



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal years ending December 31, 2017 and 2016

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 & 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, 2017 and 2016**

2017 Board of Directors

President – Tom Groneman	David Alvey
Vice President – Jeff Bryant	Mary L. Gonzales
Secretary – Norman D. Scott	Robert L. Milan, Sr.

**General Manager
Don L. Gray**



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

Prepared by: Office of Accounting & Office of Corporate Communications

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Comprehensive Annual Financial Report
For the Fiscal Years Ended December 31, 2017 and 2016**

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INTRODUCTORY SECTION





June 15, 2018

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 that 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, 2017.

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, 2017, 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 percent ownership interest in a combined cycle power generating station, and six 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 percent 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 the only hydro project in the State of Kansas as well as 200 MW of wind from the Cimarron Bend Wind Project, 25 MW of wind from the Smoky Hills Wind Farm, and 25 MW from the 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 has five units; the coal-fired steam generating facility consists of two units, each having a single coal-fired steam generating boiler and a turbine generation unit. Commercial operation of such units began in 1966 and 1971. In order to comply with certain environmental regulations, the two coal-fired steam generating units were switched to natural gas fired only as of April 15, 2015. These two units will more likely to be peaking units. In addition, the Quindaro Station also has three 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 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 two other area utilities, Kansas City Power & Light and Westar Energy.

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 six 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 January, 2016, 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 Managers 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 2017 U. S. Census Bureau, Wyandotte County's population was 165,288. 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 34 years. Approximately, 35 percent 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 10 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 Community America 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. Just completed is 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.

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 \$231.7 million in generation, transmission, and distribution projects; of which \$18 million for continued construction of environmental upgrades to a coal fired plant. Approximately 100% of the environmental upgrade and 60% of the remaining capital plan is expected to be bond financed. The Environmental Surcharge Rider will be applied to collect the principal and interest payments for the environmental upgrades. The water capital improvement plan identifies approximately \$72.4 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 and transmission improvements in the Muncie, Fairfax, 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 is constructing 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 2019.

The water utility has increased efforts to replace aging water valves and mains in the Water distribution system. The additional effort will allow approximately 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 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, 2016. This was the thirty-sixth 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 2017 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-seventh 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".

Lori C. Austin
Manager of Accounting & Finance/
Chief Financial Officer



Government Finance Officers Association

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

Presented to

Kansas City Board of Public Utilities

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

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, the primary mission of this municipally-owned utility remains the same as it was more than 100 years ago, to provide quality dependable utility services to the community at the lowest possible price.

BPU undertook a number of initiatives in 2017 that continued its commitment to customer service, maintaining open communications with customers and key stakeholder groups and remaining a responsible community partner. This focus on customer satisfaction and socially responsible efforts in the community, as well as accomplishments in numerous other areas, was recognized nationally when BPU was recently presented with American Business Awards “Gold Stevie Award” for Best Overall Company, Large Utility Category.

The utility also continued utilizing new communication channels to allow customers to get their questions answered faster and leveraged new technologies to improve overall efficiency. 2017 product enhancements and customer service improvement initiatives included:

- Lobby Enhancements – Put in place a self-service Bill Print Station, self-service Payment Kiosks, and a Drop-Box for added convenience in an area that sees over 4,000 walk-ins and over 11,350 cashier transactions a month and averages 17,000 phone calls a month.
- Online Customer Service Portal – Developed a new site for customers to view recent bills, payment history, and see utility usage amounts over time.
- Paperless Billing Feature – Provided 24/7 electronic access to monthly statements, reducing paper consumption and postage costs with 4,900 signing up initially.
- FlexPay Program – Customers can now purchase services on a pre-paid basis, allowing them to monitor electric and water usage on an “as-needed” basis – helping them conserve and reduce usage by 15%.
- HomeServe Repair Service Program – Put in place and promoted new home repair service/coverage for sewer lines, plumbing, etc., with over 6,900 customers signing up.

Communicating with BPU's diverse customer base (residential and business) was paramount to the utility's continued success, ensuring key stakeholders remained informed about the utility and its programs while allowing BPU to capture their feedback. Efforts in this area included:

- 2017 Customer Satisfaction Survey – Undertook a comprehensive survey of 1,000 via online and phone to identify areas for expanded, improved service – as well as preferred customer communications methods.
- Social Media and Online Outreach – Utilized these platforms to connect, refreshing and updating. 50+ social media posts per month, 52,000 online visitors per month, 35,176 visits to the Contact Us Page.
- NextDoor.com Social Networking – Promoted platform allowing BPU to insert itself into neighborhood discussions, 9,217 signed up in 121 different neighborhoods.

- BPU Connection Newsletter – An 8-page print newsletter mailed to 59,000 customers, recipient of 2017 APPA Excellence in Communications Award.
- Media Outreach – 32x media release distributions in 2017, with 10x live broadcast interviews on issues like community solar, storm outage response, etc. 1.5+ million impressions.

BPU and its employees also donated, contributed and invested financially in a number of key local initiatives in its service area in 2017, including:

- BPU Summer Youth Program – Provided grants to nine area non-profits impacting over 1,400 at-risk youth (ages 12-18) in temporary positions for life skills development and mentoring.
- BPU Annual Charity Golf Tourney – Coordinated by the employees, 180 persons played in the 2017 tournament raising \$30,000 for a new mother's/infant shelter in the community, total more than \$550,000 since 1998.
- Community Sponsorships – Financial support for the Wyandotte Ethnic Festival, Black Achievers Award Business Dinner, Eagle Days at Wyco Lake, Sunflower Children's Gala, the County Fair, the Boys Scouts, and more.

BPU remained focused on providing reliable and affordable utility services to its customers in 2017, while working to improving the quality of life in the community. BPU will continue working to improve overall efficiencies and reduce costs, expand communications and outreach efforts with the community, and maintain customer excellence, as it has for more than 100 years.

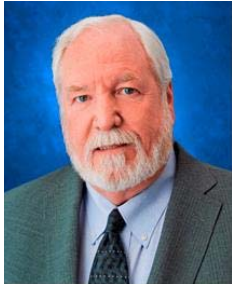
Respectfully,



Thomas Groneman
Board President
June 15, 2018

Board of Directors – 2017

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.



Tom Groneman
President
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 currently serves as President for the Board of Public Utilities. 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 29th 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.

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

Board of Directors – 2017 – (continued)



Jeff Bryant
Vice President
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 currently serves as Vice President for the Board of Public Utilities.

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.



Norman Scott
Secretary
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 Secretary 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.

Board of Directors – 2017 – (continued)



David Alvey
Member at Large
Elected 2009-2013
Re-elected 2013-2017

David is the fifth generation of his family to live in Wyandotte County. He is the Assistant Principal for Faculty Formation and Professional Development at Rockhurst High School. Mr. Alvey has previously served as the Board of Public Utilities (BPU) president, vice president and secretary.

He is a member of the American Public Power Association (APPA) and currently serves on the APPA Policy Makers Council. Mr. Alvey also served on the Planning and Zoning Commission of the Unified Government. He served as the dean of students and also taught U.S. history at Rockhurst High School and served as Program Director of the Student Support Program in Marin County, California. Mr. Alvey is the former National Chair of Deans of Students of the Jesuit Secondary Education Association.

He graduated from Savior of the World High School and attended Rockhurst College before graduating Summa Cum Laude in Philosophy and Letters from St. Louis University.



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.

Board of Directors – 2017 – (continued)



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

Mr. Milan has served on the BPU Board for over 25 years, having been first elected in 1991. He has served as President of the Board four times. 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.

GENERAL MANAGER'S MESSAGE

As a non-profit municipal 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 since 1909. Today the electric and water utility services nearly 70,000 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.

BPU achieved a number of important key objectives and milestones in 2017 that helped it continue delivering world-class utilities and customer service, while remaining one of the top ranked municipal utilities in the country. Significant 2017 accomplishments included:

- 2017 Public Rate Hearing – The successful completion of a comprehensive, multi-month public rate hearing process.
- 45% Renewable Energy Achieved – In 2017, BPU hit its target of having 45% of power generation come from renewable energy sources including wind, hydro, and landfill methane gas, exceeding Kansas' Renewable Energy Standard Goal of 15%, with a lofty goal of having 60% of power sourced from renewables by 2020. By diversifying its power mix away from coal, BPU is reducing its overall carbon footprint and benefiting the community.

The utility also achieved a number of budgetary and financial accomplishments in 2017, including:

- Excellence in Financial Reporting Award – Recognized by the Government Finance Officers Association (GFOA) for accounting and financial reporting, and BPU's annual financial report.
- Bond Rating Upgrade – Upgraded to A2 rating from Moody's, with Stable Outlook Report, noting stable financial metrics, including coverage and liquidity.
- FY17 Utility Budget – BPU operated on a \$382 million budget in 2017, approximately \$113 million less than FY16, with less capital expenditures resulting from fewer environmental upgrade requirements.
- BPU was presented the Award of Excellence in the video category for its Power of Community video from the American Public Power Association.
- Building cash on hand for electric and water departments to meet or exceed policy requirements.

- Managing financials to obtain targeted debt service coverage.
- Ensuring funding for capital improvement projects and operating and maintenance for the system.

In addition, BPU continued its commitment to environment stewardship. A leader in renewable energy and energy efficiency, BPU is one of the “greenest” public utilities in the nation. BPU continued to advocate for these programs, be it to a group of school children or to management of its largest industrial customer, making progress in a number of areas in 2017 including:

- Community Solar Farm – BPU built and launched the state’s first municipal community solar farm in 2017, providing customers access to this sustainable energy source from one central location with 4,000 PV solar panels, making shared solar power accessible and affordable for all. Each BPU solar panel eliminates 12 tons of CO2.
- Promoting energy and water efficiency through programs and customer education; including hosting 20 efficiency workshops throughout the community.
- Monitoring, evaluating, and addressing evolving environmental regulations.
- Providing good quality water, available upon demand in an efficient manner. Met and exceeded state and federal water quality standards, while maintaining an award-winning water system.

As part of its basic core service, BPU continued providing cost effective, safe and reliable utility services in 2017, including efficient operation of aging electric production facilities and water production and delivery infrastructure.

BPU’s mission in 2017 remained the same as it’s been for the last 100 years: offering quality dependable utility services at the lowest possible price – and being committed to improving the quality of life for all in our community.

Sincerely,



Don L. Gray
General Manager

June 15, 2018

Senior Management – 2017

Don L. Gray General Manager

Don Gray has worked at BPU for over 47 years. Before being appointed General Manager of the utility in 2006, he was Manager of Water Operations.

In the late 1990s he led the research, design and construction of the Nearman Water Treatment Plant with its state-of-the-art horizontal collector well, the largest alluvial well of its kind in the U.S. The plant opened in 2000. He has also served on various task forces and committees at the utility, including the Leadership Team for the BPU Strategic Plan.

In 2005, Mr. Gray was awarded the prestigious George Warren Fuller Award from the American Water Works Association (AWWA). The award recognizes Mr. Gray's long career and management of the BPU Water Utility and his leadership role in AWWA. He also served on the Board of Directors of AWWA. Mr. Gray was also the recipient of The Richard Porter Service Award from the Kansas Section of the American Water Works Association.

This prestigious industry award recognized him for his leadership and commitment to the public water profession and the community it serves.

He is a member of the American Public Power Association and Kansas Municipal Utilities.

Over twenty-two years ago Mr. Gray turned his favorite recreational activity into a way to aid local children when he helped establish the BPU Charity Golf Tournament. Since then the tournament has raised over \$550,000 for various children's charities in Wyandotte County.

Mr. Gray has bachelor's degrees in chemistry and microbiology. In 2003 he earned his M.B.A. from the University of St. Mary.

**Lori C. Austin, Manager
Accounting and Finance/CFO**

**James A. Epp, Manager
Water Operations**

**William A. Johnson, Manager
Electric Operations and Technology**

**Johnetta M. Hinson, Manager
Customer Services**

**Gerald P. Ohmes, Sr., Manager
Electric Operations**

**Dong T. Quach, Manager
Electric Production**

Executive Staff and Department Heads 2017

Jeremy Ash, Director
Electric Distribution & Service

Sperlynn R. Byers, Acting Director
Information Technology

William R. Cobb, Acting Director
Electric Production Maintenance

Samuel W. Deleon, Director
Human Resources

Andrew Ferris, Director
Electric Supply Planning

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

Randal J. Otting, Director
Accounting

Jerin Purtee, Director
Electric System Control

Ingrid Setzler, Director
Environmental Services

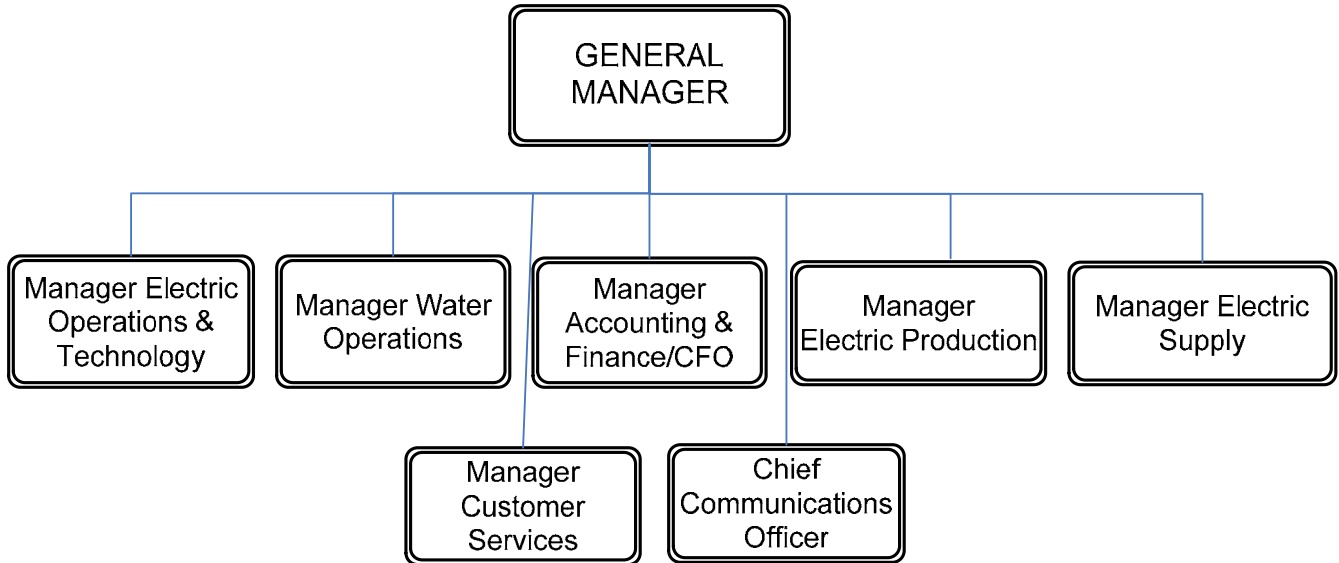
Chris D. Stewart, Director
Civil Engineering

Patrice Townsend, Director
Utility Services



Kansas City Board of Public Utilities

2017 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



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, 2017 and 2016, 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 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, 2017 and 2016, 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 the BPU enterprise fund 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, 2017 and 2016, 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 postretirement schedules 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 15, 2018, on our consideration of the 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 the 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 the BPU's internal control over financial reporting and compliance.

BKD, LLP

Kansas City, Missouri
June 15, 2018



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Board of Public Utilities
Management's Discussion and Analysis
December 31, 2017 and 2016
(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, 2017 and 2016 with selected comparative information of the year ended December 31, 2015. 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, 2017 and 2016
(Unaudited)

The following tables summarize the financial condition and operations of the BPU as of December 31, 2017, 2016 and 2015 and for each of the years then ended:

Statements of Net Position Summary

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets and deferred outflows of resources:			
Capital assets, net	\$ 1,085,876,104	\$ 1,056,866,885	\$ 937,144,580
Current assets	139,417,951	136,509,357	138,253,318
Other noncurrent assets	<u>63,539,586</u>	<u>121,312,653</u>	<u>35,165,498</u>
Total assets	1,288,833,641	1,314,688,895	1,110,563,396
Deferred outflows of resources	<u>57,492,577</u>	<u>51,334,397</u>	<u>24,102,493</u>
Total assets and deferred outflows of resources	<u>\$ 1,346,326,218</u>	<u>\$ 1,366,023,292</u>	<u>\$ 1,134,665,889</u>
Liabilities, deferred inflows of resources, and net position:			
Noncurrent liabilities	\$ 769,220,554	\$ 786,309,054	\$ 615,843,500
Current liabilities	<u>83,294,183</u>	<u>110,472,530</u>	<u>72,290,734</u>
Total liabilities	852,514,737	896,781,584	688,134,234
Deferred inflows of resources	35,168,146	24,067,215	2,112,487
Net position:			
Net investment in capital assets	396,252,643	385,719,739	350,960,044
Restricted	24,216,477	22,897,756	21,926,702
Unrestricted	<u>38,174,215</u>	<u>36,556,998</u>	<u>71,532,422</u>
	<u>\$ 1,346,326,218</u>	<u>\$ 1,366,023,292</u>	<u>\$ 1,134,665,889</u>

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2017 and 2016
(Unaudited)

Statements of Revenues, Expenses and Changes in Net Position Summary

	2017	2016	2015
Operating revenues:			
Residential	\$ 96,264,382	\$ 89,793,663	\$ 86,380,759
Commercial	113,608,013	101,480,393	101,468,567
Industrial	54,653,921	50,595,037	50,923,573
Other	20,278,405	28,665,489	35,805,009
Energy rate component	(171,983)	171,983	(2,112,487)
Payment-in-lieu of taxes	32,673,555	30,336,724	30,658,851
Total operating revenues	317,306,293	301,043,289	303,124,272
Operating expenses:			
Fuel	28,088,298	23,845,728	40,073,878
Purchased power	64,277,525	58,363,318	34,489,510
Production	43,338,443	45,580,598	44,297,044
Transmission and distribution	45,780,972	47,459,564	47,304,341
General and administrative	32,584,960	34,997,762	35,096,181
Depreciation and amortization	31,608,943	36,436,756	47,538,375
Total operating expenses	245,679,141	246,683,726	248,799,329
Operating income	71,627,152	54,359,563	54,324,943
Nonoperating income (expense):			
Interest expense	(27,734,117)	(23,361,060)	(24,614,127)
Payment-in-lieu of taxes	(32,673,555)	(30,336,724)	(30,658,851)
Other	2,029,089	(136,500)	888,772
Total nonoperating expense, net	(58,378,583)	(53,834,284)	(54,384,206)
Contributions and transfers:			
Contributions from developers and others	220,273	230,046	951,950
Change in net position	13,468,842	755,325	892,687
Net position, beginning of year (as restated in 2015)	445,174,493	444,419,168	443,526,481
Net position, end of year	\$ 458,643,335	\$ 445,174,493	\$ 444,419,168
Total revenue	\$ 319,335,382	\$ 300,906,789	\$ 304,038,096
Total expense	306,259,134	301,977,144	304,097,361

Financial Highlights

2017 Compared to 2016

- Net capital assets increased by \$29.0 million in 2017. The majority of the increase is attributed to Construction Work In Progress.
- Debt service coverage ratio for 2017 increased to 1.78 times in comparison with 1.57 for the year ended 2016.
- Other noncurrent assets decreased by \$57.8 million in 2017 as a result of expenditures for capital projects funded by revenue bonds.
- Noncurrent liabilities decreased by \$17.1 million in 2017 due to the payment of the current portion of long term debt.
- Net position increased by \$13.5 million during 2017.

