06400	0.04950	0.06790	0.05260	0.07240	0.05610	0.06406	0.06406	0.06466	0.06466
Next 1,000 kWh			0.07500	0.03500	0.07960	0.03720	0.08480	0.03960	0.06406	0.03906	0.06466	0.03966
All Additional kWh			0.09400	0.03000	0.09980	0.03190	0.10630	0.03400	0.06406	0.03906	0.06466	0.03966
<b>Small General Service</b>												
<b>Rate Code 200</b>												
Customer Charge	17.66	17.66	25.00	25.00	27.50	27.50	30.00	30.00	35.00	35.00	40.00	40.00
Energy Charge:												
First 3,500 kWh	0.07580	0.07580	0.07600	0.06600	0.08080	0.07020	0.08570	0.07450	0.04677	0.04677	0.04733	0.04733
All Additional kWh	0.01200	0.01200	0.03200	0.02200	0.03400	0.02340	0.03610	0.02480	0.04677	0.04677	0.04733	0.04733
Facilities Charge:												
Secondary Service	2.64	2.64	2.40	2.40	2.55	2.55	2.71	2.71	3.26	3.26	3.30	3.30
Primary Service	1.38	1.38	1.90	1.90	2.02	2.02	2.14	2.14	2.62	2.62	2.65	2.65
Demand Charge:												
First 10 kW	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
All Additional kW	6.47	6.47	6.50	6.50	6.91	6.91	7.33	7.33	5.50	5.50	5.57	5.57
*Metering Adjustment:												
Primary	-2.30%	-2.30%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Secondary	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Customers without Demand Meters												
All kWh	0.0815	0.0815	0.0910	0.0840	0.0967	0.0893	0.1026	0.0947	0.09280	0.09280	0.08846	0.08846
<b>Small General Service Electric Heating</b>												
<b>Rate Code 201 (Started Mar-2017)</b>												
Customer Charge									35.00	35.00	40.00	40.00
Energy Charge:												
First 3,500 kWh									0.04677	0.04677	0.04733	0.04733
All Additional kWh									0.04677	0.02677	0.04733	0.02709
Facilities Charge:												
Secondary Service									3.26	3.26	3.30	3.30
Primary Service									2.62	2.62	2.65	2.65
Demand Charge:												
First 10 kW									No Charge	No Charge	No Charge	No Charge
All Additional kW									5.50	5.50	5.50	5.57
*Metering Adjustment:												
Primary									-2.00%	-2.00%	-2.00%	-2.00%
Secondary									NA	NA	NA	NA

\*Metering Adjustment:  
For years 2007-2010 when a meter was installed, which did not compensate for transformer losses, the customer's total bill, including any adjustments, was adjusted according to the percentages. For years 2011-Current when a meter is installed which does not compensate for transformer losses, the customer's metered kWh and kW is adjusted according to the percentages.

Notes:  
Source: Board of Public Utilities approved rate tariffs.  
Rate Component Information Available for 2009-2018  
Years represented are for years with rate tariff adjustments.

