

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ending December 31, 2022 and 2021



KANSAS CITY BOARD OF PUBLIC UTILITIES

An enterprise fund of the Unified Government of
Wyandotte County/Kansas City, Kansas
Prepared by the Office of Accounting and the
Office of Marketing/Corporate Communications

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

**Annual Comprehensive Financial Report
For the Fiscal Years Ended
December 31, 2022 and 2021**

2022 Board of Directors

**President – Mary L. Gonzales
Vice President – Rose Mulvany Henry
Secretary – Tom Groneman**

**Jeff Bryant
Robert L. Milan, Sr.
David Haley**

**General Manager
William A. Johnson**



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

Prepared by: Office of Accounting & Office of Corporate Communications

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For the Fiscal Years Ended December 31, 2022 and 2021**

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INTRODUCTORY SECTION





June 8, 2023

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

The Charter Ordinance of the Unified Government of Wyandotte County/Kansas City, Kansas requires the Kansas City Board of Public Utilities (BPU) publish within six months of the close of each fiscal year an Annual Comprehensive Financial Report (ACFR). 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, 2022.

The ACFR 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 FORVIS, LLP (FORVIS). 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. FORVIS concluded, based upon the audit, the financial statements present fairly, in all material respects, the financial position of the BPU as of December 31, 2022, 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 53,000 water customers.

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

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

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

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

The Utility generating stations are interconnected by a network of 161 kV and 69 kV transmission lines. The Utility’s transmission and distribution network includes 61.20 miles of 161 kV line, 60.03 miles of 69 kV line, and over 3,000 miles of overhead line and 313.70 miles of underground cable. The system has 29 electric distribution substations and four industrial substations. The Utility is interconnected with one other area utility, Evergy Inc.

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

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

farm is located just south of Minneola, Kansas. BPU also has an agreement with Oak Grove Power Producers to provide 3.5 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 53,000 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 is 30 million gallons of water a day (MGD) with the maximum day average over the last 5 years of 40 MGD. The historical max day is 49 MGD. The water utility utilizes the state-of-the-art Nearman Water Treatment Plant (NWTP) and has the capacity to pump 72 MGD, including one water treatment facility; three major pump stations; 1,000 miles of water pipes and two of the nation’s largest horizontal collector wells.

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 three booster-pumping stations, which increase water pressure to higher elevations and through the 1,000 miles of water pipes.

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

Economic Conditions

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

The County of Wyandotte County covers 155.7 square miles. It is located on the eastern border of the State and along with three other Kansas counties and eight Missouri counties, comprise the Kansas City Metropolitan Statistical Area with a population of approximately 2 million.

According to the U.S. Census Bureau, Wyandotte County’s estimated population was 169,245 in 2021. Compared to population trends in the prior decades, the current estimates indicate a more stable population. The median age is 34 versus a national average of 38 years. Approximately, 39% of the population is greater than 50 years old.

In recent years, efforts have been directed toward the development of a 1,600-acre tract of land located directly northwest of the intersection of Interstate Highways I-70 and I-435. The Unified Government attracted the Kansas Speedway as the economic catalyst for development of this tract using the STAR Bond financing incentive. The speedway project, totaling more than \$280 million, is a 1.5-mile tri-oval on approximately 1,100 acres of land, with 72 luxury hospitality suites and grandstand seating for 82,000. Joining Kansas Speedway at Village West are major destination retailers and entertainment businesses that attract approximately 12 million visitors and shoppers annually. The initial anchor businesses and attractions include: Cabela's, Nebraska Furniture Mart, Great Wolf Lodge and Resort, Hollywood Casino, Children's Mercy Park, home of the Kansas City MLS soccer team Sporting KC Soccer Club and Field of Legends Field (formerly CommunityAmerica Ballpark), home of the American Association's Kansas City Monarchs Baseball Club. 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. In 2018, the U.S. Soccer National Training and Coaching Development Center, named Compass Minerals, opened which will house the elite athlete training and performance analytics campus and national youth soccer development programs. In 2020, a multi-sport athletic complex known as Homefield, Homefield Outdoor and Homefield Youth Baseball Complex is being developed within Village East.

Industrial growth has resulted from the General Motors \$600 million investment in its Kansas City plant. The redevelopment of two adjacent industrial parks has occurred in this area as well. This building is occupied by Inergy and is a supplier to the General Motors automotive plant. In 2018, General Motors announced a \$265 million investment to support production of the new Cadillac XT4 Crossover SUV. General Motors also produces the Chevy Malibu. Additional industrial development was the construction of the Amazon Fulfillment Center. The facility is on 134 acres and approximately 4,000 employees currently work at the fulfillment center. An additional Amazon fulfillment center was completed in 2021. This is a 1.08 million square-foot logistics facility with approximately 1,000 employees.

In 2020, the Kansas City Kansas region was selected by Urban Outfitters to build an 880,000 square foot distribution and fulfillment center. The facility will be located near the Kansas Speedway and will be a \$403 million capital investment with up to 2,000 jobs. Operations began in 2022 with estimated completion of 4th quarter 2023. Additionally, in 2018, the Unified Government was awarded \$13.8 million to replace the existing I-70 and Turner Diagonal interchange. This allowed for the development of the \$155 million Turner Logistics Industrial Park on a site adjacent to I-70. The site will include 2.7 million square feet of distribution/warehouse space and will create 1,800 jobs. As of December 2022, there has been five buildings completed.

Adjacent to Kansas University Medical Center is are the Hudson Apartments, which is the demolition and construction of a new \$48 million, 5-story multifamily housing complex. It will consist of 228 1–2-bedroom units and studios with amenities. This will provide much needed housing space in this area. Completion date is expected to be Fall 2024.

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 \$180 million in generation, transmission, and distribution projects. The electric capital plan is projected to be 50% bond financed over the years. The water capital improvement plan identifies approximately \$118 million in projects, of which 60% are projected to be financed.

Cash Management and Investment Policy

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

Internal Control

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

Major Initiatives

The Board of Public Utilities is currently investing in significant capital improvements to update and improve service to our customers. Projects underway include electric substation, transmission and distribution improvements in the Rosedale, Armourdale, and Piper areas as well as replacing a 7MG Water Reservoir in Argentine and the upgrading of the water distribution valves and mains throughout the community.

The electric utility has completed the construction of the new Rosedale substation and has decommissioned the Fisher substation. The new substation will support the expansion of the University of Kansas Medical Center which constructed a \$75 million medical education building as well as a \$280 million patient tower which will be a seven-story facility. Work continues throughout 2023 to build out and enhance the distribution facilities in this area. With the Urban Outfitters development, the electric utility will be providing the distribution facilities to support the new growth in that area over the next several years.

The water utility has increased efforts to replace aging infrastructure in the water distribution system over the next several years. The water utility plans to replace approximately 3-5 miles of water mains each year. The utility received a federal grant of \$10 million to help in replacing water mains within the distribution system. In addition, a 7-million-gallon reservoir will be designed and constructed over the next two years within the Argentine water system. The new reservoir will provide more water storage for the area and give an emergency backup to the Fairfax Industrial area in the Northeast section of our service territory.

GFOA Certificate of Achievement Award

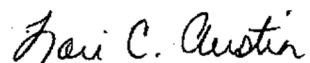
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kansas City Board of Public Utilities for its annual comprehensive financial report for the year ended December 31, 2021. This was the forty-first consecutive year that the BPU achieved this prestigious award. In order to be awarded a Certificate of Achievement, BPU must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy 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 2022 annual comprehensive 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 forty-second 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
Chief Financial Officer/Chief Administrative Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Kansas City Board of Public Utilities
Kansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

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 100 years. As a non-profit organization, its mission remains the same as it has always been – to provide quality dependable utility services to the community at the lowest possible price.

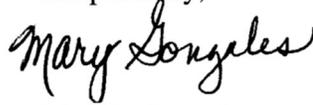
Despite challenges, BPU and the community made significant accomplishments in 2022. The Board of Directors, management, and BPU staff worked hard to help customers and the community better manage issues like rising inflation and the lingering impacts of COVID, while remaining focused on ensuring reliable, quality electric and water service – not only today, but in the future as well.

Specific 2022 accomplishments included:

- *Customer Service Convenience Improvements* – Providing more convenience and accessibility options, and expanded communications tools. This included promotions and resources for several unique programs including a new *Service Outage and Customer Billing Alert* text capability, the *Energy Engage Portal*, an online Self-Service tool, a mobile-friendly *Electric Outage Reporting Map*, an *Equal Pay Plan* alternative, and additional bill payment kiosk locations bringing added payment options to local neighborhoods.
- *Renewable Energy Leader* – BPU remained a leader in renewable energy, with more than 48% of its generation today coming from wind, hydropower, and landfill gas. One of the “greenest” public utilities in the nation, our diverse generation mix allows the utility to be less reliant on only coal and gas which experiences price fluctuations, with the community, the environment, and public health also benefiting from this “clean power” approach. Promotion of its *Community Solar Farm*, the first in the state, continued to both residential and commercial customers. In total, BPU has the capacity to power 135,000 local homes from its carbon-free renewable energy portfolio.
- *Energy Efficiency and Conversation* – Continued promoting energy and water efficiency and savings initiatives through customer education and outreach.
- *Transparency and Communications* – Continued working on initiatives to make information more readily accessible, while ensuring the use of industry best practices in achieving this. To ensure public input, the utility continued making all board meetings accessible online and virtually via Zoom, and utilized social media, direct mailings, and earned media placements as a tool for continued engagement with customers and the community.
- Continuing to champion strategic alliances and support expansion opportunities that benefit the utility as well as the community. Supporting economic development, business retention and growth in the service area with other community partners.
- A continued focus on employee training and development, and improved utility recruiting efforts to improve employee qualifications and performance.