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2017 and 2016
(Unaudited)

As of December 31, 2017, the BPU has drawn \$10.0 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 2017, the BPU's operating revenues were approximately \$317.3 million, with the Electric Utility recognizing revenues of \$265.9 million and the Water Utility recognizing revenues of \$51.4 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue increased by approximately \$16.3 million to \$317.3 million in 2017. The Electric Utility experienced increased electric sales of \$14.7 million compared to 2016. Residential and Commercial usage was higher over last year. In 2017, the BPU recognized \$6.3 million of deferred revenue from the 2017 over collection of the Energy Rate Component.

The Water Utility experienced an additional \$1.6 million in water sales compared to 2016. In comparison to the 2017 budgeted revenue, overall, the BPU collected 103% of the projected Energy and Water sales and 103% of total operating revenue.

Operating expenses for 2017 and 2016 were approximately \$245.7 million and \$246.7 million, respectively. The Electric Utility represented \$211.7 million and \$211.7 million for 2017 and 2016, respectively, while the Water Utility represented \$33.9 million and \$35.0 million for 2017 and 2016 in operating expenses, respectively. The largest component of operating expenses is fuel, purchased power and production expense. Overall, in 2017, fuel, purchased power and production costs totaled \$135.7 million which is \$7.9 million more than 2016. The BPU's power supply mix for fiscal years 2017 and 2016 was 20% and 16% coal, 70% and 68% net power purchases, 8% and 14% gas and 2% and 2% oil, respectively.

2016 Compared to 2015

- Net capital assets increased by \$119.7 million in 2016. The majority of the increase is attributed to Construction Work In Progress.
- Debt service coverage ratio for 2016 decreased to 1.57 times in comparison with 2.05 for the year ended 2015.
- Other noncurrent assets increased by \$86.2 million in 2016.
- Noncurrent liabilities increased by \$170.5 million in 2016. This increase is primarily related to the issuance of bonds complete the financing of improvements for environmental upgrades to the Nearman power generating stations in 2016.
- Net position increased by \$755 thousand during 2016.

As of December 31, 2016, the BPU has drawn \$6.4 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 2016, the BPU's operating revenues were approximately \$301.0 million, with the Electric Utility recognizing revenues of \$251.2 million and the Water Utility recognizing revenues of \$49.8 million. The average number of customer accounts remained stable from the prior year. In 2016, the BPU's total

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2017 and 2016
(Unaudited)

operating revenue decreased by approximately \$2.1 million to \$301.0 million. The Electric Utility experienced decreased electric sales of \$2.2 million compared to 2015.

The Water Utility experienced an additional \$120 thousand in water sales compared to 2015. In comparison to the 2016 budgeted revenue, overall, the BPU collected 96% of the projected Energy and Water sales and 99% of total operating revenue.

Operating expenses for 2016 and 2015 were approximately \$246.7 million and \$248.8 million, respectively. The Electric Utility represented \$211.7 million and \$211.7 million for 2016 and 2015, respectively, while the Water Utility represented \$35.0 million and \$37.1 million for 2016 and 2015 in operating expenses, respectively. The largest component of operating expenses is fuel, purchased power and production expense. Overall, in 2016, fuel, purchased power and production costs totaled \$127.8 million which is \$8.9 million more than 2015. In 2016, the BPU recognized \$172 thousand of deferred expense from the 2016 under collection of the Energy Rate Component, The BPU's power supply mix for fiscal years 2016 and 2015 was 16% and 47% coal, 68% and 39% net power purchases, 14% and 12% gas, and 2% and 2% oil, respectively.

Capital Assets and Debt Administration

2017 Compared to 2016

Net capital assets increase by \$29.0 million in 2017. Capital asset additions were offset by approximately \$31.6 million of depreciation and amortization expense.

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

2016 Compared to 2015

Net capital assets increase by \$119.7 million in 2016. Capital asset additions were offset by approximately \$36.4 million of depreciation and amortization expense.

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

Debt Administration

2017 Compared to 2016

Noncurrent liabilities outstanding as of December 31, 2017 and 2016 were \$769.2 million and \$786.3 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.

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2017 and 2016
(Unaudited)

As of December 31, 2017 and 2016, the BPU had debt coverage of 1.78 times and 1.57 times, respectively.

In 2017, 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 A3 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 2017 and 2016 was \$27.7 million and \$23.4 million, respectively.

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

2016 Compared to 2015

Noncurrent liabilities outstanding as of December 31, 2016 and 2015 were \$786.3 million and \$615.8 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, 2016 and 2015, the BPU had debt coverage of 1.57 times and 2.05 times, respectively.

In 2015, 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 A3 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 2016 and 2015 was \$23.4 million and \$24.6 million, respectively.

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



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Board of Public Utilities
Statements of Net Position
December 31, 2017 and 2016

Assets and Deferred Outflows of Resources	2017	2016
Noncurrent assets:		
Capital assets:		
Property, plant, and equipment	\$ 1,789,028,038	\$ 1,542,355,471
Less accumulated depreciation	<u>(809,750,887)</u>	<u>(779,413,880)</u>
Plant in service, net	979,277,151	762,941,591
Construction work in progress	<u>106,598,953</u>	<u>293,925,294</u>
Capital assets, net	<u>1,085,876,104</u>	<u>1,056,866,885</u>
Restricted assets:		
Cash and cash equivalents	61,507,044	101,850,428
Investments	<u>249,000</u>	<u>17,170,829</u>
Total restricted assets	61,756,044	119,021,257
System development costs, net	<u>1,783,542</u>	<u>2,291,396</u>
Total noncurrent assets	<u>1,149,415,690</u>	<u>1,178,179,538</u>
Current assets:		
Cash and cash equivalents	38,994,491	44,186,346
Cash and cash equivalents – restricted	13,040,150	10,045,128
Investments – restricted	14,353,502	14,790,534
Accounts receivable – customers and other	30,588,686	26,203,010
Accounts receivable – unbilled	14,618,195	9,744,039
Allowance for doubtful accounts	(644,452)	(870,806)
Inventories	24,989,139	28,898,051
Regulatory assets	-	171,983
Prepayments and other current assets	<u>3,478,240</u>	<u>3,341,072</u>
Total current assets	<u>139,417,951</u>	<u>136,509,357</u>
Total assets	<u>1,288,833,641</u>	<u>1,314,688,895</u>
Deferred outflows of resources:		
Deferred loss on bond refunding	12,990,591	14,478,732
Deferred Outflow - Pension	<u>44,501,986</u>	<u>36,855,665</u>
Total deferred outflows of resources	<u>57,492,577</u>	<u>51,334,397</u>
Total assets and deferred outflows of resources	<u>\$ 1,346,326,218</u>	<u>\$ 1,366,023,292</u>

Board of Public Utilities
Statements of Net Position
December 31, 2017 and 2016

Liabilities, Deferred Inflows of Resources, and Net Position	2017	2016
Net position:		
Net investment in capital assets	\$ 396,252,643	\$ 385,719,739
Restricted – debt service	24,216,477	22,897,756
Unrestricted	38,174,215	36,556,998
Total net position	<u>458,643,335</u>	<u>445,174,493</u>
Liabilities:		
Noncurrent liabilities:		
Long-term debt – revenue bonds	705,301,036	729,168,718
Government loans	32,076,338	31,425,644
Capital lease	—	1,003,499
Total long-term debt and capital lease obligations	<u>737,377,374</u>	<u>761,597,861</u>
Postretirement benefit obligation	5,917,229	5,481,779
Reserve for compensated absences	5,475,960	4,770,200
Net pension liability	20,449,991	14,459,214
Total noncurrent liabilities	<u>769,220,554</u>	<u>786,309,054</u>
Current liabilities:		
Current maturities of revenue bonds	20,735,000	19,995,000
Current maturities of government loans	2,734,035	2,650,896
Current maturities of capital lease obligations	1,003,499	1,257,694
Accrued interest	10,506,999	9,553,147
Customer deposits	5,449,008	4,194,474
Accounts payable	27,730,752	40,711,343
Payroll and payroll taxes	2,205,043	2,408,994
Accrued claims payable	1,477,153	1,059,312
Workers compensation reserve	674,498	1,100,000
Public liability reserve	1,629,837	1,522,092
Other accrued liabilities	5,694,685	6,210,768
Payment-in-lieu of taxes	2,433,487	2,163,128
Construction Contract Retainage Payable	1,020,187	17,645,682
Total current liabilities	<u>83,294,183</u>	<u>110,472,530</u>
Total liabilities	<u>852,514,737</u>	<u>896,781,584</u>
Deferred inflows of resources:		
Recovery fuel purchased power	6,334,111	—
Deferred Inflow - Pension	28,834,035	24,067,215
Total deferred inflows of resources	<u>35,168,146</u>	<u>24,067,215</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,346,326,218</u>	<u>\$ 1,366,023,292</u>

Board of Public Utilities
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Residential	\$ 96,264,382	\$ 89,793,663
Commercial	113,608,013	101,480,393
Industrial	54,653,921	50,595,037
Other	20,278,405	28,665,489
Energy rate component recovery	(171,983)	171,983
Payment-in-lieu of taxes	32,673,555	30,336,724
Total operating revenues	<u>317,306,293</u>	<u>301,043,289</u>
Operating expenses:		
Fuel	28,088,298	23,845,728
Purchased power	64,277,525	58,363,318
Production	43,338,443	45,580,598
Transmission and distribution	45,780,972	47,459,564
General and administrative	32,584,960	34,997,762
Depreciation and amortization	31,608,943	36,436,756
Total operating expenses	<u>245,679,141</u>	<u>246,683,726</u>
Operating income	<u>71,627,152</u>	<u>54,359,563</u>
Nonoperating revenue (expense):		
Interest expense	(27,734,117)	(23,361,060)
Payment-in-lieu of taxes	(32,673,555)	(30,336,724)
Other	2,029,089	(136,500)
Total nonoperating expense, net	<u>(58,378,583)</u>	<u>(53,834,284)</u>
Income before contributions and transfers	13,248,569	525,279
Contributions and transfers:		
Contributions from developers and others	<u>220,273</u>	<u>230,046</u>
Change in net position	13,468,842	755,325
Net position, beginning of year	<u>445,174,493</u>	<u>444,419,168</u>
Net position, end of year	<u>\$ 458,643,335</u>	<u>\$ 445,174,493</u>

Board of Public Utilities
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Receipts from customers	\$ 294,414,554	\$ 306,049,844
Payments to suppliers	(155,993,651)	(146,881,773)
Payments to employees	(58,449,197)	(57,421,415)
Net cash provided by operating activities	<u>79,971,706</u>	<u>101,746,656</u>
Cash flows used in noncapital financing activities – payment-in-lieu of taxes	(32,403,196)	(30,404,490)
Cash flows from capital and related financing activities:		
Purchases of property, plant, and equipment	(55,291,451)	(126,812,834)
Payments on capital leases	(1,257,694)	(1,551,181)
Proceeds from issuance of revenue bonds, net of premium and discount	-	246,768,357
Refunding of bond principal	-	(53,845,749)
System development costs	(823,891)	(2,007,493)
Debt issue cost paid	-	(1,536,135)
Payments on revenue bonds	(19,995,000)	(19,600,000)
Payments on government loans	(2,821,442)	(2,464,550)
Issuance of government loans	3,555,275	3,265,990
Interest paid on utility system debt	(32,035,795)	(29,351,801)
Net cash provided by (used in) capital and related financing activities	<u>(108,669,998)</u>	<u>12,864,604</u>
Cash flows from investing activities:		
Purchases of investments	(54,216,031)	(123,197,223)
Proceeds from sales and maturities of investments	71,574,892	105,747,918
Interest received	1,202,410	319,393
Net cash provided by (used in) investing activities	<u>18,561,271</u>	<u>(17,129,912)</u>
Net increase (decrease) in cash and cash equivalents	(42,540,217)	67,076,858
Cash and cash equivalents, beginning of year	156,081,902	89,005,044
Cash and cash equivalents, end of year	<u>\$ 113,541,685</u>	<u>\$ 156,081,902</u>
Components of cash and cash equivalents at end of fiscal year:		
Restricted	\$ 74,547,194	\$ 111,895,556
Unrestricted	38,994,491	44,186,346
	<u>\$ 113,541,685</u>	<u>\$ 156,081,902</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 71,627,152	\$ 54,359,563
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	31,608,943	36,436,756
Changes in noncash assets and noncash liabilities:		
Accounts receivable – customers and other, net	(9,486,186)	43,078
Inventories	3,908,912	1,020,889
Prepayments and other current assets	(300,872)	(655,529)
Customer deposits	1,254,534	90,982
Accounts payable	(12,980,594)	6,184,149
Payroll and payroll-related liabilities	501,809	1,311,019
Accrued claims payable	100,084	(799,545)
Other accrued liabilities	(516,083)	2,300,510
Deferred fuel costs and deferred purchased power	6,506,094	(2,284,470)
Construction Contract Payable	(16,625,495)	-
Deferred outflows - pension	(7,646,321)	(24,979,223)
Deferred inflows - pension	4,766,820	24,067,215
Net pension liability	5,990,777	2,731,668
Postretirement benefit obligation	435,450	407,040
Other noncurrent assets, net	826,682	1,512,554
Net cash provided by operating activities	<u>\$ 79,971,706</u>	<u>\$ 101,746,656</u>
Supplemental noncash disclosure:		
Contributions of capital assets from developers	\$ 220,273	\$ 230,046
Accounts payable incurred for purchase of capital assets	11,199,681	21,594,052

See Notes to Financial Statements

Board of Public Utilities

Notes to Financial Statements

December 31, 2017 and 2016

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, 2017 and 2016

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. When capital assets are disposed, 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. 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 plans after the pension liability 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.

Board of Public Utilities
Notes to Financial Statements
December 31, 2017 and 2016

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.

	Composite Rates	Useful Lives (in years)
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

Interest costs incurred to finance construction work in progress net of interest income from tax-exempt bonds are capitalized. The BPU capitalized \$5.3 million and \$7.4 million in 2017 and 2016, respectively.

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 \$644 and \$870 thousand at December 31, 2017 and 2016, respectively.

Inventories

Inventories are stated at cost and consist of the following:

	2017	2016
Fuel	\$ 3,575,702	\$ 6,109,469
Material and supplies	21,413,437	22,788,582
Total	\$ 24,989,139	\$ 28,898,051

Board of Public Utilities

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December 31, 2017 and 2016

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 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, 2017 and 2016. 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, 2017 and 2016 the BPU has recorded an estimated liability of \$1.5 million and \$1.0 million, respectively, within accrued claims payable for its estimated remaining share of these obligations. Funding provided for these obligations was \$450,000 and \$320,000 in 2017 and 2016, 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.

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

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resources, deferred inflows of resources and pension expense have been recognized in the financial statements.

The net pension liability 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, 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.

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 \$1,273,390 and \$1,212,600 includes current vacation of \$203,200 and \$232,050 at December 31, 2017 and 2016, 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 \$5,218,570 and \$4,662,600 includes current sick leave of \$812,800 and \$872,950 at December 31, 2017 and 2016, respectively, which is included in reserve for compensated absences and payroll and payroll taxes in the accompanying statements of net position.

	2017			
	Beginning Balance	Additions	Reductions	Ending Balance
Sick leave	\$ 4,662,600	\$ 812,800	\$ (256,830)	\$ 5,218,570
Vacation	1,212,600	203,200	(142,410)	1,273,390

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	2016			
	Beginning Balance	Additions	Reductions	Ending Balance
Sick leave	\$ 4,241,000	\$ 872,950	\$ (451,350)	\$ 4,662,600
Vacation	1,142,000	232,050	(161,450)	1,212,600

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.”

New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits other than Pensions*, effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The BPU is currently assessing the impact of this statement.

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 asset retirement obligations, other than landfills.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and this statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. At this time the BPU is currently assessing the impact of this statement

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In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017. At this time 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 are effective for fiscal years beginning after December 15, 2019. At this time the BPU is currently assessing the impact of this statement.

Impact of Adoption of New Accounting Standard

In 2017, the BPU adopted the provisions of GASB Statement No. 82, *Pension Issues – Amendment of GASB Statements No. 67, 68 and 73*. This statement addresses certain issues that have been raised with respect to Statements No. 67, Statement No. 68, and Statement No. 73. Specifically, GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Adoption did not have a significant impact on amounts reported or disclosed.

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.

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Notes to Financial Statements
December 31, 2017 and 2016

The following represents the BPU's total cash and investments at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash and certificates of deposit (CDs)	\$ 495,245	\$ 382,971
Repurchase agreements	45,776,426	49,765,546
U.S. agency	16,964,644	71,518,929
Money market funds	<u>64,907,872</u>	<u>66,375,819</u>
Total cash and investments	<u>\$ 128,144,187</u>	<u>\$ 188,043,265</u>

Cash and investments are included in the following statement of net position accounts at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 38,994,491	\$ 44,186,346
Cash and cash equivalents – restricted	13,040,150	10,045,128
Investments – restricted	14,353,502	14,790,534
Noncurrent restricted assets:		
Cash and cash equivalents	61,507,044	101,850,428
Investments	<u>249,000</u>	<u>17,170,829</u>
	<u>\$ 128,144,187</u>	<u>\$ 188,043,265</u>

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, 2017 and 2016, the bank balance and certificates of deposit were \$495,245 and \$382,971, respectively, which were covered by federal depository insurance or collateral held in safekeeping in the BPU's name.

Board of Public Utilities
Notes to Financial Statements
December 31, 2017 and 2016

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2017 are as follows:

Investment Type	Fair Value	Investment Maturities	
		Less than 6 Months	6-12 Months
Cash and CDs	\$ 495,245	\$ 495,245	\$ -
Repurchase agreements	45,776,426	45,776,426	-
U.S. agency	16,964,644	10,495,883	6,468,761
Money market funds	64,907,872	64,907,872	-
Total	<u>\$ 128,144,187</u>	<u>\$ 121,675,426</u>	<u>\$ 6,468,761</u>

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2016 are as follows:

Investment Type	Fair Value	Investment Maturities	
		Less than 6 Months	6-12 Months
Cash and CDs	\$ 382,971	\$ 382,971	\$ -
Repurchase agreements	49,765,546	49,765,546	-
U.S. agency	71,518,929	65,557,115	5,961,814
Money market funds	66,375,819	66,375,819	-
Total	<u>\$ 188,043,265</u>	<u>\$ 182,081,451</u>	<u>\$ 5,961,814</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;

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Notes to Financial Statements
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(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.

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, 2017:

Issuer	Amount	Percentage of Total Portfolio
Federal Home Loan Bank	\$ 9,485,043	7.40%
Federal Home Loan Mortgage Corp	7,479,601	5.84%

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, 2016:

Issuer	Amount	Percentage of Total Portfolio
Federal Home Loan Bank	\$ 60,191,902	32.01%

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.

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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.