# Board of Public Utilities

## Electric Rates 2010 thru 2019

	Jul-10		Jan-11		Jan-12		Jan-13		Mar-17		Dec-18	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
<b>Medium General Service Rate</b>												
<b>Rate Code 250 (Started Jan-2011)</b>												
Customer Charge			55.00	55.00	60.00	60.00	65.00	65.00	75.00	75.00	85.00	85.00
Energy Charge:												
First 300 kWh per kW			0.04500	0.03500	0.04730	0.03680	0.04950	0.03850	0.03637	0.03637	0.03724	0.03724
All Additional kWh			0.01500	0.01300	0.01580	0.01370	0.01650	0.01430	0.02137	0.02137	0.02188	0.02188
Facilities Charge:												
Secondary Service			2.96	2.96	3.11	3.11	3.26	3.26	4.02	4.02	4.11	4.11
Primary Service			2.34	2.34	2.46	2.46	2.58	2.58	3.46	3.46	3.54	3.54
Demand Charge:												
All Additional kW			6.55	6.55	6.88	6.88	7.21	7.21	6.50	6.50	6.66	6.66
*Metering Adjustment:												
Primary			NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Secondary			2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Medium General Service Rate Electric Heating</b>												
<b>Rate Code 251 (Started Mar-2017)</b>												
Customer Charge									75.00	75.00	85.00	85.00
Energy Charge:												
First 300 kWh per kW									0.03637	0.03637	0.03724	0.03724
All Additional kWh									0.02137	0.01137	0.02188	0.01164
Facilities Charge:												
Secondary Service									4.02	4.02	4.11	4.11
Primary Service									3.46	3.46	3.54	3.54
Demand Charge:												
All Additional kW									6.50	6.50	6.66	6.66
*Metering Adjustment:												
Primary									NA	NA	NA	NA
Secondary									2.0%	2.0%	2.0%	2.0%
<b>Large General Service Rate</b>												
<b>Rate Code 300</b>												
Customer Charge	41.17	41.17	120.00	120.00	130.00	130.00	140.00	140.00	155.00	155.00	170.00	170.00
Energy Charge:												
First 300 kWh per kW	0.03710	0.03710	0.03900	0.03000	0.04130	0.03170	0.04360	0.03340	0.03540	0.03540	0.03636	0.03636
All Additional kWh	0.01090	0.01090	0.01300	0.01300	0.01380	0.01380	0.01460	0.01460	0.01540	0.01540	0.01582	0.01582
Facilities Charge:												
Secondary Service	2.59	2.59	2.96	2.96	3.13	3.13	3.3	3.3	4.02	4.02	4.13	4.13
Primary Service	1.35	1.35	2.34	2.34	2.48	2.48	2.62	2.62	3.46	3.46	3.56	3.56
Demand Charge:												
All Additional kW	6.17	6.17	7.55	7.55	7.99	7.99	8.43	8.43	8.43	8.43	8.66	8.66
*Metering Adjustment:												
Secondary	2.3%	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Primary	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

\*Metering Adjustment:

For years 2007-2010 when a meter was installed, which did not compensate for transformer losses, the customer's total bill, including any adjustments, was adjusted according to the percentages. For years 2011-Current when a meter is installed which does not compensate for transformer losses, the customer's metered kWh and kW is adjusted according to the percentages.

Notes:

Source: Board of Public Utilities approved rate tariffs.

Rate Component Information Available for 2009-2018

Years represented are for years with rate tariff adjustments.