BPU provided and contributed far more than just electricity and water service to the community in 2022. The Board of Directors, as well BPU employees who all live and work in Wyandotte County, understand that the utility's mission is to ensure reliable and affordable electric and water service, while working hard to improve the quality of life for our entire community.

Respectfully,

A handwritten signature in black ink that reads "Mary Gonzales". The signature is written in a cursive style with a large, prominent initial "M".

Mary L. Gonzales

Board President

June 8, 2023

Board of Directors – 2022

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.



Mary L. Gonzales
President
Member at Large
Elected 2001-2005
Re-elected 2005-2009
Re-elected 2009-2013
Re-elected 2013-2017
Re-elected 2017-2021
Re-elected 2021-2025

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 is currently the BPU's Board President and has previously served as 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.

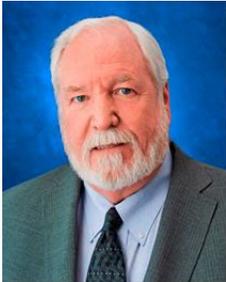


Rose Mulvany Henry
Vice President
Member at Large
Elected 2019-2023

Ms. Mulvany Henry is a native of Kansas City, Kansas, where she attended Bishop Ward High School. She furthered her education and received her B.A. in English from the University of Kansas (1990), and her J.D. from Washburn University School of Law (1993). Rose is currently admitted to practice in Kansas. Rose is currently the Vice President of Regulatory & Legislative Affairs for Metronet, the largest privately held fiber-

Board of Directors – 2022 – (continued)

to-the-premise company in the United States. Prior to joining Metronet in 2021, Rose has over 30 years of utility industry experience representing many companies in the technology and communication industries and then with her own private practice in Kansas City, Kansas. Rose is currently the BPU's Board Vice President.



Tom Groneman
Secretary
Member, Second
District
Elected 2013-2017
Re-Elected 2017-2021
Re-Elected 2021-2025

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

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

After the military he returned to Wyandotte County and worked briefly as a probation officer for the 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 public service, Tom has served in numerous positions on various state and national organizations.



Jeff Bryant
Member, Third
District
Elected 2011-2015
Re-elected 2015-2019
Re-elected 2019-2023

Mr. Bryant is the Lead Estimator/Job Cost Analyst for Plastic Packaging Technologies in Kansas City, Kansas. He has been with the company for over 40 years serving in a variety of roles.

Board of Directors – 2022 – (continued)

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 has served 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.

Jeff has also served as BPU’s Board President in 2017 and previously as Vice President and Secretary of the BPU Board.



Robert L. Milan, Sr.
President
Member, First District
Elected 1991-1995
Re-elected 1995-1999 **Re-elected 2011-2015**
Re-elected 1999-2003 **Re-elected 2015-2019**
Re-elected 2003-2007 **Re-elected 2019-2023**
Re-elected 2007-2011

Mr. Milan has served on the BPU Board for over 30 years, having been first elected in 1991. He has served as President five times previously. 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 Univ of Colorado, Temple Univ. and Pioneer College.

Board of Directors – 2022 – (continued)



David B. Haley
Member at Large
Elected 2021-2025

Mr. Haley has served the community in several capacities having been first elected to the Kansas House of Representatives beginning in 1994 and then the Kansas Senate since 2000 where he was re-elected to a 6th term in the Kansas Senate in 2020.

He serves as the Ranking Minority member of the Senate Judiciary Committee and also served on the Senate's Ethics; Elections & Local Government; public Health & Welfare; Federal & State Affairs; Assessment & Taxation and Redistricting Committees among other leadership positions.

Mr. Haley graduated from Morehouse College (Atlanta, GA) and Howard University Law School (Washington, D.C.). He is a public affairs counselor and real estate developer and an active member of the National Black Caucus of State Legislators.

GENERAL MANAGER'S MESSAGE

As a non-profit municipal utility, BPU maintains customer-focused principles including Accountability, Appreciation, Customer Focus, Innovation, Integrity, Respect and Transparent Communication. The utility has provided quality dependable utility service to the community and residents of Wyandotte County since 1909. Today BPU services nearly 65,000 commercial, industrial, and residential customers over a 150 sq. mile area. BPU's primary goal remains providing quality dependable services to ratepayers at the lowest possible price.

BPU continually looked for ways to meet the needs of all its customers, from individual residents to the largest businesses, and became a more adaptive, efficient, and focused organization as a result in 2022. Throughout the year, BPU managed existing and introduced several new programs and initiatives to better service utility customers, and the community, while maintaining a stable financial position and remaining prepared to meet future electric and water requirements for the entire community. These included, among other things:

- Providing *cost effective, safe, and reliable utility services*, including efficient operation of electric and water production facilities.
- *Payment Assistance Programs* – BPU maintained several programs administered by the United Way, including the *Utility Assistance Program* which disbursed funds to eight local non-profit agencies, and the *Customer Hardship Payment Service* program, which helped offset utility expenses related to changes in employment, income status, health emergencies, etc.
- *A Stable Financial Position* – In addition to meeting the needs of the community, BPU has been able to do so while reducing its annual budget and spending over the last five years. From \$495 million in 2016 to \$350.6 million in 2022, BPU has cut its annual budget by more than 30% in recent years.
- Ensuring continued *fiscal sustainability* by effectively managing debt service coverage, cash-on-hand, and credit ratings through open and transparent fiscal and budget policies. In achieving this, BPU was recognized with the *Certificate of Achievement for Excellence in Financial Reporting Award* by the Government Finance Officers Association (GFOA) in 2022. The utility was also assigned a profile/rating of 'A' and 'Stable Outlook' by national rating service companies Fitch Ratings and S&P Global Ratings.
- Working to ensure that *electric transmission and distribution systems* continued operating in a safe and reliable manner.
- Identifying and encouraging usage of innovative technologies, implementation of utility wide reliability standards, and the development of a safety-conscious workplace.
 - Continuing to focus on corporate reporting programs including data analytics and operational performance metrics. Ensure utility compares favorably with other peer municipal utilities within the region.
- On-going evaluation and improvements to *maintain and upgrade BPU's aging utility system and infrastructure*, while maintaining and *exceeding all environmental regulations*.
- BPU was named a *2022 Silver Stevie Award* recipient by the American Business Awards (ABA) for its community response to the pandemic, received the *2022 Sue Kelly Community Service Award* from the American Public Power Association (APPA), and was named the PR News 2022 Nonprofit Awards winner in the Social Responsibility category for its efforts to assist the community and customers impacted by COVID. This included the *2022 Annual BPU Charity Golf Tournament* which raised over

\$49,000 for children's charities, the *BPU Summer Youth Program* which helps provide mentoring and jobs for local youth, and the *BPU Employee Foundation* that gathers donations and volunteers throughout the community, among other things.

BPU and its employees continued working to provide reliable, safe, and affordable utility services to the community in 2022 despite various challenges, simultaneously refining some operational and customer-oriented strategies as necessary.

Moving forward, BPU will continue working to: 1) ensure production and delivery systems meet demand; 2) champion renewable energy; 3) offer residential customers flexible and easy payment options; 4) utilize new technology to improve customer service; 5) promote energy and water efficiency; 6) ensure compliance with federal and state rules and regulations; and 7) ensure fiscal sustainability by managing debt, cash-on-hand, and credit ratings through open and transparent fiscal and budget policies.

BPU and its employees remain committed to improving the overall quality of life in the community it service, just as it has for more than a century.

Respectfully,

A handwritten signature in black ink, appearing to read 'W. Johnson', with a horizontal line extending to the right.

William A. Johnson
General Manager
June 8, 2023

Senior Management – 2022

William A. Johnson General Manager

William A. (Bill) Johnson has worked at the Kansas City Board of Public Utilities for more than forty (42) years. Mr. Johnson earned an MBA from Ottawa University in 2007.