Nonrestricted Designated Assets

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

	<u>2017</u>	<u>2016</u>
Economic development fund	\$ 500,000	\$ 500,000
Capital debt reduction	6,290,000	6,290,000
Reserve - Public Liability	1,000,000	1,000,000
Reserve - Worker's Comp	1,100,000	1,100,000
Rate stabilization fund	9,156,273	9,156,273
System development reserve	8,346,900	7,551,990
Total	<u>\$ 26,393,173</u>	<u>\$ 25,598,263</u>

Note 3: Restricted Assets

Restricted assets were held in the following funds at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Debt service fund	\$ 21,944,645	\$ 20,641,188
Customer deposits	5,449,008	4,194,474
Construction funds	60,256,043	117,521,257
Improvement and emergency fund	1,500,000	1,500,000
Total restricted assets	<u>\$ 89,149,696</u>	<u>\$ 143,856,919</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%, 8.2% and 12.3%, respectively, of the Dogwood Energy Facility. Dogwood Energy, LLC maintains the remaining ownership (52.2%) 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 2017 and 2016, BPU's portion of fuel expense was \$ 4,511,953 and \$5,726,176, respectively, and its portion of operating and maintenance expense was \$ 2,495,256 and \$2,362,607, respectively. BPU also receives a portion of the wholesale sales generated by the Dogwood plant. BPU received \$6,270,335 and \$8,313,950 during 2017 and 2016, 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, 2017 and 2016, is shown in the table below. These amounts are included in the 2017 and 2016 Capital Assets table in Note 5.

Facility (type)	Percent Ownership	Net MW	Plant in Service	Accumulated Depreciation	CWIP
2017					
Dogwood (combined cycle)	17%	110	\$ 39,068,395	\$ 6,075,238	\$ 378,668
2016					
Dogwood (combined cycle)	17%	110	\$ 38,839,720	\$ 4,733,618	-

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, 2017 is as follows:

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Ending Balance
Electric:					
Production plant	\$ 676,541,390	\$ 217,108,842	\$	\$ (1,201,132)	\$ 892,449,100
Transmission and distribution	380,314,650	12,785,502	(219,894)	2,561	392,882,819
General plant	120,857,967	7,895,393		488	128,753,848
Total electric	<u>1,177,714,007</u>	<u>237,789,737</u>	<u>(219,894)</u>	<u>(1,198,083)</u>	<u>1,414,085,767</u>
Water:					
Production plant	135,853,387	3,405,453	-		139,258,840
Transmission and distribution	187,875,909	3,104,863	-	19,071	190,999,843
General plant	40,912,168	3,771,393	-	27	44,683,588
Total water	<u>364,641,464</u>	<u>10,281,709</u>	<u>-</u>	<u>19,098</u>	<u>374,942,271</u>
Property, plant, and equipment	1,542,355,471	248,071,446	(219,894)	(1,178,985)	1,789,028,038
Construction work in progress – not depreciable	<u>293,925,294</u>	<u>60,763,194</u>	<u>(248,089,535)</u>	<u>-</u>	<u>106,598,953</u>
Total capital assets	<u>1,836,280,765</u>	<u>308,834,640</u>	<u>(248,309,429)</u>	<u>(1,178,985)</u>	<u>1,895,626,991</u>
Less accumulated depreciation:					
Electric:					
Production plant	365,515,783	14,265,949	-	1,081,073	380,862,805
Transmission and distribution	222,134,596	5,516,229	(207,536)	(2,097,167)	225,346,122
General plant	70,798,969	3,424,026	-	(1,646,615)	72,576,380
Total electric	<u>658,449,348</u>	<u>23,206,204</u>	<u>(207,536)</u>	<u>(2,662,709)</u>	<u>678,785,307</u>
Water:					
Production plant	54,059,987	3,815,807	-	13,925	57,889,719
Transmission and distribution	35,637,826	3,070,976	-	4,929,929	43,638,731
General plant	31,266,719	904,185	-	(2,733,774)	29,437,130
Total water	<u>120,964,532</u>	<u>7,790,968</u>	<u>-</u>	<u>2,210,080</u>	<u>130,965,580</u>
Combined total	<u>779,413,880</u>	<u>30,997,172</u>	<u>(207,536)</u>	<u>(452,629)</u>	<u>809,750,887</u>
Capital assets, net	<u>\$ 1,056,866,885</u>	<u>\$ 277,837,468</u>	<u>\$ (248,101,893)</u>	<u>\$ (726,356)</u>	<u>\$ 1,085,876,104</u>

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Capital asset activity for the year ended December 31, 2016 is as follows:

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Ending Balance
Electric:					
Production plant	\$ 673,651,334	\$ 4,147,646	\$ —	\$ (1,257,590)	\$ 676,541,390
Transmission and distribution	379,396,617	1,053,893	(194,764)	58,904	380,314,650
General plant	118,330,771	27,698	—	2,499,498	120,857,967
Total electric	<u>1,171,378,722</u>	<u>5,229,237</u>	<u>(194,764)</u>	<u>1,300,812</u>	<u>1,177,714,007</u>
Water:					
Production plant	135,831,683	21,704	—	—	135,853,387
Transmission and distribution	187,184,939	690,856	—	114	187,875,909
General plant	43,450,926	26	—	(2,538,784)	40,912,168
Total water	<u>366,467,548</u>	<u>712,586</u>	<u>—</u>	<u>(2,538,670)</u>	<u>364,641,464</u>
Property, plant, and equipment	1,537,846,270	5,941,823	(194,764)	(1,237,858)	1,542,355,471
Construction work in progress – not depreciable	143,708,779	156,085,420	(5,953,790)	84,885	293,925,294
Total capital assets	<u>1,681,555,049</u>	<u>162,027,243</u>	<u>(6,148,554)</u>	<u>(1,152,973)</u>	<u>1,836,280,765</u>
Less accumulated depreciation:					
Electric:					
Production plant	359,727,423	5,788,360	—	—	365,515,783
Transmission and distribution	210,547,359	11,732,878	(145,641)	—	222,134,596
General plant	63,503,590	7,295,379	—	—	70,798,969
Total electric	<u>633,778,372</u>	<u>24,816,617</u>	<u>(145,641)</u>	<u>—</u>	<u>658,449,348</u>
Water:					
Production plant	51,009,029	3,050,958	—	—	54,059,987
Transmission and distribution	31,773,713	3,864,113	—	—	35,637,826
General plant	27,849,355	2,956,099	—	461,265	31,266,719
Total water	<u>110,632,097</u>	<u>9,871,170</u>	<u>—</u>	<u>461,265</u>	<u>120,964,532</u>
Combined total	<u>744,410,469</u>	<u>34,687,787</u>	<u>(145,641)</u>	<u>461,265</u>	<u>779,413,880</u>
Capital assets, net	<u>\$ 937,144,580</u>	<u>\$ 127,339,456</u>	<u>\$ (6,002,913)</u>	<u>\$ (1,614,238)</u>	<u>\$ 1,056,866,885</u>

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Note 6: Long-Term Debt

The BPU's indebtedness as of December 31, 2017 consists of the following obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Revenue bonds:					
2009A	\$ 5,330,000	\$ —	\$ (1,690,000)	\$ 3,640,000	\$ 1,775,000
2010 refunding	16,245,000	—	(2,875,000)	13,370,000	2,980,000
2011	81,700,000	—	(3,255,000)	78,445,000	3,365,000
2012 refunding	107,200,000	—	(2,155,000)	105,045,000	2,210,000
2012B	72,340,000	—	(1,665,000)	70,675,000	1,735,000
2014	179,055,000	—	(7,035,000)	172,020,000	7,325,000
2016A	114,165,000	—	—	114,165,000	—
2016BI	5,440,000	—	(1,320,000)	4,120,000	1,345,000
2016B refunding	42,545,000	—	—	42,545,000	—
2016C	56,265,000	—	—	56,265,000	—
	<u>680,285,000</u>	<u>—</u>	<u>(19,995,000)</u>	<u>660,290,000</u>	<u>20,735,000</u>
Unamortized premium	<u>68,878,718</u>	<u>—</u>	<u>(3,132,682)</u>	<u>65,746,036</u>	
Total revenue bonds	749,163,718	—	(23,127,682)	726,036,036	
Capital leases	2,261,193	—	(1,257,694)	1,003,499	1,003,499
Government loans -Unified KCK	4,010,680	—	(277,045)	3,733,635	283,363
Government loans – KDHE	<u>30,065,860</u>	<u>3,555,275</u>	<u>(2,544,399)</u>	<u>31,076,736</u>	<u>2,450,673</u>
	<u>\$ 785,501,451</u>	<u>\$ 3,555,275</u>	<u>\$ (27,206,820)</u>	<u>\$ 761,849,906</u>	<u>\$ 24,472,535</u>

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The BPU's indebtedness as of December 31, 2016 consists of the following obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Revenue bonds:					
2001	\$ 7,335,000	\$ —	\$ (7,335,000)	\$ —	\$ —
2009A	49,255,000	—	(43,925,000)	5,330,000	1,690,000
2010 refunding	19,755,000	—	(3,510,000)	16,245,000	2,875,000
2011	84,890,000	—	(3,190,000)	81,700,000	3,255,000
2012 refunding	109,045,000	—	(1,845,000)	107,200,000	2,155,000
2012B	74,210,000	—	(1,870,000)	72,340,000	1,665,000
2014	185,295,000	—	(6,240,000)	179,055,000	7,035,000
2016A	—	114,165,000	—	114,165,000	—
2016BI	—	6,775,000	(1,335,000)	5,440,000	1,320,000
2016B refunding	—	42,545,000	—	42,545,000	—
2016C	—	56,265,000	—	56,265,000	—
	<u>529,785,000</u>	<u>219,750,000</u>	<u>(69,250,000)</u>	<u>680,285,000</u>	<u>19,995,000</u>
Unamortized premium	45,087,079	27,018,356	(3,226,717)	68,878,718	
Unamortized discount	<u>(72,028)</u>	<u>—</u>	<u>72,028</u>	<u>—</u>	
Total revenue bonds	574,800,051	246,768,356	(72,404,689)	749,163,718	
Capital leases	3,812,374	—	(1,551,181)	2,261,193	1,257,694
Government loans -Unified KCK	4,289,352	—	(278,672)	4,010,680	277,045
Government loans – KDHE	<u>28,985,748</u>	<u>3,265,990</u>	<u>(2,185,878)</u>	<u>30,065,860</u>	<u>2,373,851</u>
	<u>\$ 611,887,525</u>	<u>\$ 250,034,346</u>	<u>\$ (76,420,420)</u>	<u>\$ 785,501,451</u>	<u>\$ 23,903,590</u>

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Details of utility system revenue bonds outstanding at December 31, 2017 and 2016 are as follows:

Revenue Bonds	Interest Rate	Original Amount	Maturity	2017	2016
2009A	2.75-5.00 %	\$ 57,575,000	09-01-2034	\$ 3,640,000	\$ 5,330,000
2010 Refunding	2.00-5.00	32,190,000	09-01-2028	13,370,000	16,245,000
2011 Series	2.00-5.20	90,000,000	09-01-2036	78,445,000	81,700,000
2012 Refunding	3.12-5.00	110,830,000	09-01-2032	105,045,000	107,200,000
2012B	2.00-5.00	79,540,000	09-01-2037	70,675,000	72,340,000
2014 Refunding and Imp.	3.00-5.00	190,620,000	09-01-2044	172,020,000	179,055,000
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	4,120,000	5,440,000
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				660,290,000	680,285,000
Current maturities				(20,735,000)	(19,995,000)
Unamortized premium				65,746,036	68,878,718
Total utility system revenue bonds, excluding current maturities				\$ 705,301,036	\$ 729,168,718

Interest on portions of the outstanding utility system revenue bonds is payable on a semiannual basis. As of December 31, 2017 and 2016, the BPU was in compliance with all required debt covenant ratios.

In 2016, the BPU issued \$114.2 million of Utility System Improvement Revenue Bonds. The bond proceeds were issued to finance environmental equipment upgrades to comply with new EPA regulations impacting the Nearman power generation stations. As a result of market conditions, the BPU recognized a \$17.5 million premium on the sale of the bonds. The Series 2016A bond bears an average interest rate at 3.86% and is payable through 2045.

The BPU also issued \$42.5 million of Utility System Refunding Revenue bonds. The bond proceeds were used to refund a portion of the 2009 System Revenue Bonds (\$42,315,000). This refunding resulted in a net present economic gain of \$2.4 million. The Series 2016B refunding bond bears an average interest rate at 3.56% and is payable through 2034.

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 as of December 31, 2017 and 2016 was a total of \$42,315,000 each year.

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In addition, the BPU issued \$56.3 million of Utility System Improvement Revenue Bonds. The bond proceeds were issued to finance transmission and distribution projects within the service territory and Nearman power plant improvements. As a result of market conditions, the BPU recognized a \$6.15 million premium on the sale of the bonds. The Series 2016C bond bears an average interest rate at 4.24% and is payable through 2046.

Finally, the Public Building Commission (PBC) of the Unified Government of Wyandotte County/ Kansas City, Kansas issued \$6.8 million of Lease Purchase Revenue Bonds. The purpose was to acquire the existing BPU administrative office building. The Lease Purchase Revenue Bonds proceeds were used to refund all of BPU's Series 2001 Bonds (BPU Office Building). The Series 2016BI bears an average interest rate at 1.18% and is payable through 2020.

The debt service to maturity on the outstanding BPU revenue bonds as of December 31, 2017 is as follows:

	Principal	Interest (including Accreted)
Bond year(s) ending December 31:		
2018	\$ 20,735,000	\$ 31,555,494
2019	23,885,000	30,718,319
2020	24,700,000	29,614,368
2021	24,400,000	28,480,068
2022	27,725,000	27,311,156
2023–2027	134,065,000	116,603,250
2028–2032	157,955,000	82,220,800
2033–2037	118,045,000	47,459,013
2038–2042	76,850,000	24,741,825
2043–2046	51,930,000	5,286,250
	\$ 660,290,000	\$ 423,990,543

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

Account	Authorized Expenditure
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

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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.

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 20 years ending 2036. Governmental loans also include a \$3.7 million loan with the Unified Government of Wyandotte County and Kansas City, Kansas, for improvements to the radio tower system.

The debt service to maturity on the outstanding BPU government loans as of December 31, 2017 is as follows:

	Principal	Interest (including Accreted)
Year(s) ending December 31:		
2018	\$ 2,734,036	\$ 985,041
2019	2,821,187	909,220
2020	2,908,784	828,897
2021	2,999,540	745,941
2022	3,105,738	659,166
2023–2027	12,881,126	2,051,235
2028–2032	6,612,071	821,655
2033–2036	747,889	137,746
	\$ 34,810,371	\$ 7,138,901

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, 2017, and 2016, the BPU has drawn approximately \$9.5 million and \$5.5 million of the \$13.0 million, respectively. This amount is included in the principal column of the above debt service schedule. Also, in the above debt service schedule, the interest including accreted balances column includes \$1.0 million and \$3.1 million in accreted scheduled interest on the July 2014 Kansas Public Water Supply loan fund agreement for the years ended December 31, 2017 and 2016, respectively.

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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 2017	Pledged revenue recognized for the year ended 2017
Electric and water operating revenue	\$ 1,084,280,543	Through 2046	16.1%	\$ 51,014,663	\$ 61,217,596

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, 2017 and 2016 are as follows:

	Amortization Ending	2017	2016
Regulatory assets:			
Fuel and Purchased Power costs	2017	\$ —	\$ 171,983
Total regulatory assets		\$ —	\$ 171,983
Deferred inflows:			
Recovery fuel purchased power	2018	\$ 6,334,111	\$ —
Total deferred inflows		\$ 6,334,111	\$ —

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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 2017 and 2016, which amounted to \$32,673,555 and \$30,336,724, 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 street lighting, fire hydrant services, traffic signals and collection of the Unified Government sewer and trash charges at no charge. These service contributions approximated \$15,756,000 and \$14,362,000 or 5.5% and 4.8% of total operating revenue, for 2017 and 2016, 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 \$4,240,598 and \$4,106,808 in 2017 and 2016, respectively.

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 \$2,531,763 and \$2,387,721 in 2017 and 2016, 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.

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The wind farm will be 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 \$3,331,510 and \$2,887,819 in 2017 and 2016, 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 \$3,251,670 and \$3,796,834 in 2017 and 2016, 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 \$545,554 and \$618,263 in 2017 and 2016, 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 \$15,397,636 in 2017.

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 \$428,751 in 2017.

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.

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Coal delivery to Nearman is contracted between WFA and Union Pacific Railroad which is effective until December 31, 2020. 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 \$23,000,000, \$23,000,000, and \$23,000,000 for 2018, 2019, and 2020, 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.

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

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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 January 1, 2017 and 2016, the respective measurement dates.

	2017	2016
Inactive Members or Beneficiaries Currently Receiving Benefits	817	801
Disabled Members	11	12
Inactive Members Entitled To But Not Yet Receiving Benefits	24	22
Active Members	538	545
Total	1,390	1,380

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. BPU contributes a fixed contribution rate, equal to that of the members, currently 8.50% of pensionable earnings as of December 31, 2017 and 2016.

For the years ended December 31, 2017 and 2016, BPU contributed \$4,256,839 and \$4,250,805, respectively to the Plan.

Net Pension Liability

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 and 2016 and rolled forward to the measurement date. As of December 31, 2017 and 2016, the Plan reported a net pension liability of \$20,449,991 and \$14,459,214, respectively.

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Actuarial Assumptions

The total pension liability based on the January 1, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions, and applied to all periods included in the respective measurement:

Price inflation	3.10 percent
Salary inflation	4.70 - 11.00 percent
Long-term rate of return, net of investment expenses; and including inflation rate assumption	8.00 percent

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 valuations were based on the results of the most recent actuarial experience study, which covered the five-year period ending December 31, 2012. The experience study report is dated June 18, 2014.

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 June 18, 2014. 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 BPU does provide capital market assumptions for a 50-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.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class used for the experience study dated June 18, 2014, as provided by the Plan's investment consultant, Demarche, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Large Cap Equity	20.0 %	5.9 %
Domestic Small Cap Equity	20.0	7.2
International Equity	13.0	6.1
International Small Cap Equity	4.0	7.4
Emerging Market Equities	3.0	8.9
Real Estate	14.0	5.5
Fixed Income - Intermediate	21.0	3.4
Fixed Income - High Yield	5.0	5.2
Cash and Cash Equivalents	0.0	1.0
	<u>100.0 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the prior measurement date. 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 .60 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 8.0 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 Liability

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

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 474,063,287	\$ 459,604,073	\$ 14,459,214
Changes for the year:			
Service cost	7,297,782	-	7,297,782
Interest on total pension liability	36,679,579	-	36,679,579
Difference between expected and actual experience	(14,572,637)	-	(14,572,637)
Changes of assumptions	12,331,048	-	12,331,048
Employer contributions	-	4,252,025	(4,252,025)
Employee contributions	-	4,252,025	(4,252,025)
Net investment income	-	27,612,362	(27,612,362)
Benefit payments, including member refunds	(31,747,866)	(31,747,866)	-
Administrative expenses		(371,417)	371,417
Net changes	9,987,906	3,997,129	5,990,777
Balances at December 31, 2017	\$ 484,051,193	\$ 463,601,202	\$ 20,449,991

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	Increases (Decreases)		
	Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2015	\$ 490,789,392	\$ 479,061,847	\$ 11,727,545
Changes for the year:			
Service cost	7,339,629	-	7,339,629
Interest on total pension liability	38,033,409	-	38,033,409
Difference between expected and actual experience	(9,622,386)	-	(9,622,386)
Changes of assumptions	(21,130,167)	-	(21,130,167)
Employer contributions	-	4,172,968	(4,172,968)
Employee contributions	-	4,172,968	(4,172,968)
Net investment income	-	3,875,505	(3,875,505)
Benefit payments, including member refunds	(31,346,590)	(31,346,590)	-
Administrative expenses		(332,625)	332,625
Net changes	(16,726,105)	(19,457,774)	2,731,669
Balances at December 31, 2016	\$ 474,063,287	\$ 459,604,073	\$ 14,459,214

* Within the January 1, 2016 valuation, 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.