# Board of Public Utilities

## Electric Rates 2010 thru 2019

	Jul-10		Jan-11		Jan-12		Jan-13		Mar-17		Dec-18	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
<b>Large General Service Rate Electric Heating</b>												
<b>Rate Code 301 (Started Mar-2017)</b>												
Customer Charge									155.00	155.00	170.00	170.00
Energy Charge:												
First 300 kWh per kW									0.03540	0.03540	0.03636	0.03636
All Additional kWh									0.00540	0.00540	0.00555	0.00555
Facilities Charge:												
Secondary Service									4.02	4.02	4.13	4.13
Primary Service									3.46	3.46	3.56	3.56
Demand Charge:												
All Additional kW									8.43	8.43	8.66	8.66
*Metering Adjustment:												
Secondary									2.0%	2.0%	2.0%	2.0%
Primary									NA	NA	NA	NA
<b>Large Power Service Rate</b>												
<b>Rate Code 400</b>												
Customer Charge	117.64	117.64	250.00	250.00	275.00	275.00	300.00	300.00	350.00	350.00	400.00	400.00
Energy Charge:												
First 300 kWh per kW	0.02170	0.02170	0.02140	0.01940	0.02310	0.02100	0.02490	0.02260	0.02081	0.02081	0.02183	0.02183
All Additional kWh	0.01080	0.01080	0.01020	0.00920	0.01100	0.01000	0.01190	0.01080	0.01050	0.01050	0.01101	0.01101
Facilities Charge:												
Secondary Service	2.59	2.59	2.42	2.42	2.62	2.62	2.83	2.83	3.24	3.24	3.40	3.40
Primary Service	1.35	1.35	1.93	1.93	2.09	2.09	2.25	2.25	2.75	2.75	2.88	2.88
Substation Service	0.41	0.41	0.73	0.73	0.79	0.79	0.85	0.85	0.95	0.95	1.00	1.00
Demand Charge:												
All Additional kW	7.30	7.30	7.94	7.94	8.59	8.59	9.26	9.26	9.26	9.26	9.71	9.71
*Metering Adjustment:												
Primary	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Secondary	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Substation Service	-3.8%	-3.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%
Transmission	-4.3%	-4.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%
<b>Large Power Service Rate Electric Heating</b>												
<b>Rate Code 401 (Started Mar-2017)</b>												
Customer Charge									350.00	350.00	400.00	400.00
Energy Charge:												
First 300 kWh per kW									0.02081	0.02081	0.02183	0.02183
All Additional kWh									0.01050	0.00550	0.01101	0.00577
Facilities Charge:												
Secondary Service									3.24	3.24	3.40	3.40
Primary Service									2.75	2.75	2.88	2.88
Substation Service									0.95	0.95	1.00	1.00
Demand Charge:												
All Additional kW									6.95	6.95	8.56	8.56
*Metering Adjustment:												
Primary									NA	NA	NA	NA
Secondary									2.0%	2.0%	2.0%	2.0%
Substation Service									-2.8%	-2.8%	-2.8%	-2.8%
Transmission									-3.3%	-3.3%	-3.3%	-3.3%

\*Metering Adjustment:

For years 2007-2010 when a meter was installed, which did not compensate for transformer losses, the customer's total bill, including any adjustments, was adjusted according to the percentages. For years 2011-Current when a meter is installed which does not compensate for transformer losses, the customer's metered kWh and kW is adjusted according to the percentages.

Notes:

Source: Board of Public Utilities approved rate tariffs.

Rate Component Information Available for 2009-2018

Years represented are for years with rate tariff adjustments.

# Board of Public Utilities

## Electric Rates 2010 thru 2019

	Jul-10		Jan-11		Jan-12		Jan-13		Mar-17		Dec-18	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
<b>Large Power High Load Factor</b>												
<b>Rate Code 450 (Started Mar-2017)</b>												
Customer Charge									350.00	350.00	400.00	400.00
Facilities Charge:												
Secondary Service									3.24	3.24	3.40	3.40
Primary Service									2.75	2.75	2.88	2.88
Substation Service									0.95	0.95	1.00	1.00
Demand Charge:												
All Additional kW									17.50	17.50	17.93	17.93
*Metering Adjustment:												
Primary									NA	NA	NA	NA
Secondary									2.0%	2.0%	2.0%	2.0%
Substation Service									-2.8%	-2.8%	-2.8%	-2.8%
Transmission									-3.3%	-3.3%	-3.3%	-3.3%
<b>Average Monthly Residential kWh</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>		
	901	878	854	839	832	808	832	806	0	0		
<b>Average Energy Rate Component (ERC)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>		
	0.02370	0.02761	0.03445	0.03038	0.03490	0.03139	0.02939	0.03539	0.03340	0.03270		
<b>Environmental Surcharge (ESC)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 Jan - Feb 2017</b>	<b>Mar-Dec 2017</b>	<b>2018</b>	<b>2019</b>		
Rate Code 100 (kWh)	NA	0.00068	0.00094	0.00097	0.00124	0.00304	0.00444	0.00664	0.00899	0.01000	0.00902	
Rate Code 200 (kWh)	NA	0.00101	0.00140	0.00144	0.00179	0.00443	0.00656	0.00973	0.01128	0.01134	0.01039	
Rate Code 250 (kWh)	NA	0.20896	0.38985	0.38662	0.47525	1.19839	1.70924	2.61501	3.98803	3.92962	3.71095	
Rate Code 300 (kW)	NA	0.20896	0.38985	0.38662	0.47525	1.19839	1.70924	2.61501	2.14008	3.77993	3.42465	
Rate Code 400 (kW)	NA	0.20033	0.40618	0.43575	0.56661	1.50282	2.03925	2.90730	3.69120	4.11948	3.81418	
Rate Code USD500 (kWh)	NA	0.00090	0.00136	0.00142	0.00168	0.00382	0.00535	0.00841	0.01125	0.01063	0.01041	