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

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

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

**Jeremy Ash
Chief Operating Officer**

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

**Steve Green
Executive Director
Water Operations**

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

**Darrin McNew
Acting Executive Director
Electric Operations**

**David E. Mehlhaff
Chief Communications
Officer**

**Maurice Moss
Executive Director
Corporate Compliance**

**Jerin Purtee
Executive Director
Electric Supply**

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

**Jerold T. Sullivan
Chief Information
Officer**

Executive Staff and Department Heads 2022

Becky Aldinger, Director
Purchasing & Supply Chain

Glen Brendel, Director
Electric Production Operations/Maintenance

Andrew Coffelt,
NERC Compliance Officer

Dennis Dumovich, Director
Human Resources

Michael Fergus, Director
Electric Distribution & Service

Andrew Ferris, Director
Financial Planning

Jody Franchett, Director
Administrative Services

Brian D. Laverack, Director
Network Operations

Dustin Miller, Director
Applications Information Technology

Patrick J. Morrill, Director
Electrical Engineering

Tung Nguyen, Director
Electric Production Engineer

Steve Nirschl, Director
Water Processing

Randy J. Otting, Director
Accounting

Scott Paramore, Acting Director
Electric Substations Eng & Ops

Clifford Robinett, Acting Director
Water Distribution

Ingrid Setzler, Director
Environmental Services

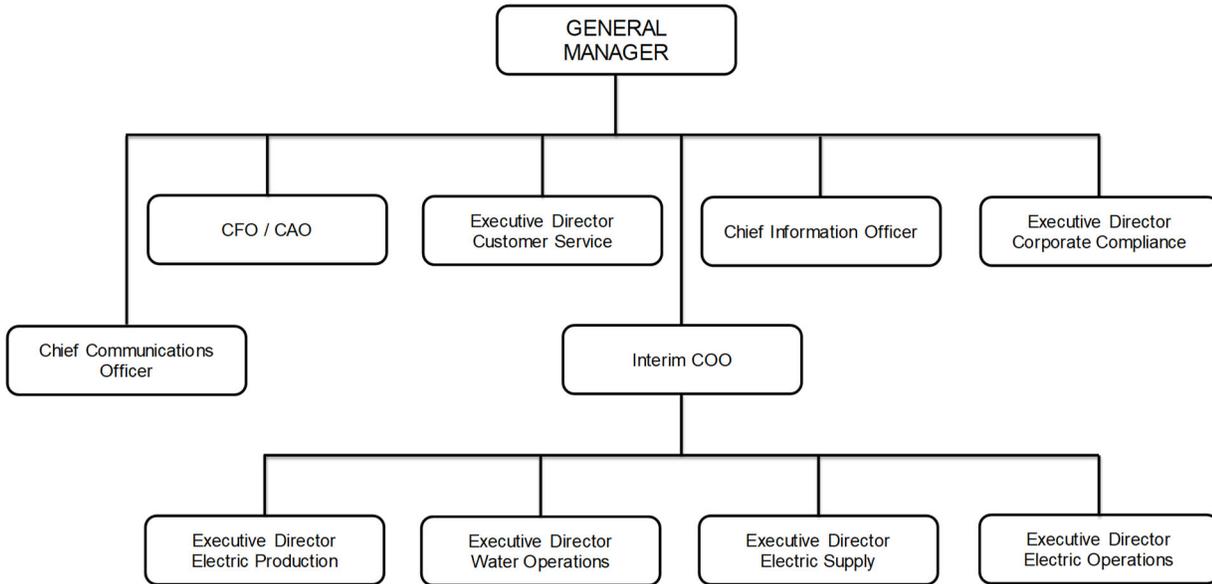
Chris D. Stewart, Director
Civil Engineering

Patrice Townsend, Director
Utility Services



Kansas City Board of Public Utilities

2022 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 |
|---|--|--|

FINANCIAL SECTION





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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the BPU's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the BPU as of December 31, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); the *Kansas Municipal Audit and Accounting Guide* (the Guide); and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the BPU, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in *Note 1* to the financial statements, the financial statements present only the BPU and do not purport to, and do not, present the financial position of the Unified Government of Wyandotte County, Kansas City, Kansas as of December 31, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note 1* to the financial statements, on January 1, 2021, the BPU adopted Governmental Accounting Standards Board Statement No. 87, *Leases*.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BPU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary 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 Statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the Introductory and Statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, 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.

FORVIS,LLP

Kansas City, Missouri
June 8, 2023



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Board of Public Utilities
Management's Discussion and Analysis
December 31, 2022 and 2021
(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, 2022 and 2021 with selected comparative information of the year ended December 31, 2020. 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, 2022 and 2021
(Unaudited)

The following tables summarize the financial condition and operations of the BPU as of December 31, 2022, 2021 and 2020 and for each of the years then ended (the financial information for 2020 has not been adjusted for the impacts of the BPU's implementation of GASB 87 during 2021):

Statements of Net Position Summary

| | 2022 | 2021 (As Restated) | 2020 |
|--|-------------------------|-------------------------------------|-------------------------|
| Assets and deferred outflows of resources: | | | |
| Current assets | \$ 169,411,971 | \$ 143,143,157 | \$ 145,468,946 |
| Capital assets, net | 1,076,701,899 | 1,072,433,104 | 1,069,848,798 |
| Other noncurrent assets | 102,532,815 | 91,687,867 | 90,560,353 |
| Total assets | <u>1,348,646,685</u> | <u>1,307,264,128</u> | <u>1,305,878,097</u> |
| Deferred outflows of resources | <u>45,488,357</u> | <u>65,686,229</u> | <u>32,555,985</u> |
| Total assets and deferred outflows of resources | <u>\$ 1,394,135,042</u> | <u>\$ 1,372,950,357</u> | <u>\$ 1,338,434,082</u> |
| Liabilities, deferred inflows of resources, and net position: | | | |
| Current liabilities | \$ 93,845,110 | \$ 85,836,241 | \$ 84,780,351 |
| Noncurrent liabilities | <u>649,039,876</u> | <u>678,989,714</u> | <u>717,779,584</u> |
| Total liabilities | 742,884,986 | 764,825,955 | 802,559,935 |
| Deferred inflows of resources | 82,980,183 | 89,204,318 | 51,799,811 |
| Net position: | | | |
| Net investment in capital assets | 451,012,342 | 427,959,301 | 397,769,293 |
| Restricted | 45,992,834 | 22,594,388 | 29,543,724 |
| Unrestricted | <u>71,264,697</u> | <u>68,366,395</u> | <u>56,761,319</u> |
| Total net position | <u>568,269,873</u> | <u>518,920,084</u> | <u>484,074,336</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 1,394,135,042</u> | <u>\$ 1,372,950,357</u> | <u>\$ 1,338,434,082</u> |

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2022 and 2021
(Unaudited)

Statements of Revenues, Expenses and Changes in Net Position Summary

| | 2022 | 2021 (As Restated) | 2020 |
|--|-----------------------|-------------------------------------|-----------------------|
| Operating revenues: | | | |
| Residential | \$ 110,391,146 | \$ 98,837,029 | \$ 99,892,366 |
| Commercial | 126,967,366 | 104,869,840 | 107,334,998 |
| Industrial | 57,733,185 | 45,213,319 | 52,532,941 |
| Other | 40,445,684 | 66,416,518 | 25,444,106 |
| Energy rate component recovery | 12,468,276 | 2,312,998 | — |
| Payment-in-lieu of taxes | 37,073,894 | 31,715,220 | 32,687,316 |
| Total operating revenues | <u>385,079,551</u> | <u>349,364,924</u> | <u>317,891,727</u> |
| Operating expenses: | | | |
| Fuel | 55,754,914 | 47,845,256 | 28,727,073 |
| Purchased power | 67,452,166 | 58,012,729 | 57,067,042 |
| Production | 42,442,507 | 39,990,738 | 43,602,858 |
| Transmission and distribution | 46,245,007 | 46,294,841 | 45,129,256 |
| General and administrative | 26,629,022 | 29,722,913 | 31,199,101 |
| Depreciation and amortization | 41,253,137 | 39,056,593 | 37,473,398 |
| Total operating expenses | <u>279,776,753</u> | <u>260,923,070</u> | <u>243,198,728</u> |
| Operating income | <u>105,302,798</u> | <u>88,441,854</u> | <u>74,692,999</u> |
| Nonoperating income (expense): | | | |
| Interest expense | (22,029,289) | (23,513,227) | (27,887,268) |
| Payment-in-lieu of taxes | (37,073,894) | (31,715,220) | (32,687,316) |
| Other | 1,787,862 | 679,899 | 108,300 |
| Total nonoperating expense, net | <u>(57,315,321)</u> | <u>(54,548,548)</u> | <u>(60,466,284)</u> |
| Contributions and transfers: | | | |
| Contributions from developers and others | 1,362,312 | 952,442 | 1,075,471 |
| Change in net position | 49,349,789 | 34,845,748 | 15,302,186 |
| Net position, beginning of year | 518,920,084 | 484,074,336 | 468,772,150 |
| Net position, end of year | <u>\$ 568,269,873</u> | <u>\$ 518,920,084</u> | <u>\$ 484,074,336</u> |
| Total revenue | \$ 388,229,725 | \$ 350,997,265 | \$ 319,075,498 |
| Total expense | 338,879,936 | 316,151,517 | 303,773,312 |

Financial Highlights

2022 Compared to 2021

- Net capital assets increased by \$4.3 million in 2022. The increase is attributed to additions associated with electric and water transmission and distribution assets, as well as additions to general plant assets.
- Debt service coverage ratio for 2022 increased to 2.83 times in comparison with 2.45 for the year ended 2021.
- Deferred outflows of resources decreased by \$20.2 million due to pension recognition.
- Net position increased by \$49.3 million during 2022.

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2022 and 2021
(Unaudited)

In 2022, the BPU's operating revenues were approximately \$385.1 million, with the Electric Utility recognizing revenues of \$332.3 million and the Water Utility recognizing revenues of \$52.8 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue increased by approximately \$35.7 million to \$385.1 million in 2022. The Electric Utility experienced increased electric sales of \$33.8 million compared to 2021. Residential, Commercial, and Industrial were more than prior year.

The Water Utility experienced an increase of \$1.9 million in water sales compared to 2021. In comparison to the 2022 budgeted revenue, overall, the BPU collected 110% of the projected Energy and Water sales and 113% of total operating revenue.

Operating expenses for 2022 and 2021 were approximately \$279.8 million and \$260.9 million, respectively. The Electric Utility represented \$244.1 million and \$224.6 million for 2022 and 2021, respectively, while the Water Utility represented \$35.7 million and \$36.3.3 million for 2022 and 2021 in operating expenses, respectively. The largest components of operating expenses are fuel, purchased power and production expense. Overall, in 2022, fuel, purchased power and electric production costs totaled \$165.6 million which is \$19.8 million more than 2021. The BPU's power supply mix for fiscal years 2022 and 2021 was 22% and 22% coal, 55% and 55% net power purchases, 16% and 16% gas, and 7% and 7% oil, respectively.

2021 Compared to 2020

- Net capital assets increased by \$2.6 million in 2021. The increase is attributed to additions associated with electric and water transmission and distribution assets, as well as additions to general plant assets.
- Debt service coverage ratio for 2021 increased to 2.45 times in comparison with 2.15 for the year ended 2020.
- Deferred outflows of resources increased by \$33.1 million due to pension recognition.
- Net position increased by \$34.8 million during 2021.

In 2021, the BPU's operating revenues were approximately \$349.4 million, with the Electric Utility recognizing revenues of \$298.5 million and the Water Utility recognizing revenues of \$50.9 million. The average number of customer accounts remained stable from the prior year.