* Within the January 1, 2015 valuation, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2010 and 3% thereafter to 1% through 2025 and 3% thereafter.

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

The net pension liability (asset) of the BPU has been calculated using a discount rate of 8.0 percent. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate:

	2017		
	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability (asset)	\$74,388,738	\$20,449,991	(\$24,974,382)

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	2016		
	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net pension liability (asset)	\$67,151,934	\$14,459,214	(\$29,922,826)

Pension Expense

For the fiscal years ended December 31, 2017 and 2016, the BPU recognized pension expense of \$7,368,115 and \$6,070,466, 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 No. 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, 2017, the BPU reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 16,890,898
Changes in assumptions	9,690,567	11,943,137
Difference between projected and actual earnings on pension plan investment	30,555,801	—
Contributions subsequent to the measurement date	4,255,618	—
Total	\$ 44,501,986	\$ 28,834,035

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As of December 31, 2016, the BPU reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 7,530,563
Changes in assumptions	—	16,536,652
Difference between projected and actual earnings on pension plan investment	32,604,860	—
Contributions subsequent to the measurement date	4,250,805	—
	\$ 36,855,665	\$ 24,067,215
Total		

The amount reported as deferred outflows of resources as of December 31, 2017 resulting from contributions subsequent to the measurement date of \$4,255,618 will be recognized as a reduction in the net pension liability for the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
2018	\$ 12,919,068	\$ 9,805,817
2019	12,919,070	9,805,817
2020	10,993,202	7,131,680
2021	3,415,028	2,090,721
	\$ 40,246,368	\$ 28,834,035

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Postretirement Healthcare Benefits

Plan Description

The BPU provides certain postemployment healthcare 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 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. The retiree 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 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. There were 361 participants eligible to receive benefits under this plan as of December 31, 2017.

Funding Policy

The contribution requirements of plan members and the BPU are established and can be amended by the BPU's Board. Contributions are made to the plan based on a pay-as-you-go basis. For the years ended December 31, 2017 and 2016, the BPU paid \$4,027,046 and \$4,280,551, respectively, for retirees.

The BPU's annual Other Postemployment Benefits (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The BPU's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016 and 2015 are as follows:

	Annual OPEB Expense	Annual OPEB Contributed	Net OPEB
Fiscal year ended:			
December 31, 2017	\$ 4,462,496	90%	\$ 5,917,229
December 31, 2016	4,687,591	91%	5,481,779
December 31, 2015	4,863,731	83%	5,074,739

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The following table shows the components of BPU's annual OPEB expense for the year, the amount actually contributed to the plan, and changes in the BPU's net OPEB obligation:

	2017	2016	2015
Normal costs	\$ 1,793,169	\$ 1,852,428	\$ 1,946,310
Amortization payment	2,751,044	2,910,813	2,981,056
Annual required contribution (ARC)	4,544,213	4,763,241	4,927,366
Amortization of net OPEB obligation	(342,102)	(316,700)	(266,405)
Interest on net OPEB obligation	260,385	241,050	202,770
Total OPEB expense	4,462,496	4,687,591	4,863,731
Annual employer contribution	4,027,046	4,280,551	4,057,829
Change in OPEB obligation	435,450	407,040	805,902
Net OPEB obligation – beginning of year	5,481,779	5,074,739	4,268,837
Net OPEB obligation – end of year	\$ 5,917,229	\$ 5,481,779	\$ 5,074,739

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2017 and 2016 is as follows:

	2017	2016
Actuarial accrued liability (AAL)	\$ 43,407,651	\$ 45,945,465
Actuarial value of plan assets	—	—
Unfunded actuarial accrued liability (UAAL)	43,407,651	45,945,465
Funded ratio	—	—
Covered payroll	\$ 45,019,626	\$ 44,755,765
UAAL as a percentage of covered payroll	96.4%	102.7%

Actuarial Methods and Assumptions

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan member to that point. The actuarial methods used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. The valuation of the liabilities is based on a closed group. In the actuarial valuation as of December 31, 2017 and 2016, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.75% discount rate, which includes an annual healthcare cost trend of 8.0% and 7.5% in 2017 and 2016, respectively, reduced by decrements to an ultimate rate of 5% over 10 years. The projected annual salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 20 years (closed) as a level percentage of payrolls.

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.

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, 2017 and 2016, an asset of \$1,100,000 is within current assets-cash and cash equivalents and a liability of \$675,000 and \$1,100,000 as of December 31, 2017 and 2016 is within current liabilities-workers' compensation reserve in the statements of net position. Claims for worker's compensation in 2017 and 2016 were \$470,000 and \$568,000, respectively.

At December 31, 2017 and 2016, an asset of \$1,100,000 is within current assets-cash and cash equivalents and a liability of approximately \$1,630,000 and \$1,522,000 as of December 31, 2017 and 2016 is within current liabilities-public liability in the statements of net position. Public liability and healthcare claims paid were \$13,098,000 and \$12,172,000 as of December 31, 2017 and 2016, 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 BPU. Settlements did not exceed insurance coverage for the past three years. At December 31, 2017 and 2016, the BPU has established a liability of \$2,305,000 and \$2,622,000 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.

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Changes in the workers' compensation and public liability reserves for 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Beginning accruals	\$ 2,622,000	\$ 3,154,000	\$ 2,697,000
Additional accruals	12,783,000	12,208,000	14,637,000
Charges for claim payments	(13,100,000)	(12,740,000)	(14,180,000)
Ending accruals	\$ 2,305,000	\$ 2,622,000	\$ 3,154,000

Environmental Compliance

The BPU is subject to substantial regulation of air emissions and control equipment under federal, state, and county environmental laws and regulations. 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 2007, the BPU received from the EPA a Clean Air Act Section 114 information request seeking information about the types of projects that have been the subject of new source review permitting investigations. On November 25, 2008, EPA issued the BPU a Notice of Violation (NOV) alleging violation of Clean Air Act new source review permitting requirements. On December 19, 2008, the BPU received a supplemental Clean Air Act Section 114 information request to the 2007 information request. BPU responded to both information requests. The NOV alleges violations of the 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 NOV issued to BPU offers opportunity for conference with EPA and the Department of Justice (“DOJ”) regarding the allegations and a first conference was held in February 2009. Subsequently, EPA and DOJ made an offer of settlement to the BPU and the parties have had exchanges regarding settlement, the most recent 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 BPU. In addition, pursuant to requirements of law, the utility has implemented measures and installed much of the pollution control equipment typically part of injunctive relief in enforcement of such notice of violation, the costs of which may be significant in addition to fines and penalties. 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 BPU signed a consent decree approved by the U.S. District Court on December 5,

Board of Public Utilities
Notes to Financial Statements
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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, 2017 and 2016 cannot be reasonably determined.

Note 10: Principal Customers

Electric and water charges to the BPU’s five largest retail customers expressed as a percentage of total operating revenues for the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Principal retail customers:		
General Motors Corporation	3.8%	4.6%
CertainTeed Corp	3.8	3.6
Griffin Wheel Co	2.3	2.2
University of KS Hospital	2.3	1.9
Johnson County WaterDistrict # 1	2.0	1.9
Owens Corning Sales, LLC	2.0	—
Total principal retail customers	16.2	14.2

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 \$16,964,644 and \$71,518,929 as of December 31, 2017 and 2016, 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)

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

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 7,297,782	\$ 7,339,629	\$ 7,560,923
Interest on total pension liability	36,679,579	38,033,409	36,958,626
Difference between expected and actual experience	(14,572,637)	(9,622,386)	-
Assumption changes	12,331,048	(21,130,167)	-
Benefit payments, including member refunds	(31,747,866)	(31,346,590)	(30,832,788)
Net change in total pension liability	9,987,906	(16,726,105)	13,686,761
Total pension liability, beginning	474,063,287	490,789,392	477,102,631
Total pension liability, ending (a)	<u>\$ 484,051,193</u>	<u>\$ 474,063,287</u>	<u>\$ 490,789,392</u>
Plan Fiduciary Net Position			
Employer contributions	4,252,025	4,172,968	4,278,318
Employee contributions	4,252,025	4,172,968	4,278,318
Net investment income	27,612,362	3,875,505	27,423,709
Benefit payments, including member refunds	(31,747,866)	(31,346,590)	(30,832,788)
Administrative expenses	(371,417)	(332,625)	(338,801)
Net change in plan fiduciary net position	3,997,129	(19,457,774)	4,808,756
Plan fiduciary net position, beginning	459,604,073	479,061,847	474,253,091
Plan fiduciary net position, ending (b)	<u>\$ 463,601,202</u>	<u>\$ 459,604,073</u>	<u>\$ 479,061,847</u>
Net pension liability, ending (a) - (b)	<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	95.78%	96.95%	97.61%
Covered payroll	\$ 50,070,440	\$ 50,400,000	\$ 49,091,000
Net pension liability as a percentage of covered payroll	40.84%	28.69%	23.89%

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

Changes of assumptions:

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.

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.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$5,789	\$7,263	\$7,428	\$7,887	\$8,398	\$7,257	\$5,817	\$5,269	\$6,959	\$3,367
Actual employer contributions	4,257	4,251	4,173	4,278	4,269	4,332	4,255	4,155	3,365	2,812
Contribution deficiency (excess)	\$1,532	\$3,012	\$3,255	\$3,609	\$4,129	\$2,925	\$1,562	\$1,114	\$3,594	\$555
Covered payroll	\$50,273	\$50,070	\$49,091	\$50,128	\$50,792	\$51,357	\$50,254	\$49,254	\$50,111	\$50,389
Contribution as a percentage of covered payroll	8.47%	8.49%	8.50%	8.53%	8.41%	8.43%	8.47%	8.44%	6.72%	5.58%

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, 2016):

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed, 15-year floor; 30-year level percent of payroll, open, if a surplus exists on a funding basis
Remaining amortization period	23 years
Asset valuation method	8 year smoothed market
Inflation	3.10 percent
Salary increases	4.70 percent - 11.00 percent, including inflation
Investment rate of return	8.00 percent
Cost-of-living adjustments	Retired before January 1, 1993: 3.0 percent in all future years. Retired on/or after January 1, 1993: 1.0 percent through 2022 and then 3.0 percent for 2023 and later.

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 Funding Progress – Postretirement
December 31, 2017
(In millions)
(Unaudited)

Actuarial valuation date, January 1	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded AAL	Covered payroll	UAAL as a percentage of covered payroll
2016	—	\$ 47.8	—	\$ 47.8	\$ 49.6	96.3%
2017	—	45.9	—	45.9	44.8	102.7
2018	—	43.4	—	43.4	45.0	96.4

The actuarial assumptions included a 4.75% discount rate, which includes an annual healthcare cost trend of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% over 10 years. The projected salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 20 years as a level percent of payroll.

See accompanying independent auditor's report.

Board of Public Utilities
Combining Statements of Net Position
Years Ended December 31, 2017 and 2016

Assets and Deferred Outflows of Resources	Electric		Water		Total Utility	
	2017	2016	2017	2016	2017	2016
Noncurrent assets:						
Capital assets:						
Property, plant, and equipment	\$ 1,414,085,767	\$ 1,177,714,006	\$ 374,942,271	\$ 364,641,465	\$ 1,789,028,038	\$ 1,542,355,471
Less accumulated depreciation	(678,785,307)	(661,025,838)	(130,965,580)	(118,388,042)	(809,750,887)	(779,413,880)
Plant in service, net	735,300,460	516,688,168	243,976,691	246,253,423	979,277,151	762,941,591
Construction work in progress	82,452,665	272,859,333	24,146,288	21,065,961	106,598,953	293,925,294
Capital assets, net	817,753,125	789,547,501	268,122,979	267,319,384	1,085,876,104	1,056,866,885
Restricted assets:						
Cash and cash equivalents	61,357,044	101,700,428	150,000	150,000	61,507,044	101,850,428
Investments	249,000	17,170,829	—	—	249,000	17,170,829
Total restricted assets	61,606,044	118,871,257	150,000	150,000	61,756,044	119,021,257
Other assets	—	—	—	—	—	—
System development costs	1,605,140	2,124,595	178,402	166,801	1,783,542	2,291,396
Regulatory assets	—	—	—	—	—	—
Total noncurrent assets	880,964,309	910,543,353	268,451,381	267,636,185	1,149,415,690	1,178,179,538
Current assets:						
Cash and cash equivalents	23,106,340	28,953,841	15,888,151	15,232,505	38,994,491	44,186,346
Cash and cash equivalents – restricted	10,908,046	8,151,900	2,132,104	1,893,228	13,040,150	10,045,128
Investments – restricted	11,730,513	12,209,273	2,622,989	2,581,261	14,353,502	14,790,534
Accounts receivable – customers and other	26,363,848	22,382,054	4,224,838	3,820,956	30,588,686	26,203,010
Accounts receivable – unbilled	12,004,243	7,741,524	2,613,952	2,002,515	14,618,195	9,744,039
Allowance for doubtful accounts	(538,574)	(665,925)	(105,878)	(204,881)	(644,452)	(870,806)
Inventories	22,846,325	26,414,604	2,142,814	2,483,447	24,989,139	28,898,051
Regulatory assets	—	171,983	—	—	—	171,983
Prepayments and other current assets	3,636,234	3,219,906	(157,994)	121,166	3,478,240	3,341,072
Total current assets	110,056,975	108,579,160	29,360,976	27,930,197	139,417,951	136,509,357
Total assets	991,021,284	1,019,122,513	297,812,357	295,566,382	1,288,833,641	1,314,688,895
Deferred outflows of resources:						
Deferred loss on bond refunding	10,678,441	11,871,401	2,312,150	2,607,331	12,990,591	14,478,732
Deferred outflow - Pension	35,580,519	29,463,462	8,921,467	7,392,203	44,501,986	36,855,665
Total deferred outflow of resources	46,258,960	41,334,863	11,233,617	9,999,534	57,492,577	51,334,397
Total assets and deferred outflows of resources	\$ 1,037,280,244	\$ 1,060,457,376	\$ 309,045,974	\$ 305,565,916	\$ 1,346,326,218	\$ 1,366,023,292

Board of Public Utilities
Combining Statements of Net Position
Years Ended December 31, 2017 and 2016

Liabilities, Deferred Inflows of Resources, and Net Position	Electric		Water		Total utility	
	2017	2016	2017	2016	2017	2016
Net position:						
Net investment in capital assets	\$ 238,812,338	\$ 233,576,536	\$ 157,440,305	\$ 152,143,203	\$ 396,252,643	\$ 385,719,739
Restricted – debt service	20,065,948	18,796,151	4,150,529	4,101,605	24,216,477	22,897,756
Unrestricted	49,407,679	50,756,597	(11,233,464)	(14,199,599)	38,174,215	36,556,998
Total net position	<u>308,285,965</u>	<u>303,129,284</u>	<u>150,357,370</u>	<u>142,045,209</u>	<u>458,643,335</u>	<u>445,174,493</u>
Liabilities:						
Noncurrent liabilities:						
Long-term debt – revenue bonds	630,893,638	649,175,090	74,407,398	79,993,628	705,301,036	729,168,718
Government loans	1,932,152	2,090,836	30,144,186	29,334,808	32,076,338	31,425,644
Capital lease	—	682,379	—	321,120	—	1,003,499
Total long-term debt and capital lease obligations	<u>632,825,790</u>	<u>651,948,305</u>	<u>104,551,584</u>	<u>109,649,556</u>	<u>737,377,374</u>	<u>761,597,861</u>
Postretirement benefit obligation	4,568,991	4,224,388	1,348,238	1,257,391	5,917,229	5,481,779
Reserve for compensated absences	4,764,085	4,150,074	711,875	620,126	5,475,960	4,770,200
Net pension liability	16,359,993	11,567,371	4,089,998	2,891,843	20,449,991	14,459,214
Noncurrent liabilities	<u>658,518,859</u>	<u>671,890,138</u>	<u>110,701,695</u>	<u>114,418,916</u>	<u>769,220,554</u>	<u>786,309,054</u>
Current liabilities:						
Current maturities of revenue bonds	15,509,400	14,954,250	5,225,600	5,040,750	20,735,000	19,995,000
Current maturities of government loans	158,683	155,145	2,575,352	2,495,751	2,734,035	2,650,896
Current maturities of capital lease obligations	682,379	898,929	321,120	358,765	1,003,499	1,257,694
Accrued interest	9,344,348	8,354,956	1,162,651	1,198,191	10,506,999	9,553,147
Customer deposits	4,474,444	3,451,589	974,564	742,885	5,449,008	4,194,474
Accounts payable	23,324,581	35,064,976	4,406,171	5,646,367	27,730,752	40,711,343
Payroll and payroll taxes	987,276	1,202,424	1,217,767	1,206,570	2,205,043	2,408,994
Accrued claims payable	1,477,153	1,007,153	—	52,159	1,477,153	1,059,312
Workers compensation reserve	491,083	880,000	183,415	220,000	674,498	1,100,000
Public liability reserve	1,280,091	1,228,068	349,746	294,024	1,629,837	1,522,092
Other accrued liabilities	5,640,894	6,157,684	53,791	53,084	5,694,685	6,210,768
Payment-in-lieu of taxes	2,047,050	1,787,431	386,437	375,697	2,433,487	2,163,128
Construction Contract Retainage Payable Current	699,019	17,406,993	321,168	238,689	1,020,187	17,645,682
Interdepartmental balances	(25,042,320)	(26,365,416)	25,042,320	26,365,416	—	—
Total current liabilities	<u>41,074,081</u>	<u>66,184,182</u>	<u>42,220,102</u>	<u>44,288,348</u>	<u>83,294,183</u>	<u>110,472,530</u>
Total liabilities	<u>699,592,940</u>	<u>738,074,320</u>	<u>152,921,797</u>	<u>158,707,264</u>	<u>852,514,737</u>	<u>896,781,584</u>
Deferred inflows of resources:						
Recovery fuel purchased power	6,334,111	—	—	—	6,334,111	—
Deferred Inflow - Pension	23,067,228	19,253,772	5,766,807	4,813,443	28,834,035	24,067,215
Total deferred inflows of resources	<u>29,401,339</u>	<u>19,253,772</u>	<u>5,766,807</u>	<u>4,813,443</u>	<u>35,168,146</u>	<u>24,067,215</u>
Total liabilities, deferred inflows of resources & net position	<u>\$ 1,037,280,244</u>	<u>\$ 1,060,457,376</u>	<u>\$ 309,045,974</u>	<u>\$ 305,565,916</u>	<u>\$ 1,346,326,218</u>	<u>\$ 1,366,023,292</u>

Board of Public Utilities
Combining Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

	Electric		Water		Total utility	
	2017	2016	2017	2016	2017	2016
Operating revenues:						
Residential	\$ 72,054,974	\$ 65,823,214	\$ 24,209,408	\$ 23,970,449	\$ 96,264,382	\$ 89,793,663
Commercial	102,217,692	90,335,199	11,390,321	11,145,194	113,608,013	101,480,393
Industrial	48,680,080	44,967,833	5,973,841	5,627,204	54,653,921	50,595,037
Other	15,788,511	24,820,102	4,489,894	3,845,387	20,278,405	28,665,489
Energy rate component recovery	(171,983)	171,983	—	—	(171,983)	171,983
Payment-in-lieu of taxes	27,380,552	25,146,200	5,293,003	5,190,524	32,673,555	30,336,724
Total operating revenues	<u>265,949,826</u>	<u>251,264,531</u>	<u>51,356,467</u>	<u>49,778,758</u>	<u>317,306,293</u>	<u>301,043,289</u>
Operating expenses:						
Fuel	28,088,298	23,845,728	—	—	28,088,298	23,845,728
Purchased power	64,277,525	58,363,318	—	—	64,277,525	58,363,318
Production	38,062,253	40,294,754	5,276,190	5,285,844	43,338,443	45,580,598
Transmission and distribution	32,512,805	33,212,011	13,268,167	14,247,553	45,780,972	47,459,564
General and administrative	25,015,201	27,342,306	7,569,759	7,655,456	32,584,960	34,997,762
Depreciation and amortization	23,785,734	28,674,183	7,823,209	7,762,573	31,608,943	36,436,756
Total operating expenses	<u>211,741,816</u>	<u>211,732,300</u>	<u>33,937,325</u>	<u>34,951,426</u>	<u>245,679,141</u>	<u>246,683,726</u>
Operating income	<u>54,208,010</u>	<u>39,532,231</u>	<u>17,419,142</u>	<u>14,827,332</u>	<u>71,627,152</u>	<u>54,359,563</u>
Nonoperating income (expense):						
Interest expense	(23,703,904)	(19,081,795)	(4,030,213)	(4,279,265)	(27,734,117)	(23,361,060)
Payment-in-lieu of taxes	(27,380,552)	(25,146,200)	(5,293,003)	(5,190,524)	(32,673,555)	(30,336,724)
Other	2,033,128	(477,311)	(4,039)	340,811	2,029,089	(136,500)
Total nonoperating expense, net	<u>(49,051,328)</u>	<u>(44,705,306)</u>	<u>(9,327,255)</u>	<u>(9,128,978)</u>	<u>(58,378,583)</u>	<u>(53,834,284)</u>
Income before contributions and transfers	<u>5,156,682</u>	<u>(5,173,075)</u>	<u>8,091,887</u>	<u>5,698,354</u>	<u>13,248,569</u>	<u>525,279</u>
Contributions and transfers:						
Contributions from developers and others	—	—	220,273	230,046	220,273	230,046
Change in net position	<u>5,156,682</u>	<u>(5,173,075)</u>	<u>8,312,160</u>	<u>5,928,400</u>	<u>13,468,842</u>	<u>755,325</u>
Net position, beginning of year	<u>303,129,283</u>	<u>308,302,358</u>	<u>142,045,210</u>	<u>136,116,810</u>	<u>445,174,493</u>	<u>444,419,168</u>
Net position, end of year	<u>\$ 308,285,965</u>	<u>\$ 303,129,283</u>	<u>\$ 150,357,370</u>	<u>\$ 142,045,210</u>	<u>\$ 458,643,335</u>	<u>\$ 445,174,493</u>

See accompanying independent auditors' report.