**\*Metering Adjustment:**

For years 2007-2010 when a meter was installed, which did not compensate for transformer losses, the customer's total bill, including any adjustments, was adjusted according to the percentages. For years 2011-Current when a meter is installed which does not compensate for transformer losses, the customer's metered kWh and kW is adjusted according to the percentages.

**Notes:**

Source: Board of Public Utilities approved rate tariffs.

Rate Component Information Available for 2008-2018

Years represented are for years with rate tariff adjustments.

# Board of Public Utilities

## Water Rates 2010 thru 2019

Meter Size	Jul-10		Jan-11		Jan-12		Jan-13
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	
<b>Monthly Customer Access Charge</b>							
5/8"	\$ 13.65	\$ 13.65	\$ 15.55	\$ 15.55	\$ 17.50	\$ 17.50	\$ 19.35
3/4"	16.60	16.60	18.95	18.95	21.30	21.30	23.55
1"	20.70	20.70	23.60	23.60	26.55	26.55	29.35
1.5"	32.50	32.50	37.00	37.00	41.60	41.60	46.00
2"	44.20	44.20	50.40	50.40	56.70	56.70	62.60
3"	96.00	96.00	109.50	109.50	123.00	123.00	136.00
4"	154.50	154.50	176.00	176.00	198.00	198.00	219.00
6"	301.00	301.00	343.00	343.00	386.00	386.00	427.00
8"	449.00	449.00	512.00	512.00	575.00	575.00	635.00
10"	596.00	596.00	679.00	679.00	763.00	763.00	843.00
12" and Larger	682.00	682.00	778.00	778.00	875.00	875.00	967.00
<b>Monthly Minimum Bill</b>							
5/8"	13.98	25.57	15.90	24.00	17.87	21.92	19.74
3/4"	32.16	38.78	35.49	40.07	38.60	40.80	41.83
1"	45.33	56.67	49.78	57.76	53.90	58.03	58.22
1.5"	80.99	98.45	88.35	100.63	95.03	101.39	101.77
2"	121.21	151.18	131.84	153.02	141.29	152.42	150.51
3"	231.21	289.41	252.34	293.17	271.19	292.18	289.51
4"	372.64	473.62	406.33	477.25	436.82	473.39	465.99
6"	734.48	900.35	800.51	917.17	860.14	920.56	916.71
8"	1,172.03	1,291.92	1,274.98	1,359.40	1,365.55	1,409.43	1,451.07
10"	1,681.32	1,927.22	1,824.19	1,997.03	1,949.46	2,038.82	2,067.43
12" and Larger	2,030.68	2,625.77	2,201.03	2,619.47	2,349.25	2,565.81	2,488.27
<b>CCF Units</b>							
<b>Per Month</b>							
0 to 7	3.310	3.310	3.520	3.520	3.680	3.680	3.890
8 to 160	2.910	2.910	3.070	3.070	3.180	3.180	3.280
161 to 2000	2.910	2.910	3.070	3.070	3.180	3.180	3.280
2001 to 8000	2.063	2.063	2.060	2.060	2.450	2.450	3.030
All over 8000	1.620	1.620	1.990	1.990	2.450	2.450	3.030
<b>Private Fire Protection Rates</b>							
2"	7.97	7.97	7.97	7.97	7.97	7.97	7.97
4"	20.44	20.44	20.44	20.44	20.44	20.44	20.44
6"	49.86	49.86	49.86	49.86	49.86	49.86	49.86
8"	100.21	100.21	100.21	100.21	100.21	100.21	100.21
10"	175.95	175.95	175.95	175.95	175.95	175.95	175.95
12" and Larger	281.10	281.10	281.10	281.10	281.10	281.10	281.10

**Notes:**

Source: Board of Public Utilities approved rate tariffs.