The BPU's total operating revenue increased by approximately \$31.5 million to \$349.4 million in 2021. The Electric Utility experienced increased electric sales of \$33 million compared to 2020. Residential, Commercial, and Industrial and Wholesale sales were less than prior year. Wholesale sales were up compared to prior year due to Winter Storm Uri in February of 2021.

The Water Utility experienced a decrease of \$1.5 million in water sales compared to 2020. In comparison to the 2021 budgeted revenue, overall, the BPU collected 99% of the projected Energy and Water sales and 112% of total operating revenue.

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2022 and 2021
(Unaudited)

Operating expenses for 2021 and 2020 were approximately \$260.9 million and \$243.2 million, respectively. The Electric Utility represented \$224.6 million and \$207.9 million for 2021 and 2020, respectively, while the Water Utility represented \$36.3 million and \$35.3 million for 2021 and 2020 in operating expenses, respectively. The largest component of operating expenses is fuel, purchased power and production expense. Overall, in 2021, fuel, purchased power and electric production costs totaled \$145.8 million which is \$16.4 million more than 2020. The BPU's power supply mix for fiscal years 2021 and 2020 was 22% and 23% coal, 55% and 66% net power purchases, 16% and 8% gas, and 7% and 3% oil, respectively.

Capital Assets

2022 Compared to 2021

Net capital assets increased by \$4.3 million in 2022. Capital asset additions were offset by approximately \$41.3 million of depreciation and amortization expense.

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

2021 Compared to 2020

Net capital assets increased by \$2.6 million in 2021. Capital asset additions were offset by approximately \$39.1 million of depreciation and amortization expense.

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

Debt Administration

2022 Compared to 2021

Noncurrent liabilities outstanding as of December 31, 2022 and 2021 were \$649.0 million and \$679.0 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, 2022 and 2021, the BPU had debt coverage of 2.83 times and 2.45 times, respectively.

Board of Public Utilities
Management's Discussion and Analysis
December 31, 2022 and 2021
(Unaudited)

In 2022, the BPU's utility system bonds for both electric and water debt are rated A from both Fitch and Standard & Poor's Rating Services and A2 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from .69% to 5.00%. Interest on debt expense for 2022 and 2021 was \$22.0 million and \$23.5 million, respectively.

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

2021 Compared to 2020

Noncurrent liabilities outstanding as of December 31, 2021 and 2020 were \$679.0 million and \$717.8 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, 2021 and 2020, the BPU had debt coverage of 2.45 times and 2.15 times, respectively.

In 2021, the BPU's utility system bonds for both electric and water debt are rated A from both Fitch and Standard & Poor's Rating Services and A2 from Moody's Investors Service. The interest rate on the BPU's outstanding debt ranges from .69% to 5.20%. Interest on debt expense for 2021 and 2020 was \$23.5 million and \$27.9 million, respectively.

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

Board of Public Utilities
Statements of Net Position
December 31, 2022 and 2021

| Assets and Deferred Outflows of Resources | 2022 | 2021 (As Restated) |
|--|-------------------------|-------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 24,755,891 | \$ 44,337,909 |
| Investments | 19,808,027 | — |
| Cash and cash equivalents – restricted | 11,110,952 | 27,173,589 |
| Investments – restricted | 16,330,560 | — |
| Accounts receivable – customers and other | 32,455,283 | 26,861,877 |
| Accounts receivable – unbilled | 16,024,229 | 14,211,636 |
| Allowance for doubtful accounts | (221,529) | (325,091) |
| Inventories | 30,464,844 | 24,645,614 |
| Regulatory assets | 14,781,274 | 2,312,998 |
| Prepayments and other current assets | 3,902,440 | 3,924,625 |
| Total current assets | <u>169,411,971</u> | <u>143,143,157</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Property, plant, and equipment | 1,930,344,381 | 1,870,778,928 |
| Less accumulated depreciation | <u>(939,398,338)</u> | <u>(902,505,513)</u> |
| Plant in service, net | 990,946,043 | 968,273,415 |
| Construction work in progress | <u>85,755,856</u> | <u>104,159,689</u> |
| Capital assets, net | <u>1,076,701,899</u> | <u>1,072,433,104</u> |
| Restricted assets: | | |
| Cash and cash equivalents | 2,773,016 | 9,774,250 |
| Investments | 249,000 | 249,000 |
| Net pension asset | <u>23,267,891</u> | <u>—</u> |
| Total restricted assets | 26,289,907 | 10,023,250 |
| System development costs, net | 699,929 | 561,973 |
| Regulatory assets | 62,526,966 | 66,205,022 |
| Lease receivables | <u>13,016,013</u> | <u>14,897,622</u> |
| Total noncurrent assets | <u>1,179,234,714</u> | <u>1,164,120,971</u> |
| Total assets | <u>1,348,646,685</u> | <u>1,307,264,128</u> |
| Deferred outflows of resources: | | |
| Deferred loss on bond refunding | 5,006,986 | 6,126,495 |
| Deferred outflows - Pension | <u>40,481,371</u> | <u>59,559,734</u> |
| Total deferred outflows of resources | <u>45,488,357</u> | <u>65,686,229</u> |
| Total assets and deferred outflows of resources | <u>\$ 1,394,135,042</u> | <u>\$ 1,372,950,357</u> |

Board of Public Utilities
Statements of Net Position
December 31, 2022 and 2021

| Liabilities, Deferred Inflows of Resources, and Net Position | 2022 | 2021 (As Restated) |
|---|------------------|-------------------------------|
| Liabilities: | | |
| Current liabilities: | | |
| Current maturities of revenue bonds | \$ 27,500,000 | \$ 26,360,000 |
| Current maturities of government loans | 3,226,196 | 3,126,122 |
| Accrued interest | 6,828,161 | 7,208,432 |
| Customer deposits | 7,316,569 | 7,179,201 |
| Accounts payable | 31,715,133 | 25,915,522 |
| Payroll and payroll taxes | 2,376,781 | 2,778,998 |
| Accrued claims payable | 794,053 | 1,034,053 |
| Workers compensation | 1,860,005 | 1,489,381 |
| Public liability reserve | 620,546 | 703,659 |
| Other accrued liabilities | 8,307,274 | 7,289,790 |
| Payment-in-lieu of taxes | 3,041,625 | 2,510,289 |
| Construction contract retainage payable | 258,767 | 240,794 |
| Total current liabilities | 93,845,110 | 85,836,241 |
| Noncurrent liabilities: | | |
| Long-term debt – revenue bonds | 574,353,768 | 603,633,966 |
| Government loans | 23,659,817 | 24,932,056 |
| Total long-term debt | 598,013,585 | 628,566,022 |
| Total other postemployment benefit liability | 43,584,221 | 42,856,226 |
| Compensated absences | 7,442,070 | 7,205,898 |
| Net pension liability | — | 361,568 |
| Total noncurrent liabilities | 649,039,876 | 678,989,714 |
| Total liabilities | 742,884,986 | 764,825,955 |
| Deferred inflows of resources: | | |
| Deferred gain on bond refunding | 738,339 | 830,608 |
| Deferred inflows - pension | 58,448,089 | 60,145,000 |
| Deferred inflows - OPEB | 9,038,998 | 11,495,040 |
| Deferred inflows - leases | 14,754,757 | 16,733,670 |
| Total deferred inflows of resources | 82,980,183 | 89,204,317 |
| Net position: | | |
| Net investment in capital assets | 451,012,342 | 427,959,301 |
| Restricted - debt service | 22,724,943 | 22,594,388 |
| Restricted - net pension asset | 23,267,891 | — |
| Unrestricted | 71,264,697 | 68,366,395 |
| Total net position | 568,269,873 | 518,920,084 |
| Total liabilities, deferred inflows of resources, and net position | \$ 1,394,135,042 | \$ 1,372,950,357 |

Board of Public Utilities
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> <u>(As Restated)</u> |
|--|-----------------------|-------------------------------------|
| Operating revenues: | | |
| Residential | \$ 110,391,146 | \$ 98,837,029 |
| Commercial | 126,967,366 | 104,869,840 |
| Industrial | 57,733,185 | 45,213,319 |
| Other | 40,445,684 | 66,416,518 |
| Energy rate component recovery | 12,468,276 | 2,312,998 |
| Payment-in-lieu of taxes | 37,073,894 | 31,715,220 |
| Total operating revenues | <u>385,079,551</u> | <u>349,364,924</u> |
| Operating expenses: | | |
| Fuel | 55,754,914 | 47,845,256 |
| Purchased power | 67,452,166 | 58,012,729 |
| Production | 42,442,507 | 39,990,738 |
| Transmission and distribution | 46,245,007 | 46,294,841 |
| General and administrative | 26,629,022 | 29,722,913 |
| Depreciation and amortization | 41,253,137 | 39,056,593 |
| Total operating expenses | <u>279,776,753</u> | <u>260,923,070</u> |
| Operating income | <u>105,302,798</u> | <u>88,441,854</u> |
| Nonoperating revenues (expenses): | | |
| Interest expense | (22,029,289) | (23,513,227) |
| Payment-in-lieu of taxes | (37,073,894) | (31,715,220) |
| Other | 1,787,862 | 679,899 |
| Total nonoperating expenses, net | <u>(57,315,321)</u> | <u>(54,548,548)</u> |
| Income before contributions and transfers | 47,987,477 | 33,893,306 |
| Contributions and transfers: | | |
| Contributions from developers and others | 1,362,312 | 952,442 |
| Change in net position | 49,349,789 | 34,845,748 |
| Net position, beginning of year, as restated | 518,920,084 | 484,074,336 |
| Net position, end of year | <u>\$ 568,269,873</u> | <u>\$ 518,920,084</u> |