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*

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, 2017 and 2016 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 15, 2018, 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 the 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 the 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 15, 2018

STATISTICAL SECTION

(Unaudited)

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>
<u>Financial Trends</u>	77
These schedules contain trend information to help the reader understand how the utility's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	79
These schedules contain information to help the reader assess the utility's most significant local revenue source.	
<u>Debt Capacity</u>	81
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.	
<u>Demographic and Economic Information</u>	87
These schedules offer demographic and economic indicators to help the reader understand how the information in the utility's financial activities takes place.	
<u>Operating Information</u>	93
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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Position invested in Capital Assets, net of related Debt:										
Capital assets, net of depreciation	\$ 694,016,598	\$ 689,463,474	\$ 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
Bonds and notes payable:										
Principal, long term	(508,110,760)	(321,601,392)	(311,697,479)	(333,889,746)	(448,759,661)	(448,634,819)	(467,692,007)	(523,972,467)	(611,647,461)	(645,044,993)
Government Loans	(21,693,905)	(20,657,540)	(19,645,748)	(18,701,155)	(17,633,390)	(25,897,005)	(30,415,148)	(31,193,378)	(31,425,644)	(32,076,338)
Capital Leases	(650,043)	(367,952)	(74,989)	-	(74,989)	(690,070)	(854,126)	(2,261,192)	(1,003,499)	-
Principal, current	(6,736,709)	(7,951,515)	(13,935,000)	(15,680,000)	(16,970,000)	(19,930,000)	(18,230,000)	(19,340,000)	(19,995,000)	(20,735,000)
Government Loans, current	(1,014,400)	(1,053,360)	(1,071,373)	(1,112,511)	(1,155,230)	(1,688,935)	(1,748,714)	(2,081,722)	(2,650,896)	(2,734,035)
Capital Leases, current	(368,879)	(282,091)	(292,964)	(74,989)	(321,746)	(600,093)	(600,093)	(1,551,182)	(1,257,694)	(1,003,499)
Retainage Liability	-	-	-	-	-	-	-	-	(17,645,683)	(1,020,187)
Deferred Outflow of Resources	-	-	-	-	7,387,844	7,012,191	13,379,768	12,226,051	14,478,732	12,990,591
Net Investment in Capital Assets:	\$ 355,442,301	\$ 337,549,623	\$ 331,826,542	\$ 336,969,220	\$ 349,775,063	\$ 351,212,523	\$ 360,725,929	\$ 368,970,690	\$ 385,719,740	\$ 396,252,643
Restricted Net Position (A)										
Other designated funds	\$ 15,508,357	\$ 55,170,663	\$ 50,980,822	\$ 97,519,802	\$ 66,873,587	\$ 46,162,140	\$ 135,307,603	\$ 53,414,286	\$ 140,894,752	\$ 84,472,520
Bond proceeds designated for project construction (B)	-	37,936,865	34,560,938	78,919,255	28,148,696	25,458,437	(109,205,755)	(31,487,584)	(117,321,257)	(60,256,043)
Bond principal unspent	-	(37,936,865)	(34,560,938)	(78,919,255)	(28,148,696)	(25,458,437)	-	-	-	-
Funds segregated under City Ordinance due to Liability for customer deposits	3,446,669	3,270,411	3,345,722	3,388,815	3,579,724	3,612,072	3,796,842	4,103,492	4,118,734	5,449,008
	(3,446,669)	(3,270,411)	(3,345,722)	(3,388,815)	(3,579,724)	(3,612,072)	(3,796,842)	(4,103,492)	(4,194,474)	(5,449,008)
Total Restricted Net Position	\$ 15,508,357	\$ 55,170,663	\$ 50,980,822	\$ 97,519,802	\$ 66,873,587	\$ 46,162,140	\$ 26,101,848	\$ 21,936,702	\$ 22,897,755	\$ 24,216,477
Unrestricted Net Position										
Other designated funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve funds	-	-	-	-	-	-	-	-	-	-
Funds held for future improvements	-	-	-	-	-	-	-	-	-	-
Project construction accounts	-	-	-	-	-	-	-	-	-	-
Unrestricted - Other	43,626,745	(2,784,373)	23,941,008	(27,779,967)	(10,699,699)	18,906,565	37,943,638	53,521,776	36,556,698	38,174,218
Total Unrestricted Net Position	\$ 43,626,745	\$ (2,784,373)	\$ 23,941,008	\$ (27,779,967)	\$ (10,699,699)	\$ 18,906,565	\$ 37,943,638	\$ 53,521,776	\$ 36,556,698	\$ 38,174,218
Total Net Position	\$ 414,377,403	\$ 389,935,914	\$ 406,748,372	\$ 406,709,054	\$ 405,948,951	\$ 416,281,226	\$ 424,771,415	\$ 444,419,168	\$ 445,174,493	\$ 458,643,338

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:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments.
- 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues										
Residential	\$ 69,179,353	\$ 67,889,344	\$ 72,383,530	\$ 79,631,157	\$ 86,729,958	\$ 86,654,645	\$ 89,816,917	\$ 86,380,759	\$ 89,793,663	\$ 96,264,382
Commercial	77,179,820	76,989,419	74,233,899	88,910,745	101,859,200	99,649,009	104,306,455	101,468,567	101,480,393	113,608,013
Industrial	46,366,895	45,520,902	44,277,063	43,860,628	45,902,344	44,178,102	47,842,971	50,923,573	50,595,037	54,653,921
Other	45,392,688	32,001,538	33,932,880	31,057,374	28,121,275	28,305,763	43,412,193	35,805,009	28,665,489	20,278,405
Deferred Energy Rate Component	-	(12,332,254)	12,332,254	-	(1,296,801)	1,296,801	(5,129,895)	(2,112,487)	171,983	(171,983)
Payment-in-lieu of taxes	17,562,272	21,540,269	27,831,160	28,303,139	28,052,962	27,333,943	31,291,744	30,658,851	30,336,724	32,673,555
Total Operating Revenues	256,221,028	231,609,218	264,990,786	271,763,043	289,368,938	287,418,263	311,540,385	303,124,272	301,043,289	317,306,293
Operating Expenses										
Production	(1)	124,590,074	116,062,263	104,447,219	121,079,793	133,651,887	122,778,881	139,651,369	118,860,432	127,789,644
Transmission & Distribution		34,655,585	34,548,626	37,287,338	41,157,088	41,157,296	42,336,766	41,865,301	47,304,341	47,459,564
General and Administrative		30,965,312	34,518,980	29,900,838	30,376,612	29,832,976	31,747,806	34,179,058	35,096,181	34,997,762
Depreciation & Amortization		31,291,634	31,986,166	31,705,944	32,380,345	32,818,565	33,613,655	47,538,375	36,436,756	31,608,943
Purchased Power Amortization	(2)	-	-	-	-	-	-	-	-	-
Total Operating Expense		221,502,605	217,116,035	203,341,339	224,993,838	237,460,724	230,477,108	248,799,329	246,683,726	245,679,141
Operating Income		34,718,423	14,493,183	61,649,447	46,769,205	51,908,214	56,941,155	54,324,943	54,359,563	71,627,152
Interest Income/(Expense)	(3)	(14,791,096)	(17,604,368)	(17,306,717)	(18,564,432)	(19,288,063)	(19,509,494)	(23,725,356)	(23,497,562)	(25,705,028)
Payment-in-lieu of taxes		(17,562,272)	(21,540,269)	(27,831,160)	(28,303,139)	(28,052,962)	(31,291,744)	(30,658,851)	(30,336,724)	(32,673,555)
Nonoperating Income/(Expense)	(4)	(32,353,368)	(39,144,637)	(45,137,877)	(46,867,571)	(47,341,025)	(46,843,437)	(54,384,206)	(53,834,286)	(58,378,583)
Income/Loss		2,365,055	(24,651,454)	16,511,570	(98,366)	4,567,189	10,097,718	8,283,467	525,277	13,248,569
Contributions	(5)	1,466,171	209,965	300,888	59,048	130,878	234,557	206,722	230,046	220,273
Change In Net Position		\$ 3,831,226	\$ (24,441,489)	\$ 16,812,458	\$ (39,318)	\$ 4,698,067	\$ 10,332,275	\$ 8,490,189	\$ 755,323	\$ 13,468,842

Footnotes:

- (1) Includes fuel, purchased power and production.
- (2) Purchased power costs amortization added beginning in 2002.
- (3) Includes other non operating income.
- (4) 2005 - Recognized Loss on Disposal of Assets.

Revenue Capacity





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Board of Public Utilities

ELECTRIC UTILITY SYSTEMS SALES LAST TEN FISCAL YEARS

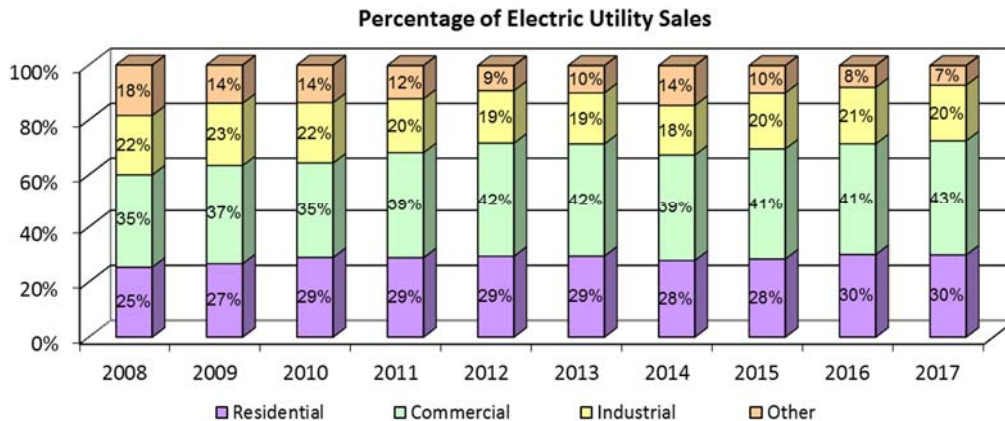
Residential						Commercial					
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Monthly kWh	Average Sales /\$s	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2008	\$ 50,853,676	544,166,628	57,187	9,516	793	\$ 889.25	\$ 69,292,240	856,957,838	6,905	124,107	\$ 10,035.08
2009	\$ 49,968,396	536,644,287	56,907	9,430	786	\$ 878.07	\$ 69,038,969	864,936,202	6,952	124,415	\$ 9,930.81
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

Industrial					
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2008	\$ 43,507,292	742,247,845	94	7,896,254	\$ 462,843.53
2009	\$ 42,666,801	689,322,900	94	7,333,222	\$ 453,902.14
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

Other					
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2008	\$ 36,760,714	482,736,551	222	2,174,489	\$ 165,588.80
2009	\$ 26,074,666	419,910,237	232	1,809,958	\$ 112,390.80
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

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

Total					
	Dollars/\$s	(Kwh)	Customers	Average kWh	Average Sales /\$s
2008	\$ 200,413,922	2,626,108,862	64,408	40,773	3,112
2009	\$ 187,748,832	2,510,813,626	64,185	39,118	2,925
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

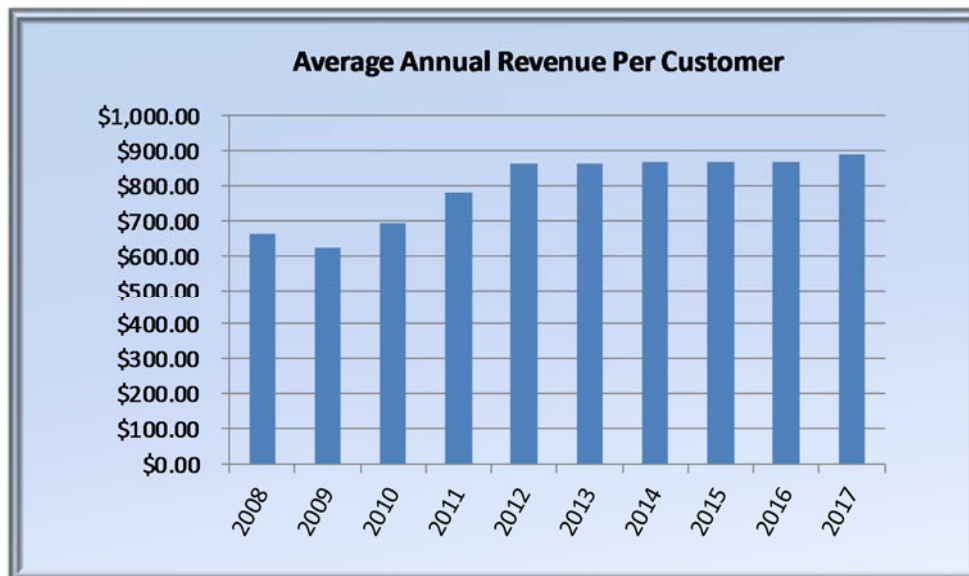


**BPU
Water Sales**

Last Ten Fiscal Years

Fiscal Year	Gallons Pumped	Gallons Sold	Operating Revenue	Average Number of Customers	Average Revenue Per Customer
2008	11,703,670,000	6,260,264,000	\$ 33,488,102	50,530	\$662.74
2009	10,867,240,000	6,015,566,000	\$ 31,545,660	50,483	\$624.88
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

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

BPU 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)	
2008	\$ 259,099,083	\$ 191,646,089	\$ 67,452,994	\$ 33,557,926	335,751,130	220,158,825	555,909,955	2.01	7.6%	\$ 2,184	
2009	\$ 233,062,328	\$ 185,129,869	\$ 47,932,459	\$ 34,270,503	385,592,415	243,196,901	628,789,316	1.39	9.0%	\$ 2,484	
2010	\$ 265,907,854	\$ 171,635,396	\$ 94,272,458	\$ 33,934,990	376,147,121	214,362,010	590,509,131	2.78	8.5%	\$ 2,390	
2011	\$ 273,231,435	\$ 192,613,493	\$ 80,617,942	\$ 38,594,328	440,913,666	255,860,571	696,774,237	2.07	9.7%	\$ 2,791	
2012	\$ 290,217,990	\$ 204,642,159	\$ 85,575,831	\$ 44,144,619	498,523,619	285,077,454	783,601,073	1.94	10.2%	\$ 3,126	
2013	\$ 287,771,566	\$ 196,863,453	\$ 90,908,113	\$ 44,144,619	490,350,940	264,673,442	755,024,382	2.06	10.2%	\$ 3,049	
2014	\$ 311,682,145	\$ 215,695,728	\$ 95,986,417	\$ 49,344,896	580,178,862	348,063,141	928,242,003	1.94	12.3%	\$ 3,583	
2015	\$ 304,013,043	\$ 201,260,954	\$ 102,752,089	\$ 50,117,164	563,060,100	322,942,821	886,002,921	2.03	9.7%	\$ 3,456	
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	14.3%	\$ 4,352	
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	13.7%	\$ 4,211	

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

Debt per Customer

Year	Total Electric				
	Principal	Interest	Total	Customers	Debt / Customer
2017	15,109,395	27,432,979	42,542,374	65,516	649
2018	15,668,083	28,121,516	43,789,600	65,516	668
2019	18,585,862	27,492,993	46,078,855	65,516	703
2020	19,147,375	26,643,075	45,790,449	65,516	699
2021	18,767,897	25,773,953	44,541,850	65,516	680
2022	22,678,546	24,880,945	47,559,491	65,516	726
2023	23,781,065	23,754,144	47,535,209	65,516	726
2024	20,973,416	22,572,087	43,545,502	65,516	665
2025	22,520,816	21,556,428	44,077,245	65,516	673
2026	23,638,015	20,436,741	44,074,757	65,516	673
2027	24,985,572	19,311,171	44,296,743	65,516	676
2028	26,397,803	18,119,693	44,517,496	65,516	679
2029	27,968,836	16,859,214	44,828,050	65,516	684
2030	29,098,200	15,613,678	44,711,878	65,516	682
2031	27,096,000	14,239,555	41,335,555	65,516	631
2032	28,432,850	12,902,855	41,335,705	65,516	631
2033	24,281,000	11,511,213	35,792,213	65,516	546
2034	25,393,500	10,396,538	35,790,038	65,516	546
2035	20,479,000	9,218,388	29,697,388	65,516	453
2036	21,567,600	8,250,913	29,818,513	65,516	455
2037	18,940,000	7,237,013	26,177,013	65,516	400
2038	13,965,000	6,351,663	20,316,663	65,516	310
2039	14,625,000	5,696,163	20,321,163	65,516	310
2040	15,310,000	5,009,500	20,319,500	65,516	310
2041	16,070,000	4,244,000	20,314,000	65,516	310
2042	16,880,000	3,440,500	20,320,500	65,516	310
2043	17,715,000	2,596,500	20,311,500	65,516	310
2044	18,610,000	1,710,750	20,320,750	65,516	310
2045	11,630,000	780,250	12,410,250	65,516	189
2046	3,975,000	198,750	4,173,750	65,516	64
Total	604,290,830	422,353,165	1,026,643,995	65,516	15,670