Rate Component Information Available for 2010-2019

Years represented are for years with rate tariff adjustments.

# Board of Public Utilities

## Capital Operating Indicators LAST 10 FISCAL YEARS

<b>Water System:</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Miles of Water Mains	964.75	966.56	965.55	967.55	967.04	966.85	967.74	970.14	966.64	963.94
Number of New Service Taps	117	123	117	166	155	187	205	311	257	185
Max. Day Pumped (Gallons)	40,250,000	45,860,000	49,270,000	46,450,000	39,880,000	36,390,000	40,590,000	38,890,000	29,570,000	42,090,000
Min. Day Pumped (Gallons)	24,620,000	24,220,000	24,290,000	23,950,000	24,400,000	22,230,000	23,720,000	23,680,000	24,960,000	25,130,000
Max. Rate (MGD)	54	54	54	54	54	54	54	54	54	54
Water Main Breaks	570	637	736	590	606	499	444	481	602	528
Avg daily consumption (gallons)	30,350,000	31,320,000	33,755,000	30,850,000	29,326,000	28,251,482	29,098,630	28,612,843	30,046,990	30,475,805

Source: Various water divisions.



# Board of Public Utilities

## Staffing by Division 2010 - 2019 Budget

Department	2010 Approved	2011 Approved	2012 Approved	2013 Approved	2014 Approved	2015 Approved	2016 Approved	2017 Approved	2018 Approved	2019 Approved
1000 ES Administration	6	5	4	4	4	4	4	4	4	4
1600 Electric System Control	22	22	24	25	25	25	24	24	24	24
<b>Total Electric Supply</b>	<b>28</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>28</b>
1100 EP Administration	9	7	6	6	7	7	7	9	8	6
1101 Maintenance and Planning	3	3	3	3	2	2	2	2	2	2
1103 EP Engineers Common	4	4	4	5	5	5	5	4	4	5
1200 Kaw Plant Common	1	1	1	1	1	0	0	0	0	0
1301 EP Maintenance-Quindaro	21	20	21	21	21	20	15	14	13	9
1302 EP Operations-Quindaro	38	38	38	38	38	38	29	23	21	17
1303 EP Engineering - Quindaro	3	3	3	3	3	3	3	3	3	1
1401 EP Maintenance-Nearman	20	17	16	16	20	20	22	26	27	27
1402 EP Operations-Nearman	35	35	35	35	35	35	35	38	39	40
1403 EP Engineering - Nearman	3	3	3	2	2	2	2	2	2	1
1500 Common Plant Maintenance	41	45	45	45	38	35	35	33	33	32
1700 Environmental Services	5	7	6	6	5	5	5	4	4	5
1701 Environmental Air Quality	0	0	3	3	3	3	3	3	3	3
<b>Total Electric Production</b>	<b>183</b>	<b>183</b>	<b>184</b>	<b>184</b>	<b>180</b>	<b>175</b>	<b>163</b>	<b>161</b>	<b>159</b>	<b>148</b>
1900 EO Administration	2	3	3	4	2	2	2	2	2	2
2000 EO Planning	0	0	0	0	4	4	2	2	2	3
2100 EO Transmission	87	87	87	86	85	85	82	81	81	80
2200 EO Substation / Relay	12	12	12	13	13	13	13	14	14	15