Board of Public Utilities
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

| | 2022 | 2021 (As Restated) |
|---|----------------|-------------------------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 375,615,923 | \$ 349,147,862 |
| Receipts from customers on behalf of Unified Government | 62,103,508 | 57,410,461 |
| Payments to suppliers | (194,429,401) | (172,728,398) |
| Payments to Unified Government | (60,956,861) | (57,142,715) |
| Payments to employees | (63,349,094) | (64,175,861) |
| Net cash provided by operating activities | 118,984,075 | 112,511,349 |
| Cash flows used in noncapital financing activities – payment-in-lieu of taxes | (36,542,558) | (31,618,335) |
| Cash flows from capital and related financing activities: | | |
| Purchases of property, plant, and equipment | (41,981,150) | (34,918,561) |
| Proceeds from government loans | 1,953,958 | - |
| Principal payments received on lease receivables | 1,881,609 | - |
| Interest payments received on lease receivables | 72,450 | - |
| System development costs | (184,350) | (306,218) |
| Payments on revenue bonds | (26,360,000) | (25,395,000) |
| Payments on government loans | (3,126,122) | (3,372,051) |
| Interest paid on utility system debt | (22,409,561) | (23,618,590) |
| Net cash used in capital and related financing activities | (90,153,166) | (87,610,420) |
| Cash flows provided by (used in) investing activities: | | |
| Purchases of investments | (73,353,587) | (14,111,977) |
| Proceeds from sales and maturities of investments | 37,215,000 | 27,813,000 |
| Interest received | 1,204,347 | 92,941 |
| Net cash provided by (used in) investing activities | (34,934,240) | 13,793,964 |
| Net increase (decrease) in cash and cash equivalents | (42,645,889) | 7,076,558 |
| Cash and cash equivalents, beginning of year | 81,285,748 | 74,209,190 |
| Cash and cash equivalents, end of year | \$ 38,639,859 | \$ 81,285,748 |
| Components of cash and cash equivalents at end of fiscal year: | | |
| Restricted | \$ 13,883,968 | \$ 36,947,839 |
| Unrestricted | 24,755,891 | 44,337,909 |
| | \$ 38,639,859 | \$ 81,285,748 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 105,302,798 | \$ 88,441,854 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 41,253,137 | 39,056,593 |
| Changes in noncash assets and noncash liabilities: | | |
| Accounts receivable – customers and other, net | (7,509,564) | (178,656) |
| Inventories | (5,819,229) | 3,166,650 |
| Prepayments and other current assets | (141,519) | (122,359) |
| Customer deposits | 137,367 | (172,450) |
| Accounts payable | 6,756,336 | (816,423) |
| Payroll and payroll-related liabilities | (166,044) | (1,008,433) |
| Accrued claims payable | 47,512 | 138,581 |
| Other accrued liabilities | 1,017,485 | 946,859 |
| Deferred fuel costs and deferred purchased power | (12,468,276) | (13,975,719) |
| Construction contract payable | 17,972 | (1,105,434) |
| Deferred outflows - pension | 19,078,363 | 24,735,723 |
| Deferred inflows - pension | (1,696,912) | (34,249,752) |
| Net pension asset/liability | (23,629,459) | 7,567,390 |
| Total other postemployment benefit liability | 727,995 | (8,069,316) |
| Deferred inflows - other postemployment benefits | (2,456,042) | 7,690,105 |
| Deferred inflows - leases | (1,978,913) | - |
| Other noncurrent assets, net | 511,068 | 466,136 |
| Net cash provided by operating activities | \$ 118,984,075 | \$ 112,511,349 |
| Supplemental noncash disclosure: | | |
| Contributions of capital assets from developers | \$ 1,362,312 | \$ 952,442 |
| Change in accounts payable incurred for purchase of capital assets | 956,723 | 2,546,793 |

Board of Public Utilities

Notes to Financial Statements

December 31, 2022 and 2021

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 53,000 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. The financial statements do not purport to and do not present the financial position of the Unified Government.

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, 2022 and 2021

Revenue Recognition

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

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

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

Cash and Cash Equivalents

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

Capital Assets

Capital assets are stated at cost to acquire or cost to construct. These costs include payroll-related costs, including pensions and other fringe benefits. For depreciable assets that are retired due to circumstances other than impairment, the net book value of assets retired plus the cost of removal, less salvage, is charged against accumulated depreciation with no gain or loss recognized. Per the financial reporting requirements of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, any losses associated with capital asset impairments will be charged as a nonoperating expense. Repairs and maintenance are charged to maintenance expense. Contributions from developers and others are stated at acquisition value at the date donated. Currently, the 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 assets 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 changes in assumptions in the pension plan, and contributions made to retirement and other postemployment benefit plans subsequent to the measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The changes in assumptions in the pension plan are recognized in pension expense over the average working lifetime of all plan participants, beginning in the current reporting period. These amounts are described in detail in Note 9.

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

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 assets 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 certain changes in assumptions relating to the OPEB plan, difference between expected actual expense in the pension and OPEB plans, difference between expected and actual earnings in the pension plan, the amount for leases, as lessor, under GASB 87 guidance, and deferred charge on refunding 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 2022, the 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. The depreciation study performed in 2022 resulted in a change in accounting estimate. New depreciation rates resulting from the study were adopted during fiscal year 2022.

| | Composite Rates | Useful Lives (in years) |
|-------------------------------|------------------------|--------------------------------|
| Production plant | 2.57%–4.00% | 25–39 |
| Transmission and distribution | 1.63%–6.67% | 15–61 |
| General plant | 2.00%–7.75% | 13–50 |

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 \$221 and \$325 thousand at December 31, 2022 and 2021, respectively.

Inventories

Inventories are stated at cost and consist of the following:

| | 2022 | 2021 |
|-----------------------|---------------|---------------|
| Fuel | \$ 9,045,573 | \$ 4,493,362 |
| Material and supplies | 21,419,271 | 20,152,252 |
| Total | \$ 30,464,844 | \$ 24,645,614 |

Board of Public Utilities

Notes to Financial Statements

December 31, 2022 and 2021

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. The 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 the BPU's safekeeping agent. Cash deposits are held with banks insured by Federal Deposit Insurance Corporation (FDIC) and acceptable collateral is maintained for amounts above FDIC limits, equal to or greater than 102% of the funds deposited at all times.

Brushy Creek Coal Company and Liberty Coal Company

The BPU holds an indirect 50% interest in Brushy Creek Coal Company (BCCC) and a 50% indirect interest in Liberty Coal Company (Liberty). The other 50% interest in both BCCC and Liberty is indirectly owned by the City of Sikeston, Missouri (Sikeston). BCCC was the owner and operator of a coal mine and related equipment located in Illinois. BCCC discontinued mining operations in 1997. BCCC did not have material operations during the years ended December 31, 2022 and 2021. 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, 2022 and 2021, the BPU has recorded an estimated liability of \$794,000 and \$1.0 million, respectively, within accrued claims payable for its estimated remaining share of these obligations. Funding provided for these obligations was \$240,000 in 2022 and 2021.

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.

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

Pensions

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

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

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are for the OPEB Plan. For this purpose, benefit payments are funded on a pay-as-you-go basis. The BPU funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. The following timeframes are used for the year ended December 31, 2022:

- Valuation Date January 1, 2022
- Measurement Date December 31, 2022
- Measurement Period January 1, 2022 to December 31, 2022

For the year ended December 31, 2021:

- Valuation Date January 1, 2022
- Measurement Date December 31, 2021
- Measurement Period January 1, 2021 to December 31, 2021

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

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 120 hours of vacation hours for bargaining unit employees and 120 hours for non-bargaining employees. The liability for accumulated vacation of \$1,700,500 and \$1,676,100 includes current vacation of \$247,330 and \$266,900 at December 31, 2022 and 2021, 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 \$7,043,400 and \$6,934,400 includes current sick leave of \$1,054,500 and \$1,137,700 at December 31, 2022 and 2021, respectively, which is included in reserve for compensated absences and payroll and payroll taxes in the accompanying statements of net position.

| | | 2022 | | | |
|------------|----|------------------------------|------------------|-------------------|---------------------------|
| | | Beginning Balance | Additions | Reductions | Ending Balance |
| Sick leave | \$ | 6,934,400 | \$ 1,054,500 | \$ (945,500) | \$ 7,043,400 |
| Vacation | | 1,676,100 | 247,330 | (222,930) | 1,700,500 |

| | | 2021 | | | |
|------------|----|------------------------------|------------------|-------------------|---------------------------|
| | | Beginning Balance | Additions | Reductions | Ending Balance |
| Sick leave | \$ | 6,478,800 | \$ 1,137,700 | \$ (682,100) | \$ 6,934,400 |
| Vacation | | 1,629,700 | 266,900 | (220,500) | 1,676,100 |

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.”

Board of Public Utilities

Notes to Financial Statements

December 31, 2022 and 2021

Accounting Pronouncements - Not Yet Effective

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning January 1, 2023. At this time, the BPU is currently assessing the impact of this Statement.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning January 1, 2023. At this time, the BPU is currently assessing the impact of this Statement.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective at various dates based on topics addressed. At this time, the BPU is currently assessing the impact of this Statement.

GASB Statement 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 which is the fiscal year beginning January 1, 2024. At this time, the BPU is currently assessing the impact of this Statement.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 which is the fiscal year beginning January 1, 2024. At this time, the BPU is currently assessing the impact of this Statement.

Accounting Pronouncements – Adopted in 2022

GASB issued Statement No. 87, *Leases*, in June 2017, originally effective for reporting periods beginning after December 15, 2019. GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), which postponed the effective date to reporting periods beginning after June 15, 2021. 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 by creating a single model for leases. This statement increases the

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

usefulness of the 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. The BPU adopted this statement as of January 1, 2021, the earliest period presented in these financial statements. The implementation of this statement resulted in the recognition of a lease receivable and a deferred inflow of resources of \$18,712,581 as of January 1, 2021 for lessor contracts. This guidance also requires restatement of the prior year’s information, see *Note 13* for the impact of the restatement.