Year	Total Water				
	Principal	Interest	Total	Customers	Debt / Customer
2017	7,536,501	4,645,095	12,181,596	51,232	238
2018	7,800,952	4,419,018	12,219,971	51,232	239
2019	8,120,329	4,134,545	12,254,875	51,232	239
2020	8,461,409	3,800,191	12,261,600	51,232	239
2021	8,631,644	3,452,057	12,083,701	51,232	236
2022	8,142,191	3,089,378	11,231,569	51,232	219
2023	8,217,825	2,747,429	10,965,254	51,232	214
2024	6,159,460	2,403,405	8,562,865	51,232	167
2025	5,407,513	2,176,802	7,584,315	51,232	148
2026	5,630,573	1,958,764	7,589,336	51,232	148
2027	5,631,871	1,737,515	7,369,386	51,232	144
2028	5,637,024	1,516,869	7,153,894	51,232	140
2029	5,678,570	1,286,141	6,964,711	51,232	136
2030	5,828,544	1,055,013	6,883,557	51,232	134
2031	4,625,353	816,460	5,441,813	51,232	106
2032	4,813,965	632,979	5,446,944	51,232	106
2033	3,802,150	439,928	4,242,079	51,232	83
2034	3,186,918	299,395	3,486,314	51,232	68
2035	2,182,103	163,645	2,345,748	51,232	46
2036	1,745,877	76,727	1,822,603	51,232	36
2037				51,232	
Total	117,240,773	40,851,355	158,092,129	51,232	3,086

Year	Total Combined				
	Principal	Interest	Total	Customers	Debt / Customer
2017	22,645,896	32,078,074	54,723,970	116,748	887
2018	23,469,036	32,540,534	56,009,570	116,748	907
2019	26,706,191	31,627,539	58,333,730	116,748	943
2020	27,608,784	30,443,266	58,052,049	116,748	938
2021	27,399,541	29,226,010	56,625,552	116,748	916
2022	30,820,737	27,970,323	58,791,060	116,748	945
2023	31,998,890	26,501,573	58,500,463	116,748	940
2024	27,132,876	24,975,492	52,108,367	116,748	832
2025	27,928,330	23,733,230	51,661,560	116,748	821
2026	29,268,588	22,395,505	51,664,093	116,748	821
2027	30,617,443	21,048,686	51,666,129	116,748	820
2028	32,034,828	19,636,562	51,671,389	116,748	819
2029	33,647,405	18,145,355	51,792,760	116,748	820
2030	34,926,744	16,668,690	51,595,434	116,748	817
2031	31,721,353	15,056,015	46,777,368	116,748	737
2032	33,246,815	13,535,833	46,782,648	116,748	737
2033	28,083,150	11,951,141	40,034,291	116,748	629
2034	28,580,418	10,695,933	39,276,351	116,748	614
2035	22,661,103	9,382,033	32,043,135	116,748	499
2036	23,313,477	8,327,639	31,641,116	116,748	491
2037	18,940,000	7,237,013	26,177,013	116,748	400
2038	13,965,000	6,351,663	20,316,663	65,516	310
2039	14,625,000	5,696,163	20,321,163	65,516	310
2040	15,310,000	5,009,500	20,319,500	65,516	310
2041	16,070,000	4,244,000	20,314,000	65,516	310
2042	16,880,000	3,440,500	20,320,500	65,516	310
2043	17,715,000	2,596,500	20,311,500	65,516	310
2044	18,610,000	1,710,750	20,320,750	65,516	189
2045	11,630,000	780,250	12,410,250	65,516	64
2046	3,975,000	198,750	4,173,750	65,516	64
Total	721,531,604	463,204,520	1,184,736,124	101,378	18,509

Notes: 2017 customer count

Board of Public Utilities

**BPU
Debt Maturity Schedules - Unaudited
Combined**

Year	2009A Issue - Revenue Debt Service Bonds		2010 Issue Refunding Bond		2011 Issue		2012A Refunding Issue		2012B Issue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	1,690,000	266,500	2,875,000	671,600	3,255,000	3,958,294	2,155,000	5,090,950	1,665,000	3,340,150
2018	1,775,000	182,000	2,980,000	570,975	3,365,000	3,860,644	2,210,000	5,004,750	1,735,000	3,273,550
2019	1,865,000	93,250	825,000	451,775	5,780,000	3,709,219	2,310,000	4,916,350	1,805,000	3,204,150
2020			890,000	418,775	6,060,000	3,420,219	2,390,000	4,823,950	1,875,000	3,131,950
2021			925,000	383,175	6,360,000	3,117,219	2,465,000	4,728,350	1,950,000	3,056,950
2022			960,000	343,863	4,870,000	2,799,219	1,195,000	4,629,750	2,030,000	2,978,950
2023			995,000	303,063	2,220,000	2,555,719	3,860,000	4,570,000	2,130,000	2,877,450
2024			1,055,000	260,775	995,000	2,444,719	8,915,000	4,377,000	3,085,000	2,770,950
2025			1,115,000	213,300	1,785,000	2,403,675	9,360,000	3,931,250	3,240,000	2,616,700
2026			1,170,000	163,125	1,870,000	2,314,425	9,820,000	3,463,250	3,405,000	2,454,700
2027			1,200,000	110,475	2,300,000	2,220,925	10,285,000	3,000,375	3,545,000	2,312,550
2028			1,255,000	56,475	2,735,000	2,105,925	10,770,000	2,512,375	3,690,000	2,166,200
2029					6,120,000	1,969,175	9,650,000	1,998,250	3,845,000	2,015,500
2030					6,415,000	1,678,475	10,110,000	1,533,000	4,035,000	1,823,250
2031					1,895,000	1,373,763	10,600,000	1,045,725	4,235,000	1,621,500
2032					1,990,000	1,283,750	11,105,000	534,925	4,450,000	1,409,750
2033					6,980,000	1,184,250			4,670,000	1,187,250
2034					7,330,000	835,250			4,885,000	970,625
2035					4,570,000	468,750			5,115,000	744,188
2036					4,805,000	240,250			5,350,000	507,188
2037									5,600,000	259,375
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
2046										
Total	5,330,000	541,750	16,245,000	3,947,375	81,700,000	43,943,863	107,200,000	56,160,250	72,340,000	44,722,875

Year	2014 Refunding Issue & New Money		BPU Portion UG Radio Debt		2016 Building Issue		2016A Issue		2016B Refunding Issue	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	7,035,000	8,486,388	277,044	109,317	1,320,000	102,200		5,634,950		1,413,397
2018	7,325,000	8,204,988	283,363	104,393	1,345,000	75,700		5,634,950		1,934,688
2019	9,930,000	7,911,988	291,092	99,352	1,370,000	48,700		5,634,950		1,934,688
2020	10,425,000	7,415,488	296,562	92,225	1,405,000	21,100		5,634,950	1,655,000	1,934,688
2021	10,960,000	6,894,238	302,405	84,968				5,634,950	1,740,000	1,851,938
2022	14,240,000	6,346,238	310,796	76,482			2,605,000	5,634,950	1,825,000	1,764,938
2023	14,945,000	5,634,238	318,152	67,753			2,735,000	5,504,700	1,920,000	1,673,688
2024	3,020,000	4,886,988	328,242	58,208			2,870,000	5,367,950	2,535,000	1,577,688
2025	3,150,000	4,756,388	338,333	49,102			3,015,000	5,224,450	2,665,000	1,450,938
2026	3,310,000	4,598,888	346,724	38,952			3,165,000	5,073,700	2,795,000	1,317,688
2027	3,475,000	4,433,388	358,700	28,550			3,325,000	4,915,450	2,935,000	1,177,938
2028	3,650,000	4,259,638	369,827	17,629			3,490,000	4,749,200	3,080,000	1,031,188
2029	3,830,000	4,077,138	189,439	6,202			3,665,000	4,574,700	3,235,000	877,188
2030	4,020,000	3,885,638					3,775,000	4,464,750	3,340,000	772,050
2031	4,220,000	3,684,638					3,965,000	4,276,000	3,450,000	663,500
2032	4,435,000	3,473,638					4,160,000	4,077,750	3,620,000	491,000
2033	4,640,000	3,266,238					4,370,000	3,869,750	3,800,000	310,000
2034	4,825,000	3,080,638					4,590,000	3,651,250	3,950,000	158,000
2035	5,030,000	2,875,575					4,815,000	3,421,750		
2036	5,245,000	2,661,800					5,060,000	3,181,000		
2037	5,470,000	2,438,888					5,310,000	2,928,000		
2038	5,700,000	2,206,413					5,575,000	2,662,500		
2039	5,945,000	1,964,163					5,855,000	2,383,750		
2040	6,195,000	1,711,500					6,150,000	2,091,000		
2041	6,505,000	1,401,750					6,455,000	1,783,500		
2042	6,830,000	1,076,500					6,780,000	1,460,750		
2043	7,170,000	735,000					7,115,000	1,121,750		
2044	7,530,000	376,500					7,475,000	766,000		
2045							7,845,000	392,250		
2046										
Total	179,055,000	112,744,863	4,010,679	833,133	5,440,000	247,700	114,165,000	111,751,600	42,545,000	22,335,197

Board of Public Utilities

**BPU
Debt Maturity Schedules - Unaudited**

Combined

Year	2016C Issue		KDHE Loan #1			KDHE Loan #2			KDHE Loan #3		
	Principal	Interest	Principal	Interest	Service Fee	Principal	Interest	Service Fee	Principal	Interest	Service Fee
2017		2,055,235	637,108	202,988	19,957	266,924	84,503	8,355	439,147	175,030	18,849
2018		2,813,250	662,263	180,085	17,705	277,408	74,962	7,412	455,098	160,630	17,299
2019		2,813,250	688,410	156,278	15,364	288,304	65,046	6,431	471,629	145,706	15,691
2020		2,813,250	715,590	131,531	12,931	299,629	54,741	5,412	488,761	130,240	14,026
2021		2,813,250	743,843	105,807	10,402	311,397	44,031	4,353	506,514	114,212	12,300
2022		2,813,250	773,212	79,067	7,773	323,629	32,900	3,253	524,913	97,602	10,511
2023		2,813,250	803,740	51,272	5,041	336,340	21,333	2,109	543,980	80,389	8,657
2024	1,360,000	2,813,250	835,473	22,379	2,200	349,551	9,310	921	563,740	62,551	6,736
2025	1,425,000	2,745,250							584,217	44,064	4,745
2026	1,500,000	2,674,000							605,438	24,906	2,682
2027	1,570,000	2,599,000							310,916	5,052	544
2028	1,650,000	2,520,500									
2029	1,735,000	2,438,000									
2030	1,820,000	2,351,250									
2031	1,910,000	2,260,250									
2032	2,005,000	2,164,750									
2033	2,105,000	2,064,500									
2034	2,210,000	1,959,250									
2035	2,320,000	1,848,750									
2036	2,440,000	1,732,750									
2037	2,560,000	1,610,750									
2038	2,690,000	1,482,750									
2039	2,825,000	1,348,250									
2040	2,965,000	1,207,000									
2041	3,110,000	1,058,750									
2042	3,270,000	903,250									
2043	3,430,000	739,750									
2044	3,605,000	568,250									
2045	3,785,000	388,000									
2046	3,975,000	198,750									
Total	56,265,000	58,611,735	5,859,639	929,407	91,374	2,453,183	386,827	38,246	5,494,353	1,040,382	112,041

Year	KDHE Loan #4			KDHE Loan #5			Total	Total P&I		
	Principal	Interest	Service Fee	Principal	Interest	Service Fee		Service Fee	Principal	Interest
2017	521,182	202,542	36,922	509,490	284,031	44,183	128,265	22,645,896	32,078,074	54,723,970
2018	533,080	192,478	35,087	522,823	272,493	42,388	119,890	23,469,036	32,540,534	56,009,570
2019	545,250	182,185	33,211	536,505	260,653	40,546	111,244	26,706,191	31,627,539	58,333,730
2020	557,697	171,657	31,292	550,545	248,503	38,656	102,317	27,608,784	30,443,266	58,052,049
2021	570,429	160,888	29,329	564,952	236,035	36,717	93,101	27,399,541	29,226,010	56,625,552
2022	583,451	149,874	27,321	579,736	223,241	34,726	83,585	30,820,737	27,970,323	58,791,063
2023	596,771	138,608	25,267	594,907	210,112	32,684	73,758	31,998,890	26,501,573	58,500,460
2024	610,394	127,085	23,167	610,475	196,640	30,588	63,612	27,132,876	24,975,492	52,108,367
2025	624,329	115,299	21,018	626,451	182,815	28,438	54,201	27,928,330	23,733,230	51,661,560
2026	638,582	103,244	18,820	642,845	168,628	26,231	47,734	29,268,588	22,395,505	51,664,093
2027	653,160	90,913	16,573	659,667	154,070	23,966	41,084	30,617,443	21,048,686	51,666,129
2028	668,071	78,301	14,274	676,930	139,131	21,643	35,916	32,034,828	19,636,562	51,671,389
2029	683,322	65,402	11,922	694,645	123,801	19,258	31,180	33,647,405	18,145,355	51,792,760
2030	698,921	52,207	9,517	712,823	108,070	16,811	26,328	34,926,744	16,668,690	51,595,434
2031	714,877	38,712	7,057	731,477	91,927	14,300	21,357	31,721,353	15,056,015	46,777,368
2032	731,197	24,909	4,541	750,619	75,362	11,723	16,264	33,246,815	13,535,833	46,782,648
2033	747,889	10,790	1,967	770,261	58,364	9,079	11,046	28,083,150	11,951,141	40,034,291
2034				790,418	40,920	6,365	6,365	28,580,418	10,695,933	39,276,351
2035				811,103	23,020	3,581	3,581	22,661,103	9,382,033	32,043,135
2036				413,477	4,652	724	724	23,313,477	8,327,639	31,641,116
2037								18,940,000	7,237,013	26,177,013
2038								13,965,000	6,351,663	20,316,663
2039								14,625,000	5,696,163	20,321,163
2040								15,310,000	5,009,500	20,319,500
2041								16,070,000	4,244,000	20,314,000
2042								16,880,000	3,440,500	20,320,500
2043								17,715,000	2,596,500	20,311,500
2044								18,610,000	1,710,750	20,320,750
2045								11,630,000	780,250	12,410,250
2046								3,975,000	198,750	4,173,750
Total	10,678,602	1,905,093	347,283	12,750,148	3,102,471	482,607	1,071,551	721,531,604	463,204,520	1,184,736,124

Board of Public Utilities

**BPU
Debt Maturity Schedules - Unaudited**

Electric System

Year	2009A Issue - Revenue Debt Service Bonds		2010 Issue Refunding Bond		2011 Issue		2012A Refunding Issue		2012B Issue		2014 Refunding Issue & New Money	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	1,605,500	253,175	1,322,500	308,936	2,278,500	2,770,806	1,659,350	3,920,032	1,665,000	3,340,150	5,275,000	7,656,838
2018	1,686,250	172,900	1,370,800	262,649	2,355,500	2,702,451	1,701,700	3,853,658	1,735,000	3,273,550	5,490,000	7,445,838
2019	1,771,750	88,588	379,500	207,817	4,046,000	2,596,453	1,778,700	3,785,590	1,805,000	3,204,150	7,450,000	7,226,238
2020			409,400	192,637	4,242,000	2,394,153	1,840,300	3,714,442	1,875,000	3,131,950	7,820,000	6,853,738
2021			425,500	176,261	4,452,000	2,182,053	1,898,050	3,640,830	1,950,000	3,056,950	8,220,000	6,462,738
2022			441,600	158,177	3,409,000	1,959,453	920,150	3,564,908	2,030,000	2,978,950	11,365,000	6,051,738
2023			457,700	139,409	1,554,000	1,789,003	2,972,200	3,518,900	2,130,000	2,877,450	11,930,000	5,483,488
2024			485,300	119,957	696,500	1,711,303	6,864,550	3,370,290	3,085,000	2,770,950	3,020,000	4,886,988
2025			512,900	98,118	1,249,500	1,682,573	7,207,200	3,027,063	3,240,000	2,616,700	3,150,000	4,756,388
2026			538,200	75,038	1,309,000	1,620,098	7,561,400	2,666,703	3,405,000	2,454,700	3,310,000	4,598,888
2027			552,000	50,819	1,610,000	1,554,648	7,919,450	2,310,289	3,545,000	2,312,550	3,475,000	4,433,388
2028			577,300	25,979	1,914,500	1,474,148	8,292,900	1,934,529	3,690,000	2,166,200	3,650,000	4,259,638
2029					4,284,000	1,378,423	7,430,500	1,538,653	3,845,000	2,015,500	3,830,000	4,077,138
2030					4,490,500	1,174,933	7,784,700	1,180,410	4,035,000	1,823,250	4,020,000	3,885,638
2031					1,326,500	961,634	8,162,000	805,208	4,235,000	1,621,500	4,220,000	3,684,638
2032					1,393,000	898,625	8,550,850	411,892	4,450,000	1,409,750	4,435,000	3,473,638
2033					4,886,000	828,975			4,670,000	1,187,250	4,640,000	3,266,238
2034					5,131,000	584,675			4,885,000	970,625	4,825,000	3,080,638
2035					3,199,000	328,125			5,115,000	744,188	5,030,000	2,875,575
2036					3,472,600	168,175			5,350,000	507,188	5,245,000	2,661,800
2037									5,600,000	259,375	5,470,000	2,438,888
2038											5,700,000	2,206,413
2039											5,945,000	1,964,163
2040											6,195,000	1,711,500
2041											6,505,000	1,401,750
2042											6,830,000	1,076,500
2043											7,170,000	735,000
2044											7,530,000	376,500
2045												
2046												
Total	5,063,500	514,663	7,472,700	1,815,793	57,299,100	30,760,704	82,544,000	43,243,393	72,340,000	44,722,875	161,745,000	109,031,913