2300 Telecommunications	7	7	7	7	7	8	8	8	8	8
2410 IT Administration	1	1	1	1	1	1	1	1	1	2
2420 Desktop	2	4	6	7	7	9	11	11	12	12
2430 Applications	8	12	12	12	12	15	14	16	17	17
2500 EO Grounds / Claims	1	2	2	1	1	1	2	2	2	2
2600 EO Fleet Maintenance	24	23	23	23	23	23	21	21	21	21
2700 EO Electrical Engineering	24	24	24	25	25	25	23	22	22	22
2800 EO Elec Meters & Services	23	21	19	16	15	23	23	22	20	20
2810 Meter Reading	27	22	16	15	8	0	0	0	0	0
2820 Revenue Protection	5	4	4	3	5	0	0	0	0	0
2900 EO Traffic Signal	5	5	5	5	5	5	4	4	4	4
<b>Total Electric Operations &amp; Technology</b>	<b>228</b>	<b>227</b>	<b>221</b>	<b>218</b>	<b>213</b>	<b>214</b>	<b>206</b>	<b>206</b>	<b>206</b>	<b>208</b>
3700 Water Meters/Services	26	26	23	23	24	24	26	25	26	23
3900 Maintenance Nearman	7	6	7	6	6	7	7	6	7	7
4000 Process Administration	3	3	3	3	3	3	3	3	2	2
4100 Laboratory	9	9	9	10	9	9	8	8	8	8
4200 WO Mains	33	33	39	39	37	39	37	38	37	40
4400 WP Support Services	6	6	6	6	6	4	4	5	5	5
4500 Water Administration	1	1	1	1	1	1	1	1	1	1
4600 Water Civil Engineering	15	15	15	15	16	16	15	15	15	15
4800 Operations Nearman	8	9	8	8	8	8	7	8	8	9
<b>Total Water</b>	<b>108</b>	<b>108</b>	<b>111</b>	<b>111</b>	<b>110</b>	<b>111</b>	<b>108</b>	<b>109</b>	<b>109</b>	<b>110</b>
5000 Customer Relations	12	12	15	14	14	15	17	17	17	17
5100 Cash Operations	8	8	8	8	8	8	8	8	8	8
5200 Collections	19	19	19	19	15	15	14	14	12	12
5800 CS Administration	6	6	5	6	7	6	6	6	6	6
6200 Customer Accounting	8	8	8	8	8	8	8	8	8	8
<b>Total Customer Service</b>	<b>53</b>	<b>53</b>	<b>55</b>	<b>55</b>	<b>52</b>	<b>52</b>	<b>53</b>	<b>53</b>	<b>51</b>	<b>51</b>
6100 Accounting	18	18	18	18	18	18	16	16	16	16
6300 Purchasing	5	4	4	4	4	5	5	5	5	5
6400 Stores	26	24	24	24	24	23	22	22	22	22
6900 Corp Compliance	0	0	0	3	3	3	3	4	4	4
7000 General Managers Office	7	5	7	6	6	5	4	3	3	3
7100 Marketing & Corporate Communications	1	2	2	3	3	4	3	3	2	3
7400 Human Resources	9	9	10	10	10	10	9	9	9	9
7900 Utility Svcs	2	3	3	3	3	3	3	3	3	3
8600 Administrative Services	3	3	3	3	3	3	3	3	3	3
8700 Image Processing	7	7	7	7	7	8	7	7	7	7
<b>Total Administrative</b>	<b>78</b>	<b>75</b>	<b>78</b>	<b>81</b>	<b>81</b>	<b>82</b>	<b>75</b>	<b>75</b>	<b>74</b>	<b>75</b>
<b>Overall Total Number Of Approved Positions</b>	<b>678</b>	<b>673</b>	<b>677</b>	<b>678</b>	<b>665</b>	<b>663</b>	<b>633</b>	<b>632</b>	<b>627</b>	<b>620</b>

Source: Board of Public Utilities approved annual budget.