Leases are contracts that convey control of the right to use another entity’s nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset. The BPU set a capitalization threshold for leases with total payments over the life of the contract in excess of \$25,000.

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using the BPU’s incremental borrowing rate unless otherwise noted in the contract terms. Lease receivables are reported in prepayments and other current assets for the current portion and lease receivables for the long-term portion on the statements of net position. The amortization of the discount for lessor contracts is recorded as prepayments and other current assets on the Statements of Net Position with the offset to interest income in other – net on the statements of revenue, expenses and changes in net position.

Note 2: Cash and Investments

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

The following represents the BPU’s total cash and investments at December 31, 2022 and 2021:

| | 2022 | 2021 |
|--|---------------|---------------|
| Cash and certificates of deposit (CDs) | \$ 637,135 | \$ 523,308 |
| Repurchase agreements | 32,935,324 | 52,493,802 |
| U.S. Treasuries and U.S. Agencies | 35,876,589 | — |
| Money market funds | 5,578,398 | 28,517,638 |
| Total cash and investments | \$ 75,027,446 | \$ 81,534,748 |

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

Cash and investments are included in the following statement of net position accounts at December 31, 2022 and 2021:

| | 2022 | 2021 |
|--|---------------|---------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 24,755,891 | \$ 44,337,909 |
| Investments | 19,808,027 | — |
| Cash and cash equivalents – restricted | 11,110,952 | 27,173,589 |
| Investments – restricted | 16,330,560 | — |
| Noncurrent restricted assets: | | |
| Cash and cash equivalents | 2,773,016 | 9,774,250 |
| Investments | 249,000 | 249,000 |
| | \$ 75,027,446 | \$ 81,534,748 |

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, 2022 and 2021, the bank balance and certificates of deposit were \$637,135 and \$523,308, respectively, which were covered by federal depository insurance or collateral held in safekeeping in the BPU's name.

The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2022 are as follows:

| Investment Type | Fair Value | Investment Maturities | |
|-----------------------------------|-------------------|-------------------------------|------------------------|
| | | Less than 6 Months | 6–12 Months |
| Cash and CDs | \$ 637,135 | \$ 637,135 | \$ - |
| Repurchase agreements | 32,935,324 | 32,935,324 | - |
| U.S. Treasuries and U.S. Agencies | 35,876,589 | 21,759,444 | 14,117,145 |
| Money market funds | 5,578,398 | 5,578,398 | - |
| Total | \$ 75,027,446 | \$ 60,910,301 | \$ 14,117,145 |

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The fair values, as determined by market prices, of the BPU's cash and investments at December 31, 2021 are as follows:

| Investment Type | Fair Value | Investment Maturities | |
|------------------------|----------------------|-------------------------------|------------------------|
| | | Less than 6 Months | 6-12 Months |
| Cash and CDs | \$ 523,308 | \$ 523,308 | \$ - |
| Repurchase agreements | 52,493,802 | 52,493,802 | - |
| Money market funds | 28,517,638 | 28,517,638 | - |
| Total | <u>\$ 81,534,748</u> | <u>\$ 81,534,748</u> | <u>\$ -</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 fair value or issuer default. Sufficient liquidity is also maintained in order to meet the anticipated cash needs of the utility. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the State of Kansas as described in K.S.A. 12-1675 and 10-131. These statutes require all investments be in (a) U.S. Treasury securities; (b) U.S. agency securities; (c) Money Market Mutual Funds; (d) Repurchase Agreement securities; (e) and any external investment pools and be the highest rated by nationally recognized rating agencies. All of the BPU's securities including money market mutual funds are AAA rated by Moody's. Any bank deposits and certificates of deposit are fully collateralized by the FDIC or other qualifying securities. All securities held by the BPU meet the credit quality objective.

Custody Risk

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

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Concentration of Credit Risk

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

The following U.S. agency securities held in safekeeping by the BPU’s bond trustee are in excess of 5% of total investments as of December 31, 2022:

| Issuer | Amount | Percentage of Total Portfolio |
|------------------------|---------------|--------------------------------------|
| Federal Home Loan Bank | \$ 16,068,561 | 21.42% |

The BPU did not hold more than 5% of its investment portfolio in any one security issuer as of December 31, 2021.

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 fair value change. This is accomplished by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for debt service and other disbursement requirements for ongoing operations and by keeping maturities short.

Derivatives

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

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Non-restricted Designated Assets

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

| | <u>2022</u> | <u>2021</u> |
|----------------------------|----------------------|----------------------|
| Economic development fund | \$ 1,975 | \$ 250,000 |
| Capital debt reduction | 6,290,000 | 6,290,000 |
| Reserve - public liability | 1,000,000 | 1,000,000 |
| Reserve - workers' comp | 1,100,000 | 1,100,000 |
| Rate stabilization fund | 9,156,273 | 9,156,273 |
| System development reserve | <u>11,562,888</u> | <u>10,801,732</u> |
| Total | <u>\$ 29,111,136</u> | <u>\$ 28,598,005</u> |

Note 3: Restricted Assets

Restricted assets were held in the following funds at December 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|----------------------|----------------------|
| Debt service fund | \$ 20,124,943 | \$ 19,994,388 |
| Customer deposits | 7,316,569 | 7,179,201 |
| Construction funds | 1,522,016 | 8,523,250 |
| Improvement and emergency fund | <u>1,500,000</u> | <u>1,500,000</u> |
| Total restricted assets | <u>\$ 30,463,528</u> | <u>\$ 37,196,839</u> |

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

Note 4: Dogwood Energy Facility (Dogwood)

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

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The BPU's portion of the 630 megawatt (MW) rated capability of Dogwood is approximately 110 megawatts (MW). Generation from Dogwood and operating expenses incurred by Dogwood are allocated to the BPU based on the 17% ownership interest. The BPU's proportionate share of their plant operating expenses is included in the corresponding operating expenses in the statement of net position. In addition, the BPU is required to provide its share of financing for any capital additions to Dogwood. During 2022 and 2021, BPU's portion of fuel expense was \$16,064,217 and \$15,154,453, respectively, and its portion of operating and maintenance expense was \$3,411,544 and \$3,121,315, respectively. BPU also receives a portion of the wholesale sales generated by the Dogwood plant. BPU received \$23,920,688 and \$27,008,279 during 2022 and 2021, 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, 2022 and 2021, is shown in the table below. These amounts are included in the 2022 and 2021 Capital Assets table in Note 5.

| Facility (type) | Percent Ownership | Net MW | Plant in Service | Accumulated Depreciation | CWIP |
|--------------------------|-------------------|--------|------------------|--------------------------|--------------|
| 2022 | | | | | |
| Dogwood (combined cycle) | 17% | 110 | \$ 45,517,494 | \$ 12,986,425 | \$ 1,887,912 |
| 2021 | | | | | |
| Dogwood (combined cycle) | 17% | 110 | \$ 45,517,494 | \$ 11,446,031 | \$ 379,701 |

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, 2022 is as follows:

| | Beginning Balance | Additions | Retirements | Transfers/ Adjustments | Ending Balance |
|--|------------------------------|----------------------|------------------------|-----------------------------------|---------------------------|
| Electric: | | | | | |
| Production plant | \$ 831,274,243 | \$ 7,843,427 | \$ — | \$ (1,201,133) | \$ 837,916,537 |
| Transmission and distribution | 466,609,443 | 40,417,452 | (23,983) | 285,922 | 507,288,834 |
| General plant | 149,057,911 | 3,452,439 | — | 6,240 | 152,516,590 |
| Total electric | <u>1,446,941,597</u> | <u>51,713,317</u> | <u>(23,983)</u> | <u>(908,971)</u> | <u>1,497,721,960</u> |
| Water: | | | | | |
| Production plant | 142,975,068 | 855,020 | — | 6,940 | 143,837,028 |
| Transmission and distribution | 228,391,154 | 6,685,738 | — | 1,560 | 235,078,452 |
| General plant | 52,471,109 | 1,235,832 | — | — | 53,706,941 |
| Total water | <u>423,837,331</u> | <u>8,776,590</u> | <u>—</u> | <u>8,500</u> | <u>432,622,421</u> |
| Property, plant, and equipment | 1,870,778,928 | 60,489,907 | (23,983) | (900,471) | 1,930,344,381 |
| Construction work in progress – not depreciable | <u>104,159,689</u> | <u>42,386,730</u> | <u>(60,790,563)</u> | <u>—</u> | <u>85,755,856</u> |
| Total capital assets | <u>1,974,938,617</u> | <u>102,876,637</u> | <u>(60,814,546)</u> | <u>(900,471)</u> | <u>2,016,100,237</u> |
| Less accumulated depreciation: | | | | | |
| Electric: | | | | | |
| Production plant | 399,896,472 | 16,230,786 | — | — | 416,127,258 |
| Transmission and distribution | 250,488,110 | 7,743,548 | (19,884) | (11,832) | 258,199,942 |
| General plant | 89,273,821 | 4,724,484 | — | 314 | 93,998,619 |
| Total electric | <u>739,658,403</u> | <u>28,698,818</u> | <u>(19,884)</u> | <u>(11,518)</u> | <u>768,325,819</u> |
| Water: | | | | | |
| Production plant | 72,148,030 | 3,229,708 | — | — | 75,377,738 |
| Transmission and distribution | 56,690,083 | 3,651,359 | — | — | 60,341,442 |
| General plant | 34,008,997 | 1,344,264 | — | 78 | 35,353,339 |
| Total water | <u>162,847,110</u> | <u>8,225,331</u> | <u>—</u> | <u>78</u> | <u>171,072,519</u> |
| Combined total | <u>902,505,513</u> | <u>36,924,149</u> | <u>(19,884)</u> | <u>(11,440)</u> | <u>939,398,338</u> |
| Capital assets, net | <u>\$ 1,072,433,104</u> | <u>\$ 65,952,488</u> | <u>\$ (60,794,662)</u> | <u>\$ (889,031)</u> | <u>\$ 1,076,701,899</u> |