Year	BPU Portion UG Radio Debt		2016 Building Issue		2016A Issue		2016B Refunding Issue		2016C Issue		Total P&I		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2017	155,145	61,218	1,148,400	88,914		5,634,950		1,342,727		2,055,235	15,109,395	27,432,979	42,542,374
2018	158,683	58,460	1,170,150	65,859		5,634,950		1,837,953		2,813,250	15,668,083	28,121,516	43,789,600
2019	163,012	55,637	1,191,900	42,369		5,634,950		1,837,953		2,813,250	18,585,862	27,492,993	46,078,855
2020	166,075	51,646	1,222,350	18,357		5,634,950	1,572,250	1,837,953		2,813,250	19,147,375	26,643,075	45,790,449
2021	169,347	47,582				5,634,950	1,653,000	1,759,341		2,813,250	18,767,897	25,773,953	44,541,850
2022	174,046	42,830			2,605,000	5,634,950	1,733,750	1,676,691		2,813,250	22,678,546	24,880,945	47,559,491
2023	178,165	37,942			2,735,000	5,504,700	1,824,000	1,590,003		2,813,250	23,781,065	23,754,144	47,535,209
2024	183,816	32,596			2,870,000	5,367,950	2,408,250	1,498,803	1,360,000	2,813,250	20,973,416	22,572,087	43,545,502
2025	189,466	27,497			3,015,000	5,224,450	2,531,750	1,378,391	1,425,000	2,745,250	22,520,816	21,556,428	44,077,245
2026	194,165	21,813			3,165,000	5,073,700	2,655,250	1,251,803	1,500,000	2,674,000	23,638,015	20,436,741	44,074,757
2027	200,872	15,988			3,325,000	4,915,450	2,788,250	1,119,041	1,570,000	2,599,000	24,985,572	19,311,171	44,296,743
2028	207,103	9,872			3,490,000	4,749,200	2,926,000	979,628	1,650,000	2,520,500	26,397,803	18,119,693	44,517,496
2029	206,086	3,473			3,665,000	4,574,700	3,073,250	833,328	1,735,000	2,438,000	27,968,836	16,859,214	44,828,050
2030					3,775,000	4,464,750	3,173,000	733,448	1,820,000	2,351,250	29,098,200	15,613,678	44,711,878
2031					3,965,000	4,276,000	3,277,500	630,325	1,910,000	2,260,250	27,096,000	14,239,555	41,335,555
2032					4,160,000	4,077,750	3,439,000	466,450	2,005,000	2,164,750	28,432,850	12,902,855	41,335,705
2033					4,370,000	3,869,750	3,610,000	294,500	2,105,000	2,064,500	24,281,000	11,511,213	35,792,213
2034					4,590,000	3,651,250	3,752,500	150,100	2,210,000	1,959,250	25,393,500	10,396,538	35,790,038
2035					4,815,000	3,421,750			2,320,000	1,848,750	20,479,000	9,218,388	29,697,388
2036					5,060,000	3,181,000			2,440,000	1,732,750	21,567,600	8,250,913	29,818,513
2037					5,310,000	2,928,000			2,560,000	1,610,750	18,940,000	7,237,013	26,177,013
2038					5,575,000	2,662,500			2,690,000	1,482,750	13,965,000	6,351,663	20,316,663
2039					5,855,000	2,383,750			2,825,000	1,348,250	14,625,000	5,696,163	20,321,163
2040					6,150,000	2,091,000			2,965,000	1,207,000	15,310,000	5,009,500	20,319,500
2041					6,455,000	1,783,500			3,110,000	1,058,750	16,070,000	4,244,000	20,314,000
2042					6,780,000	1,460,750			3,270,000	903,250	16,880,000	3,440,500	20,320,500
2043					7,115,000	1,121,750			3,430,000	739,750	17,715,000	2,596,500	20,311,500
2044					7,475,000	766,000			3,605,000	568,250	18,610,000	1,710,750	20,320,750
2045					7,845,000	392,250			3,785,000	388,000	11,630,000	780,250	12,410,250
2046									3,975,000	198,750	3,975,000	198,750	4,173,750
Total	2,245,980	466,554	4,732,800	215,499	114,165,000	111,751,600	40,417,750	21,218,437	56,265,000	58,611,735	604,290,830	422,353,165	1,026,643,995

Board of Public Utilities

**BPU
Debt Maturity Schedules - Unaudited**

Water System

Year	2009A Issue - Revenue Debt Service Bonds		2010 Issue Refunding Bond		2011 Issue		2012A Refunding Issue		2014 Refunding Issue & New Money		BPU Portion UG Ratio Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2017	84,500	13,325	1,552,500	362,664	976,500	1,187,488	495,650	1,170,919	1,760,000	629,550	121,899
2018	88,750	9,100	1,609,200	308,327	1,009,500	1,158,193	508,300	1,151,093	1,835,000	759,150	124,680	45,933
2019	93,250	4,663	445,500	243,959	1,734,000	1,112,766	531,300	1,130,761	2,480,000	685,750	128,080	43,715
2020			480,600	226,139	1,818,000	1,026,066	549,700	1,109,509	2,605,000	561,750	130,487	40,579
2021			499,500	206,915	1,908,000	935,166	566,950	1,087,521	2,740,000	431,500	133,058	37,386
2022			518,400	185,686	1,461,000	839,766	274,850	1,064,843	2,875,000	294,500	136,750	33,652
2023			537,300	163,654	666,000	766,716	887,800	1,051,100	3,015,000	150,750	139,987	29,811
2024			569,700	140,819	298,500	733,416	2,050,450	1,006,710			144,426	25,612
2025			602,100	115,182	535,500	721,103	2,152,800	904,188			148,867	21,605
2026			631,800	88,088	561,000	694,328	2,258,600	796,548			152,559	17,139
2027			648,000	59,657	690,000	666,278	2,365,550	690,086			157,828	12,562
2028			677,700	30,497	820,500	631,778	2,477,100	577,846			162,724	7,757
2029					1,836,000	590,753	2,219,500	459,598			83,353	2,729
2030					1,924,500	503,543	2,325,300	352,590				
2031					568,500	412,129	2,438,000	240,517				
2032					597,000	385,125	2,554,150	123,033				
2033					2,094,000	355,275						
2034					2,199,000	250,575						
2035					1,371,000	140,625						
2036					1,332,400	72,075						
2037												
2038												
2039												
2040												
2041												
2042												
2043												
2044												
2045												
2046												
Total	266,500	27,088	8,772,300	2,131,583	24,400,900	13,183,159	24,656,000	12,916,858	17,310,000	3,712,950	1,764,699	366,579

Year	2016 Building Issue		2016B Refunding Issue		KDHE Loan #1			KDHE Loan #2			KDHE Loan #3		
	Principal	Interest	Principal	Interest	Principal	Interest	Service Fee	Principal	Interest	Service Fee	Principal	Interest	Service Fee
2017	171,600	13,286	70,670	70,670	637,108	202,988	19,957	266,924	84,503	8,355	439,147	175,030	18,849
2018	174,850	9,841			662,263	180,085	17,705	277,408	74,962	7,412	455,098	160,630	17,299
2019	178,100	6,331			688,410	156,278	15,364	288,304	65,046	6,431	471,629	145,706	15,691
2020	182,650	2,743	82,750	96,734	715,590	131,531	12,931	299,629	54,741	5,412	488,761	130,240	14,026
2021			87,000	92,597	743,843	105,807	10,402	311,397	44,031	4,353	506,514	114,212	12,300
2022			91,250	88,247	773,212	79,067	7,773	323,629	32,900	3,253	524,913	97,602	10,511
2023			96,000	83,684	803,740	51,272	5,041	336,340	21,333	2,109	543,980	80,389	8,657
2024			126,750	78,884	835,473	22,379	2,200	349,551	9,310	921	563,740	62,551	6,736
2025			133,250	72,547							584,217	44,064	4,745
2026			139,750	65,884							605,438	24,906	2,682
2027			146,750	58,897							310,916	5,052	544
2028			154,000	51,559									
2029			161,750	43,859									
2030			167,000	38,603									
2031			172,500	33,175									
2032			181,000	24,550									
2033			190,000	15,500									
2034			197,500	7,900									
2035													
2036													
2037													
2038													
2039													
2040													
2041													
2042													
2043													
2044													
2045													
2046													
Total	707,200	32,201	2,127,250	1,116,760	5,859,639	929,407	91,374	2,453,183	386,827	38,246	5,494,353	1,040,382	112,041

Year	KDHE Loan #4			KDHE Loan #5			Total Service Fee	Total P&I		
	Principal	Interest	Service Fee	Principal	Interest	Service Fee		Principal	Interest	Total
2017	521,182	202,542	36,922	509,490	284,031	44,183	128,265	7,536,501	4,645,095	12,181,596
2018	533,080	192,478	35,087	522,823	272,493	42,388	119,890	7,800,952	4,419,018	12,219,971
2019	545,250	182,185	33,211	536,505	260,653	40,546	111,244	8,120,329	4,134,545	12,254,875
2020	557,697	171,657	31,292	550,945	249,503	38,656	102,317	8,481,409	3,800,191	12,281,600
2021	570,429	160,888	29,329	564,952	236,035	36,717	93,101	8,831,644	3,452,057	12,283,701
2022	583,451	149,874	27,321	579,736	223,241	34,726	83,585	9,142,191	3,089,378	11,231,569
2023	596,771	138,608	25,267	594,907	210,112	32,684	73,758	9,421,725	2,747,429	10,965,254
2024	610,394	127,085	23,167	610,475	196,640	30,588	63,612	9,659,460	2,403,405	10,562,865
2025	624,329	115,299	21,018	626,451	182,815	28,438	54,201	9,847,513	2,176,802	10,544,315
2026	638,592	103,244	18,820	642,945	168,628	26,231	47,734	10,030,573	1,958,764	10,589,336
2027	653,160	90,913	16,573	659,667	154,070	23,966	41,084	10,181,871	1,737,515	10,619,386
2028	668,071	78,301	14,274	676,930	139,131	21,643	35,916	10,307,024	1,516,869	10,623,894
2029	683,322	65,402	11,922	694,645	123,801	19,258	31,180	10,416,570	1,286,141	10,694,711
2030	698,921	52,207	9,517	712,823	108,070	16,811	26,328	10,508,544	1,055,013	10,763,557
2031	714,877	38,712	7,057	731,477	91,927	14,300	21,357	10,583,353	816,460	10,811,813
2032	731,197	24,909	4,541	750,619	75,362	11,723	16,264	10,643,965	632,979	10,844,944
2033	747,889	10,790	1,967	770,281	58,364	9,079	11,046	10,692,150	439,928	10,842,079
2034				790,418	40,920	6,365	6,365	10,730,186	299,395	10,848,314
2035				811,103	23,020	3,581	3,581	10,761,103	163,645	10,844,748
2036				413,477	4,652	724	724	10,765,877	76,727	10,822,603
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
2046										
Total	10,678,602	1,905,093	347,283	12,750,148	3,102,471	482,607	1,071,551	117,240,773	40,851,355	158,092,129

Demographic and Economic Information





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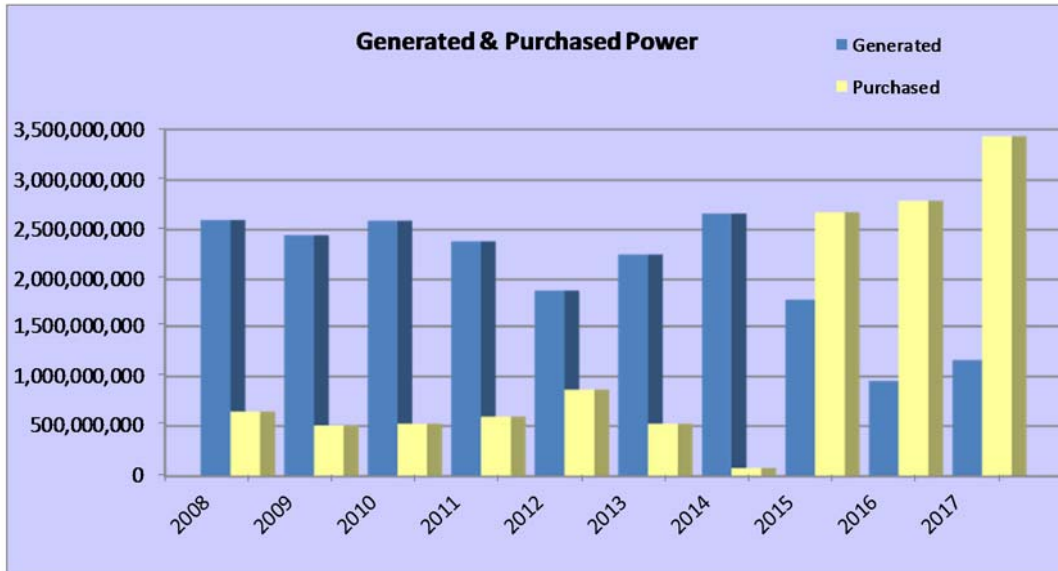
Board of Public Utilities

Electric Load Statistics in Kilowatts

Last Ten Fiscal Years

Fiscal Year	Generated	Purchased	Interchanged	Total Kilowatts Available	Maximum System Gross Demand kW	Maximum Net Capacity
2008	2,599,420,000	646,850,000	-733,169,000	2,513,101,000	492,000	611,000
2009	2,444,808,000	505,584,800	-575,205,000	2,375,187,800	471,000	593,500
2010	2,590,447,000	525,043,000	-585,246,000	2,530,244,000	501,000	632,500
2011	2,382,961,000	596,205,000	-513,891,000	2,465,275,000	502,000	599,300
2012	1,887,972,000	867,055,000	-329,983,000	2,425,044,000	495,000	747,000
2013	2,252,961,000	525,148,000	-412,638,000	2,365,471,000	454,000	747,000
2014	2,661,052,000	81,518,000	-56,899,000	2,685,671,000	459,000	728,400
2015	1,767,688,000	2,675,379,000	-2,052,624,000	2,390,443,000	485,000	717,900
2016	954,458,000	2,793,007,000	-1,333,330,000	2,414,135,000	480,000	717,900
2017	1,164,227,528	3,432,569,759	-2,261,187,316	2,335,609,971	494,000	725,800

NOTES: Generated amounts are net of system usage.
Purchased amounts are net of borderline.
Interchanged amounts include sales for resale which reduces total kilowatts available.
Starting in 2013, BPU's portion of Dogwood's generations is included in the generated amounts.



Board of Public Utilities

PRINCIPAL CUSTOMERS (Ten year history)			
<u>2008</u>	<u>Revenue</u>	<u>2009</u>	<u>Revenue</u>
General Motor's (Auto Production)	\$ 8,636,200	Owens Corning Fiberglass (Insulation)	\$ 8,411,448
Owens Corning Fiberglass (Insulation)	8,114,700	General Motor's (Auto Production)	7,775,949
Univ. of Kansas Medical Ctr. (Hospital)	6,577,700	CertainTeed Corp. (Insulation)	4,980,249
CertainTeed Corp. (Insulation)	5,120,500	Procter & Gamble Co. (Cleaning Products)	4,678,197
Griffin Wheel (Railroad Wheels)	4,819,500	Griffin Wheel (Railroad Wheels)	4,131,327
WaterOne of Johnson County (Water Utility)	4,557,700	Univ. of Kansas Medical Ctr. (Hospital)	3,849,712
Procter & Gamble Co. (Cleaning Products)	4,539,400	WaterOne of Johnson County (Water Utility)	3,394,275
Sunshine Biscuit (Food Manufacturer)	1,798,000	Univ. of Kansas Hospital Authority (Hospital)	3,224,570
Burlington Northern/Sante Fe (Railroad)	1,785,000	Magellan Pipeline Company (Petroleum Pipeline)	1,866,769
GNB Battery (Battery Manufacturer)	1,649,300	Burlington Northern/Sante Fe (Railroad)	1,855,297
2010			
	<u>Revenue</u>		<u>Revenue</u>
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
2012			
	<u>Revenue</u>		<u>Revenue</u>
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
2014			
	<u>Revenue</u>		<u>Revenue</u>
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
2016			
	<u>Revenue</u>		<u>Revenue</u>
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

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)
2008	\$ 50,389,000	\$ 27,197,277	\$ 68,694,751	630
2009	\$ 50,111,000	\$ 29,879,099	\$ 70,923,124	617
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

- (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 ¹	Personal Income ² <i>(thousands of dollars)</i>	Per Capita ² Personal Income	County-wide Public School Enrollment ³	Unemployment Rate
2008	154,233	\$4,415,768	\$28,472	27,867	8.1%
2009	155,499	\$4,310,940	\$27,561	28,538	10.7%
2010	157,505	\$4,420,281	\$28,010	28,455	10.1%
2011	158,022	\$4,562,495	\$28,836	28,462	9.5%
2012	159,471	\$4,875,180	\$30,637	29,284	8.4%
2013	160,940	\$4,810,886	\$29,996	29,753	8.0%
2014	162,106	\$4,706,681	\$29,119	30,200	6.9%
2015	163,384	\$5,814,072	\$35,589	30,414	6.1%
2016	164,418	\$4,998,181	\$30,508	30,826	5.7%
2017	165,288	\$5,068,156	\$30,722	31,578	5.2%

Sources and Notes:

¹ U.S. Dept of Commerce, Bureau of Census, Local Population Estimates; non-decenial Census figures are time-

² Personal Income and Per Capita Personal Income per U.S. Bureau of Economic Analysis. Most recent year is

³ School enrollment of Kansas City, Kansas #500, Turner #202, Piper #203, Bonner Springs #204 and parochial

Board of Public Utilities

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

	2017			Fiscal Year 2008		
	Employees in County (Employment Range)	Rank	Percentage of Total County Employment	Employees in County (Employment Range)	Rank	Percentage of Total County Employment
Kansas University Hospital	5,000+	1	6.26%	2500-4000	2	3.96%
University of Kansas Medical Center	3500-4000	2	4.11%	2500-3499	3	3.24%
Kansas City, KS School District #500	3500-4000	3	3.65%	3500-4000	1	4.43%
Cerner	2500-3499	4	3.16%	-	-	-
Burlington Northern/Santa Fe Railroad	2500-3499	5	2.61%	2500-3499	5	0.0294
Unified Government of Wyandotte Co/KCK	1000-2499	6	2.47%	1000-2499	6	2.84%
General Motors Corporation	1000-2499	7	2.33%	2500-3499	4	3.18%
Providence Medical Center	1000-2499	8	1.23%	1000-2499	7	1.41%
Nebraska Furniture Mart	1000-2499	9	1.18%	1000-2499	8	1.40%
Associated Wholesale Grocers	1000-2499	10	1.06%	1000-2499	9	1.23%
United Parcel Service	-	-	-	750-999	10	1.09%
	26,883		28.07%	21,863		25.72%

Source: Unified Government Finance Department, Research Division.

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 ^{(1) (3)}	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
2007	323,001,990	1,738,066	23,690,167	348,430,223	8.2%	\$ 2,271
2008	313,043,225	1,018,921	22,707,905	336,770,051	7.6%	\$ 2,184
2009	363,881,515	650,042	21,710,900	386,242,457	9.0%	\$ 2,484
2010	355,430,000	367,952	20,717,121	376,515,073	8.5%	\$ 2,390
2011	421,100,000	74,989	19,813,666	440,988,655	9.7%	\$ 2,791
2012	479,735,000	-	18,788,619	498,523,619	10.2%	\$ 3,126
2013	462,765,000	321,746	27,585,940	490,672,686	10.2%	\$ 3,049
2014	547,730,000	600,092	32,448,862	580,778,954	12.3%	\$ 3,583
2015	529,785,000	1,551,182	33,268,850	564,605,032	9.7%	\$ 3,456
2016	680,285,000	1,257,694	34,076,539	715,619,233	14.3%	\$ 4,352
2017	660,290,000	1,003,499	34,810,373	696,103,872	13.7%	\$ 4,211

(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.

(3) – Numbers are net of unamortized premium and discount.