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Capital asset activity for the year ended December 31, 2021 is as follows:

| | Beginning Balance | Additions | Retirements | Transfers/ Adjustments | Ending Balance |
|--|------------------------------|----------------------|------------------------|-----------------------------------|---------------------------|
| Electric: | | | | | |
| Production plant | \$ 826,054,130 | \$ 5,602,989 | \$ — | \$ (382,876) | \$ 831,274,243 |
| Transmission and distribution | 456,087,808 | 10,386,787 | (29,414) | 164,262 | 466,609,443 |
| General plant | 146,633,547 | 2,424,364 | — | — | 149,057,911 |
| Total electric | <u>1,428,775,485</u> | <u>18,414,140</u> | <u>(29,414)</u> | <u>(218,614)</u> | <u>1,446,941,597</u> |
| Water: | | | | | |
| Production plant | 141,835,683 | 1,148,105 | — | (8,720) | 142,975,068 |
| Transmission and distribution | 224,206,425 | 4,185,735 | — | (1,006) | 228,391,154 |
| General plant | 51,719,290 | 751,819 | — | — | 52,471,109 |
| Total water | <u>417,761,398</u> | <u>6,085,659</u> | <u>—</u> | <u>(9,726)</u> | <u>423,837,331</u> |
| Property, plant, and equipment | 1,846,536,883 | 24,499,799 | (29,414) | (228,340) | 1,870,778,928 |
| Construction work in progress – not depreciable | <u>91,252,887</u> | <u>38,379,394</u> | <u>(25,472,592)</u> | <u>—</u> | <u>104,159,689</u> |
| Total capital assets | <u>1,937,789,770</u> | <u>62,879,193</u> | <u>(25,502,006)</u> | <u>(228,340)</u> | <u>1,974,938,617</u> |
| Less accumulated depreciation: | | | | | |
| Electric: | | | | | |
| Production plant | 385,478,782 | 14,382,478 | — | 35,212 | 399,896,472 |
| Transmission and distribution | 243,459,846 | 7,051,026 | (22,762) | — | 250,488,110 |
| General plant | 84,424,428 | 4,849,393 | — | — | 89,273,821 |
| Total electric | <u>713,363,056</u> | <u>26,282,897</u> | <u>(22,762)</u> | <u>35,212</u> | <u>739,658,403</u> |
| Water: | | | | | |
| Production plant | 68,746,486 | 3,402,682 | — | (1,138) | 72,148,030 |
| Transmission and distribution | 53,219,685 | 3,470,398 | — | — | 56,690,083 |
| General plant | 32,611,745 | 1,397,252 | — | — | 34,008,997 |
| Total water | <u>154,577,916</u> | <u>8,270,332</u> | <u>—</u> | <u>(1,138)</u> | <u>162,847,110</u> |
| Combined total | <u>867,940,972</u> | <u>34,553,229</u> | <u>(22,762)</u> | <u>34,074</u> | <u>902,505,513</u> |
| Capital assets, net | <u>\$ 1,069,848,798</u> | <u>\$ 28,325,964</u> | <u>\$ (25,479,244)</u> | <u>\$ (262,414)</u> | <u>\$ 1,072,433,104</u> |

As discussed in Note 4, on December 18, 2012, the BPU acquired an undivided 17% interest in the assets of the Dogwood Energy Facility. The BPU's portion of the Dogwood investment included an acquisition adjustment of \$34.8 million. This amount is included in the Electric Production Plant. The BPU is amortizing the acquisition adjustment over 29.1 years. The amount amortized in 2021 and 2022 is \$1,201,133 and is included in the Electric Production Plant Adjustments in the 2021 and 2022 table.

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Note 6: Long-Term Debt

The BPU's indebtedness as of December 31, 2022 consists of the following obligations:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due in One Year |
|--------------------------------|------------------------------|---------------------|------------------------|---------------------------|-----------------------------------|
| Revenue bonds: | | | | | |
| 2012 refunding | \$ 1,195,000 | \$ — | \$ (1,195,000) | \$ — | \$ — |
| 2012B | 2,030,000 | — | (2,030,000) | — | — |
| 2014 | 133,380,000 | — | (14,240,000) | 119,140,000 | 14,945,000 |
| 2016A | 114,165,000 | — | (2,605,000) | 111,560,000 | 2,735,000 |
| 2016B refunding | 39,150,000 | — | (1,825,000) | 37,325,000 | 1,920,000 |
| 2016C | 56,265,000 | — | — | 56,265,000 | — |
| 2020A | 16,525,000 | — | (490,000) | 16,035,000 | 500,000 |
| 2020B | 230,100,000 | — | (3,975,000) | 226,125,000 | 7,400,000 |
| | <u>592,810,000</u> | <u>—</u> | <u>(26,360,000)</u> | <u>566,450,000</u> | <u>27,500,000</u> |
| Unamortized premium | 37,183,966 | — | (1,780,198) | 35,403,768 | — |
| | <u>37,183,966</u> | <u>—</u> | <u>(1,780,198)</u> | <u>35,403,768</u> | <u>—</u> |
| Total revenue bonds | 629,993,966 | — | (28,140,198) | 601,853,768 | 27,500,000 |
| Government loans – Unified KCK | 3,870,213 | — | (363,296) | 3,506,917 | 373,152 |
| Government loans – KDHE | 24,187,965 | 1,953,958 | (2,762,827) | 23,379,096 | 2,853,044 |
| | <u>24,187,965</u> | <u>1,953,958</u> | <u>(2,762,827)</u> | <u>23,379,096</u> | <u>2,853,044</u> |
| | <u>\$ 658,052,144</u> | <u>\$ 1,953,958</u> | <u>\$ (31,266,321)</u> | <u>\$ 628,739,781</u> | <u>\$ 30,726,196</u> |

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The BPU's indebtedness as of December 31, 2021 consists of the following obligations:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due in One Year |
|--------------------------------|------------------------------|------------------|------------------------|---------------------------|-----------------------------------|
| Revenue bonds: | | | | | |
| 2011 | \$ 6,360,000 | \$ — | \$ (6,360,000) | \$ — | \$ — |
| 2012 refunding | 3,660,000 | — | (2,465,000) | 1,195,000 | 1,195,000 |
| 2012B | 3,980,000 | — | (1,950,000) | 2,030,000 | 2,030,000 |
| 2014 | 144,340,000 | — | (10,960,000) | 133,380,000 | 14,240,000 |
| 2016A | 114,165,000 | — | — | 114,165,000 | 2,605,000 |
| 2016B refunding | 40,890,000 | — | (1,740,000) | 39,150,000 | 1,825,000 |
| 2016C | 56,265,000 | — | — | 56,265,000 | — |
| 2020A | 17,010,000 | — | (485,000) | 16,525,000 | 490,000 |
| 2020B | 231,535,000 | — | (1,435,000) | 230,100,000 | 3,975,000 |
| | <u>618,205,000</u> | <u>—</u> | <u>(25,395,000)</u> | <u>592,810,000</u> | <u>26,360,000</u> |
| Unamortized premium | 38,964,165 | — | (1,780,199) | 37,183,966 | — |
| | <u>38,964,165</u> | <u>—</u> | <u>(1,780,199)</u> | <u>37,183,966</u> | <u>—</u> |
| Total revenue bonds | 657,169,165 | — | (27,175,199) | 629,993,966 | 26,360,000 |
| Government loans – Unified KCK | 4,566,680 | — | (696,467) | 3,870,213 | 363,296 |
| Government loans – KDHE | 26,863,549 | — | (2,675,584) | 24,187,965 | 2,762,826 |
| | <u>26,863,549</u> | <u>—</u> | <u>(2,675,584)</u> | <u>24,187,965</u> | <u>2,762,826</u> |
| | <u>\$ 688,599,394</u> | <u>\$ —</u> | <u>\$ (30,547,250)</u> | <u>\$ 658,052,144</u> | <u>\$ 29,486,122</u> |

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Details of utility system revenue bonds outstanding at December 31, 2022 and 2021 are as follows:

| Revenue Bonds | Interest Rate | Original Amount | Maturity | 2022 | 2021 |
|--|------------------|--------------------|------------|-----------------------|-----------------------|
| 2012 Refunding | 3.12-5.00 | \$ 110,830,000 | 09-01-2032 | \$ — | \$ 1,195,000 |
| 2012B | 2.00-5.00 | 79,540,000 | 09-01-2037 | — | 2,030,000 |
| 2014 | 3.00-5.00 | 190,620,000 | 09-01-2044 | 119,140,000 | 133,380,000 |
| 2016A | 3.00-5.00 | 114,165,000 | 09-01-2045 | 111,560,000 | 114,165,000 |
| 2016B Refunding | 3.25-5.00 | 42,545,000 | 09-01-2034 | 37,325,000 | 39,150,000 |
| 2016C | 5.00 | 56,265,000 | 09-01-2046 | 56,265,000 | 56,265,000 |
| 2020A | 3.00 | 17,010,000 | 09-01-2045 | 16,035,000 | 16,525,000 |
| 2020B | 0.69-2.55 | 231,535,000 | 09-01-2037 | <u>226,125,000</u> | <u>230,100,000</u> |
| Subtotal | | | | 566,450,000 | 592,810,000 |
| Current maturities | | | | (27,500,000) | (26,360,000) |
| Unamortized premium | | | | <u>35,403,768</u> | <u>37,183,966</u> |
| Total utility system revenue bonds, excluding current maturities | | | | <u>\$ 574,353,768</u> | <u>\$ 603,633,966</u> |

Interest on portions of the outstanding utility system revenue bonds is payable on a semiannual basis. As of December 31, 2022 and 2021, the BPU was in compliance with all required debt covenant ratios.