Operating Information





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Board of Public Utilities

Electric Rates 2007 thru 2017

	Jan-07		Jul-10		Jan-11		Jan-12		Jan-13		Mar-17	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
Residential												
Rate Code 100												
Customer Charge	\$ 6.60	\$ 6.60	\$ 7.06	\$ 7.06	\$ 13.00	\$ 13.00	\$ 14.50	\$ 14.50	\$ 16.00	\$ 16.00	\$ 19.00	\$ 19.00
Energy Charge:												
First 1,000 kWh	0.05630	0.05630	0.06020	0.06020	0.06400	0.04950	0.06790	0.05260	0.07240	0.05610	0.06406	0.06406
Next 1,000 kWh	0.06720	0.02660	0.07190	0.02850	0.07500	0.04800	0.07960	0.05100	0.08480	0.05430	0.06406	0.06406
All Additional kWh	0.09920	0.02660	0.10610	0.02850	0.09400	0.04800	0.09980	0.05100	0.10630	0.05430	0.06406	0.06406
Residential Electric Heating												
Rate Code 101 (Started Jan-2011)												
Customer Charge					13.00	13.00	14.50	14.50	16.00	16.00	19.00	19.00
Energy Charge:												
First 1,000 kWh					0.06400	0.04950	0.06790	0.05260	0.07240	0.05610	0.06406	0.06406
Next 1,000 kWh					0.07500	0.03500	0.07960	0.03720	0.08480	0.03960	0.06406	0.03906
All Additional kWh					0.09400	0.03000	0.09980	0.03190	0.10630	0.03400	0.06406	0.03906
Small General Service												
Rate Code 200												
Customer Charge	16.50	16.50	17.66	17.66	25.00	25.00	27.50	27.50	30.00	30.00	35.00	35.00
Energy Charge:												
First 3,500 kWh	0.07080	0.07080	0.07580	0.07580	0.07600	0.06600	0.08080	0.07020	0.08570	0.07450	0.04677	0.04677
All Additional kWh	0.01120	0.01120	0.01200	0.01200	0.03200	0.02200	0.03400	0.02340	0.03610	0.02480	0.04677	0.04677
Facilities Charge:												
Secondary Service	2.47	2.47	2.64	2.64	2.40	2.40	2.55	2.55	2.71	2.71	3.26	3.26
Primary Service	1.29	1.29	1.38	1.38	1.90	1.90	2.02	2.02	2.14	2.14	2.62	2.62
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	6.05	6.05	6.47	6.47	6.50	6.50	6.91	6.91	7.33	7.33	5.50	5.50
*Metering Adjustment:												
Primary	-2.30%	-2.30%	NA	NA	-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	0.0762	0.0762	0.0815	0.0815	0.0910	0.0840	0.0967	0.0893	0.1026	0.0947	0.09280	0.09280
Small General Service Electric Heating												
Rate Code 201 (Started Mar-2017)												
Customer Charge											35.00	35.00
Energy Charge:												
First 3,500 kWh											0.04677	0.04677
All Additional kWh											0.04677	0.02677
Facilities Charge:												
Secondary Service											3.26	3.26
Primary Service											2.62	2.62
Demand Charge:												
First 10 kW											No Charge	No Charge
All Additional kW											5.50	5.50
*Metering Adjustment:												
Primary											-2.00%	-2.00%
Secondary											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 2007-2017
Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Electric Rates 2007 thru 2017

	Jan-07		Jul-10		Jan-11		Jan-12		Jan-13		Mar-17	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
Medium General Service Rate												
Rate Code 250 (Started Jan-2011)												
Customer Charge			55.00	55.00	60.00	60.00	60.00	60.00	65.00	65.00	75.00	75.00
Energy Charge:												
First 300 kWh per kW			0.04500	0.03500	0.04730	0.03680	0.04730	0.03680	0.04950	0.03850	0.03637	0.03637
All Additional kWh			0.01500	0.01300	0.01580	0.01370	0.01580	0.01430	0.01650	0.01430	0.02137	0.02137
Facilities Charge:												
Secondary Service			2.96	2.96	3.11	3.11	3.11	3.26	3.26	3.26	4.02	4.02
Primary Service			2.34	2.34	2.46	2.46	2.46	2.58	2.58	2.58	3.46	3.46
Demand Charge:												
All Additional kW			6.55	6.55	6.88	6.88	6.88	7.21	7.21	7.21	6.50	6.50
*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%
Medium General Service Rate Electric Heating												
Rate Code 251 (Started Mar-2017)												
Customer Charge											75.00	75.00
Energy Charge:											0.03637	0.03637
First 300 kWh per kW											0.02137	0.01137
All Additional kWh											4.02	4.02
Facilities Charge:											3.46	3.46
Secondary Service											6.50	6.50
Primary Service											NA	NA
Demand Charge:											2.0%	2.0%
All Additional kW											75.00	75.00
*Metering Adjustment:											0.03637	0.03637
Primary											0.02137	0.01137
Secondary											4.02	4.02
Large General Service Rate												
Rate Code 300												
Customer Charge	38.48	38.48	41.17	41.17	120.00	120.00	130.00	130.00	140.00	140.00	155.00	155.00
Energy Charge:												
First 300 kWh per kW	0.03470	0.03470	0.03710	0.03710	0.03900	0.03000	0.04130	0.03170	0.04360	0.03340	0.03540	0.03540
All Additional kWh	0.01020	0.01020	0.01090	0.01090	0.01300	0.01300	0.01380	0.01380	0.01460	0.01460	0.01540	0.01540
Facilities Charge:												
Secondary Service	2.42	2.42	2.59	2.59	2.96	2.96	3.13	3.13	3.3	3.3	4.02	4.02
Primary Service	1.26	1.26	1.35	1.35	2.34	2.34	2.48	2.48	2.62	2.62	3.46	3.46
Demand Charge:												
All Additional kW	5.77	5.77	6.17	6.17	7.55	7.55	7.99	7.99	8.43	8.43	8.43	8.43
*Metering Adjustment:												
Secondary	2.3%	2.3%	2.3%	2.3%	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 2007-2017
Years represented are for years with rate tariff adjustments.

Board of Public Utilities

2007 thru 2017

	2007				2011				2012				2013				2017			
	Jan-07		Jul-10		Jan-11		Jan-12		Jan-13		Jan-13		Mar-17		Mar-17		Mar-17		Mar-17	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
Large General Service Rate Electric Heating																				
Rate Code 301 (Started Mar-2017)																				
Customer Charge																				
Energy Charge:																				
First 300 kWh per kW																				
All Additional kWh																				
Facilities Charge:																				
Secondary Service																				
Primary Service																				
Demand Charge:																				
All Additional kW																				
*Metering Adjustment:																				
Secondary																				
Primary																				
Large Power Service Rate																				
Rate Code 400																				
Customer Charge																				
Energy Charge:																				
First 300 kWh per kW																				
All Additional kWh																				
Facilities Charge:																				
Secondary Service																				
Primary Service																				
Substation Service																				
Demand Charge:																				
All Additional kW																				
*Metering Adjustment:																				
All Additional kW																				
Primary																				
Secondary																				
Substation Service																				
Transmission																				
Large Power Service Rate Electric Heating																				
Rate Code 401 (Started Mar-2017)																				
Customer Charge																				
Energy Charge:																				
First 300 kWh per kW																				
All Additional kWh																				
Facilities Charge:																				
Secondary Service																				
Primary Service																				
Substation Service																				
Demand Charge:																				
All Additional kW																				
*Metering Adjustment:																				
All Additional kW																				
Primary																				
Secondary																				
Substation Service																				
Transmission																				

*Metering Adjustment: For years 2007-2010 when a meter was installed, which did not compensate for transformer losses, the customer's metered kWh and kW is 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 2007-2017
 Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Electric Rates 2007 thru 2017

	Jan-07		Jul-10		Jan-11		Jan-12		Jan-13		Mar-17	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
Large Power High Load Factor Rate Code 450 (Started Mar-2017)												
Customer Charge	829	793	2008	786	2009	786	2010	901	2011	878	2012	854
Facilities Charge:												
Secondary Service												
Primary Service												
Substation Service												
Demand Charge:												
All Additional kW												
*Metering Adjustment:												
Primary												
Secondary												
Substation Service												
Transmission												
Average Monthly Residential kWh	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
	829	793	786	901	878	854	839	832	808	832	806	
Average Energy Rate Component (ERC)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
	0.02445	0.02896	0.03102	0.02370	0.02761	0.03445	0.03038	0.03490	0.03139	0.02939	0.03539	
Environmental Surcharge (ESC)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Rate Code 100 (kWh)	NA	NA	NA	NA	0.00068	0.00094	0.00097	0.00124	0.00304	0.00444	0.00664	
Rate Code 200 (kWh)	NA	NA	NA	NA	0.00101	0.00140	0.00144	0.00179	0.00443	0.00656	0.00973	
Rate Code 250 (kW)	NA	NA	NA	NA	0.20896	0.38985	0.38662	0.47525	1.19839	1.70924	2.61501	
Rate Code 300 (kW)	NA	NA	NA	NA	0.20896	0.38985	0.38662	0.47525	1.19839	1.70924	2.61501	
Rate Code 400 (kW)	NA	NA	NA	NA	0.20033	0.40618	0.43575	0.56661	1.50282	2.03925	2.90730	
Rate Code USD500 (kWh)	NA	NA	NA	NA	0.00090	0.00136	0.00142	0.00168	0.00382	0.00535	0.00841	

*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 2007-2017

Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Water Rates
2007 thru 2017

Meter Size	Jan-07		Jan-08		Jul-10		Jan-11		Jan-12		Jan-13	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
Monthly Customer Access Charge												
5/8"	\$ 12.20	\$ 12.39	\$ 12.69	\$ 12.89	\$ 13.65	\$ 13.65	\$ 15.55	\$ 15.55	\$ 17.50	\$ 17.50	\$ 19.35	\$ 19.35
3/4"	12.67	12.89	13.18	13.40	16.60	16.60	18.95	18.95	21.30	21.30	23.55	23.55
1"	14.69	14.99	15.27	15.59	20.70	20.70	23.60	23.60	26.55	26.55	29.35	29.35
1.5"	19.79	20.34	20.58	21.16	32.50	32.50	37.00	37.00	41.60	41.60	46.00	46.00
2"	25.91	26.77	26.95	27.84	44.20	44.20	50.40	50.40	56.70	56.70	62.60	62.60
3"	45.28	47.11	47.09	49.00	96.00	96.00	109.50	109.50	123.00	123.00	136.00	136.00
4"	70.78	73.90	73.62	76.86	154.50	154.50	176.00	176.00	198.00	198.00	219.00	219.00
6"	137.07	139.22	142.55	144.78	301.00	301.00	343.00	343.00	386.00	386.00	427.00	427.00
8"	193.16	196.18	200.89	204.03	449.00	449.00	512.00	512.00	575.00	575.00	635.00	635.00
10"	305.33	310.11	317.55	322.52	596.00	596.00	679.00	679.00	763.00	763.00	843.00	843.00
12" and Larger	446.50	453.49	464.36	471.63	682.00	682.00	778.00	778.00	875.00	875.00	967.00	967.00
Monthly Minimum Bill												
5/8"	12.20	23.42	12.69	24.36	13.98	25.57	15.90	24.00	17.87	21.92	19.74	19.74
3/4"	25.77	33.85	26.80	35.20	32.16	38.78	35.49	40.07	38.60	40.80	41.83	41.83
1"	35.67	50.77	37.10	52.81	45.33	56.67	49.78	57.76	53.90	58.03	58.22	58.22
1.5"	64.18	88.50	66.74	92.04	80.99	98.45	88.35	100.63	95.03	101.39	101.77	101.77
2"	96.17	139.34	100.02	144.92	121.21	151.18	131.84	153.02	141.29	152.42	150.51	150.51
3"	173.37	252.33	180.31	262.43	231.21	289.41	252.34	293.17	271.19	292.18	289.51	289.51
4"	279.80	416.18	290.99	432.83	372.64	473.62	406.33	477.25	436.82	473.39	465.99	465.99
6"	555.51	784.00	577.73	815.36	734.48	900.35	800.51	917.17	860.14	920.56	916.71	916.71
8"	877.14	1,104.81	912.23	1,149.00	1,172.03	1,291.92	1,274.98	1,359.40	1,365.55	1,409.43	1,451.07	1,451.07
10"	1,318.13	1,746.42	1,370.86	1,816.28	1,681.32	1,927.22	1,824.19	1,997.03	1,949.46	2,038.82	2,067.43	2,067.43
12" and Larger	1,699.20	2,553.83	1,767.17	2,655.98	2,030.68	2,625.77	2,201.03	2,619.47	2,349.25	2,565.81	2,488.27	2,488.27
CCF Units												
Per Month												
0 to 7	2.845	3.149	2.959	3.275	3.310	3.310	3.520	3.520	3.680	3.680	3.890	3.890
8 to 160	2.832	3.149	2.945	3.275	2.910	2.910	3.070	3.070	3.180	3.180	3.280	3.280
161 to 2000	2.696	3.149	2.750	3.275	2.910	2.910	3.070	3.070	3.180	3.180	3.280	3.280
2001 to 8000	2.023	3.149	2.063	3.275	2.063	2.063	2.060	2.060	2.450	2.450	3.030	3.030
All over 8000	1.294	3.149	1.320	3.275	1.620	1.620	1.990	1.990	2.450	2.450	3.030	3.030
Private Fire Protection Rates												
2"	7.49	7.49	7.97	7.97	7.97	7.97	7.97	7.97	7.97	7.97	7.97	7.97
4"	19.21	19.21	20.44	20.44	20.44	20.44	20.44	20.44	20.44	20.44	20.44	20.44
6"	46.86	46.86	49.86	49.86	49.86	49.86	49.86	49.86	49.86	49.86	49.86	49.86
8"	94.18	94.18	100.21	100.21	100.21	100.21	100.21	100.21	100.21	100.21	100.21	100.21
10"	165.36	165.36	175.95	175.95	175.95	175.95	175.95	175.95	175.95	175.95	175.95	175.95
12" and Larger	264.19	264.19	281.10	281.10	281.10	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 2007-2017
Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Capital Operating Indicators LAST 10 FISCAL YEARS

Water System:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Miles of Water Mains	965.39	963.18	964.75	966.56	965.55	967.55	967.04	966.85	967.74	970.14
Number of New Service Taps	280	129	117	123	117	166	155	187	205	311
Max. Day Pumped (Gallons)	43,640,000	39,050,000	40,250,000	45,860,000	49,270,000	46,450,000	39,880,000	36,390,000	40,590,000	38,890,000
Min. Day Pumped (Gallons)	24,220,000	24,620,000	24,620,000	24,220,000	24,290,000	23,950,000	24,400,000	22,230,000	23,720,000	23,680,000
Max. Rate (MGD)	54	54	54	54	54	54	54	54	54	72
Water Main Breaks	505	457	570	637	736	590	606	499	444	481
Avg daily consumption (gallons)	32,040,000	29,770,000	30,350,000	31,320,000	33,755,000	30,850,000	29,326,000	28,251,482	29,098,630	28,612,843

Source: Various water divisions.

Board of Public Utilities

Staffing By Division 2008 - 2017 Budget

Department	2008 Approved	2009 Approved	2010 Approved	2011 Approved	2012 Approved	2013 Approved	2014 Approved	2015 Approved	2016 Approved	2017 Approved
1000 ES Administration	6	6	6	5	4	4	4	4	4	4
1600 Electric System Control	22	22	22	22	24	25	25	25	24	24
Total Electric Supply	28	28	28	27	28	29	29	29	28	28
1100 EP Administration	9	9	9	7	6	6	7	7	7	9
1101 Maintenance and Planning	3	3	3	3	3	3	2	2	2	2
1103 EP Engineers Common	3	4	4	4	4	5	5	5	5	4
1200 KAW Plant Common	1	1	1	1	1	1	1	0	0	0
1301 EP Maintenance-Quindaro	23	21	21	20	21	21	21	20	15	14
1302 EP Operations-Quindaro	38	38	38	38	38	38	38	38	29	23
1303 EP Engineering - Quindaro	3	3	3	3	3	3	3	3	3	3
1401 EP Maintenance-Nearman	22	20	20	17	16	16	20	20	22	26
1402 EP Operations-Nearman	35	35	35	35	35	35	35	35	35	38
1403 EP Engineering - Nearman	2	3	3	3	3	2	2	2	2	2
1500 Common Plant Maintenance	46	41	41	45	45	45	38	35	35	33
1700 Environmental Services	5	5	5	7	6	6	5	5	5	4
1701 Environmental Air Quality	0	0	0	0	3	3	3	3	3	3
Total Electric Production	190	183	183	183	184	184	180	175	163	161
1900 EO Administration	2	2	2	3	3	4	2	2	2	2
2000 EO Planning	0	0	0	0	0	0	4	4	2	2
2100 EO Transmission	87	86	87	87	87	86	85	85	82	81
2200 EO Substation / Relay	12	12	12	12	12	13	13	13	13	14
2300 Telecommunications	7	7	7	7	7	7	7	8	8	8
2410 IT Administration	1	1	1	1	1	1	1	1	1	1
2420 Desktop	2	2	2	4	6	7	7	9	11	11
2430 Applications	8	8	8	12	12	12	12	15	14	16
2500 EO Grounds / Claims	1	1	1	2	2	1	1	1	2	2
2600 EO Fleet Maintenance	26	24	24	23	23	23	23	23	21	21
2700 EO Electrical Engineering	23	24	24	24	24	25	25	25	23	22
2800 EO Elec Meters & Services	24	23	23	21	19	16	15	23	23	22
2810 Meter Reading	0	0	0	0	16	15	8	0	0	0
2820 Revenue Protection	0	0	0	0	4	3	5	0	0	0
2900 EO Traffic Signal	6	6	5	5	5	5	5	5	4	4
Total Electric Operations & Technology	199	196	196	201	221	218	213	214	206	206
3700 Water Meters/Services	31	25	26	26	23	23	24	24	26	25
3900 Maintenance Nearman	7	7	7	6	7	6	6	7	7	6
4000 Process Administration	2	2	3	3	3	3	3	3	3	3
4100 Laboratory	10	10	9	9	9	10	9	9	8	8
4200 WO Mains	27	33	33	33	39	39	37	39	37	38
4400 WP Support Services	6	6	6	6	6	6	6	4	4	5
4500 Water Administration	2	2	1	1	1	1	1	1	1	1
4600 Water Civil Engineering	16	15	15	15	15	15	16	16	15	15
4800 Operations Nearman	9	8	8	9	8	8	8	8	7	8
Total Water	110	108	108	108	111	111	110	111	108	109
5000 Customer Relations	13	13	12	12	15	14	14	15	17	17
5100 Cash Operations	8	8	8	8	8	8	8	8	8	8
5200 Collections	19	19	19	19	19	19	15	15	14	14
5300 Meter Reading - Moved to Electric Ops	28	28	27	22	0	0	0	0	0	0
5600 Revenue Protection - Moved to Electric Ops	5	5	5	4	0	0	0	0	0	0
5800 CS Administration	6	6	6	6	5	6	7	6	6	6
6200 Customer Accounting	8	8	8	8	8	8	8	8	8	8
Total Customer Service	87	87	85	79	55	55	52	52	53	53
6100 Accounting	18	18	18	18	18	18	18	18	16	16
6300 Purchasing	5	5	5	4	4	4	4	5	5	5
6400 Stores	27	26	26	24	24	24	24	23	22	22
6900 Corp Compliance	0	0	0	0	0	3	3	3	3	4
7000 General Managers Office	5	5	7	5	7	6	6	5	4	3
7100 Marketing & Corporate Communications	1	1	1	2	2	3	3	4	3	3
7200 HR Administration	2	1	0	0	0	0	0	0	0	0
7300 Internal Audit	3	0	0	0	0	0	0	0	0	0
7400 Employee Relations	6	7	5	5	6	6	6	6	5	5
7500 Employment Wage/Salary	1	1	1	1	1	1	1	1	1	1
7600 Safety & Security	2	2	2	2	2	2	2	2	2	2
7700 Training & Career Development	2	1	1	1	1	1	1	1	1	1
7900 Utility Svcs	3	2	2	3	3	3	3	3	3	3
8600 Administrative Services	3	3	3	3	3	3	3	3	3	3
8700 Image Processing	5	5	5	5	5	5	7	8	7	7
8800 Central Mail	2	2	2	2	2	2	0	0	0	0
Total Administrative	85	79	78	75	78	81	81	82	75	75
Overall Total Number Of Approved Positions	699	681	678	673	677	678	665	663	633	632

Source: Board of Public Utilities approved annual budget.



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