The BPU completed a defeasement of utility systems revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide all future debt service payments on the old 2011-A, 2012-A and 2012-B Utility System Revenue Bonds. Accordingly, neither the trust account assets nor the liability for the defeased bonds are included in the BPU's financial statements. The amount of outstanding advance refunding of in substance defeased debt was \$0 and \$155,755,000 as of December 31, 2022 and 2021, respectively.

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The debt service to maturity on the outstanding BPU revenue bonds as of December 31, 2022 is as follows:

| | Principal | Interest (including accreted) |
|----------------------------------|------------------|--|
| Bond year(s) ending December 31: | | |
| 2023 | \$ 27,500,000 | \$ 20,484,483 |
| 2024 | 28,560,000 | 19,422,217 |
| 2025 | 29,275,000 | 18,713,426 |
| 2026 | 30,050,000 | 17,935,888 |
| 2027 | 30,910,000 | 17,073,155 |
| 2028–2032 | 164,460,000 | 71,042,801 |
| 2033–2037 | 122,885,000 | 45,478,302 |
| 2038–2042 | 79,255,000 | 25,206,225 |
| 2043–2047 | 53,555,000 | 5,384,800 |
| | \$ 566,450,000 | \$ 240,741,297 |

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 |

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

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

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Total indebtedness also includes government loans, which represent the amounts borrowed from Kansas Department of Health and Environment for the purpose of Water capital improvements to be repaid in installments over 33 years ending 2054. Governmental loans also include a \$4.56 million loan with the Unified Government of Wyandotte County and Kansas City, Kansas, for improvements to the radio tower system as well as a loan with the Unified Government in 2020 for the Leavenworth Road Improvements Project of \$1.455 million.

The debt service to maturity on the outstanding BPU government loans as of December 31, 2022 is as follows:

| | Principal | Interest (including accreted) |
|----------------------------------|------------------|--|
| Bond year(s) ending December 31: | | |
| 2023 | \$ 3,226,196 | \$ 610,180 |
| 2024 | 3,858,293 | 583,775 |
| 2025 | 3,271,155 | 562,778 |
| 2026 | 3,349,236 | 500,923 |
| 2027 | 3,116,138 | 437,307 |
| 2028–2032 | 10,557,407 | 2,705,137 |
| 2033–2037 | 560,000 | 56,400 |
| 2038–2042 | 947,588 | 3,588 |
| | \$ 28,886,013 | \$ 5,460,088 |

In August 2021, the BPU entered into a Kansas Public Water Supply loan fund agreement, for which the amount is not to exceed \$25.0 million. In August 2022, the loan was amended and increased to \$39.5 million. The projects to be funded by this loan consist of construction of ground water storage at Argentine Pump Station, construction of a water transmission main from 90th and Parallel to I-435 and France Family drive, electrical improvements at the Nearman Water Treatment Plant, Parallel Pump Station and Milan Pump Station, and replacement of deteriorated water lines throughout the distribution system. As of December 31, 2022, the BPU has drawn down \$1.954 million of the loan.

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

| Type revenue pledged | Amount of pledge | Term of commitment | Percentage of revenue pledged | Principal and interest for the year ended 2022 | Pledged revenue recognized for the year ended 2022 |
|--------------------------------------|------------------|--------------------|-------------------------------|--|--|
| Electric and water operating revenue | \$ 807,191,297 | Through 2046 | 12.5% | \$ 47,985,296 | \$ 57,582,355 |

Note 7: Regulatory Assets and Regulatory 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, 2022 and 2021 are as follows:

| | Amortization Ending | 2022 | 2021 |
|--|---------------------|----------------------|----------------------|
| Regulatory assets: | | | |
| Recovery of Quindaro Power Station Units | 2040 | \$ 62,526,966 | \$ 66,205,022 |
| Recovery fuel purchased power | 2022 | 14,781,274 | 2,312,998 |
| Total regulatory assets | | <u>\$ 77,308,240</u> | <u>\$ 68,518,020</u> |

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A regulatory asset has been approved by the Board of Directors to recover through rates the costs related to the Quindaro Power Station units closing. The remaining net book value was recorded as a regulatory asset in 2020. The remaining costs of these assets will be accelerated and amortized over a 20-year period.

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

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

The BPU is exempt from federal and state income taxes and local property taxes because it is an administrative agency of the Unified Government. However, the BPU is required by a Charter Ordinance to pay a percentage of gross operating revenues to the Unified Government. The Charter Ordinance established a range of 5.0% – 15.0%. The payment-in-lieu of tax was established at 11.9% in 2022 and 2021, which amounted to \$37,073,894 and \$31,715,220, respectively. The PILOT is billed and collected by the BPU by a supplemental rate rider.

In addition to these payments to the Unified Government, the BPU also contributes services to the Unified Government, such as electricity, water, street lighting, fire hydrant services, traffic signals, billing and collection of the Unified Government sewer, storm water and trash fees at no charge. These service contributions approximated \$11,897,163 and \$10,039,263 or 3.55% and 3.18% of total operating revenue, for 2022 and 2021, 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 \$2,973,103 and \$2,913,394 in 2022 and 2021, respectively.

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On November 3, 2010, the BPU entered into an agreement with Lawrence, Kansas based Bowersock Mills and Power Company to purchase 7 MW of hydroelectric power over the next 25 years, providing additional renewable energy resources to BPU's existing power generating mix. Total power purchased under this agreement was \$2,448,444 and \$2,642,673 in 2022 and 2021, respectively.

In December 2013, the BPU completed negotiations with OwnEnergy Inc., a developer of mid-sized wind projects, for the purchase of 25 megawatts of energy generated by wind turbines. The wind farm is located south of Alexander, Kansas in Rush County. Construction began in December 2013, and ties into the Southwest Power Pool (SPP) Midwest Energy transmission system. The contract between BPU and OwnEnergy Inc. is a 20-year renewable energy Purchase Power Agreement (PPA). The wind farm was completed in 2015 with commercial production beginning in December 2015. Total power purchased under this agreement was \$3,414,848 and \$3,390,209 in 2022 and 2021, 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, 2035. 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 \$2,834,365 and \$3,690,349 in 2022 and 2021, 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 \$475,997 and \$468,979 in 2022 and 2021, respectively.

In January 2016, the BPU completed negotiations with TradeWind Energy Inc., a renewable energy developer, for the purchase of 200 megawatts of energy generated by wind turbines. Construction began on the wind farm in 2016 with commercial operations beginning in April of 2017. The facility is located just south of Minneola, Kansas and ties into the Southwest Power Pool (SPP) in the Sunflower Energy transmission system. The contract between BPU and the Cimarron Bend Wind Project, LLC. is a 20-year renewable energy Purchase Power Agreement (PPA). Total power purchased under this agreement was \$18,137,984 and \$17,723,388 in 2022 and 2021, respectively.

In November 2016, the BPU finalized an agreement with MC Power, a solar developer, for the purchase of a 1 megawatt alternating current solar photovoltaic facility to be located at the Kansas City Board of Public Utilities Nearman Creek Power facility in Kansas City, Kansas. The contract between the BPU and MCP-KCBPU, LLC is a 25-year renewable energy Purchase Power Agreement (PPA) with commercial operations beginning in September of 2017. The project is intended to serve as a community solar project whereas BPU customers can license panels within the project to reduce their overall monthly electric expenses, while supporting greener initiatives. Total power purchased under this agreement was \$149,138 and \$142,340 in 2022 and 2021, respectively.

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

Coal Contracts

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

Coal delivery to Nearman is contracted between WFA and Union Pacific Railroad which is effective until December 31, 2022. The contract contains three (3) additional periods of one (1) year each unless a party notifies the other party in writing their intent to terminate the agreement. The delivery cost is established from a base price and is adjusted by indices set out in the contract.

The estimated coal purchase for Nearman station is \$23,000,000 annually for 2023 and 2024. Any additional coal required will be bought through spot market.

The BPU purchased approximately 785,702 and 671,300 tons of coal for approximately \$25,341,000 and \$19,400,000 for the Nearman Station in 2022 and 2021, respectively.

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

Retirement Plan

Plan Description

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

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

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

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Benefits Provided

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

Cost of Living Adjustment (COLA)

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

Employees Covered by Benefit Terms

The data required regarding the membership of the Plan was furnished by the Pension Administrator of the Plan. The following table summarizes the membership of the Plan as of December 31, 2021 and 2020, the respective measurement dates.

| | 2021 | 2020 |
|--|-------------|-------------|
| Inactive Members or Beneficiaries Currently Receiving Benefits | 809 | 811 |
| Disabled Members | 7 | 7 |
| Inactive Members Entitled To But Not Yet Receiving Benefits | 22 | 24 |
| Inactive Non-vested Members Entitled to a Refund of Member Contributions | 2 | 1 |
| Active Members | 504 | 525 |
| Total | 1,344 | 1,368 |

Contributions

Benefit and contribution provisions are established by and may only be amended by the Pension Board of Trustees. Contribution rates are determined annually by the Pension Board of Trustees. The BPU contributes a fixed contribution rate, equal to that of the members, currently 8.50% of pensionable earnings as of December 31, 2022 and 2021.

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For the years ended December 31, 2022 and 2021, BPU contributed \$4,533,603 and \$4,547,136, respectively to the Plan.

Net Pension Liability/Asset

The total pension liability used to calculate the net pension liability/(asset) was determined by actuarial valuations as of January 1, 2021 and 2020 and rolled forward to the respective measurement dates as applicable. As of December 31, 2022, the Plan reported a net pension asset of \$23,267,891. As of December 31, 2021, the Plan reported a net pension liability of \$361,568.

Actuarial Assumptions

The total pension liability/asset based on the January 1, 2021 and 2020 actuarial valuations was determined using the following key actuarial assumptions for 2021 and 2020 and other inputs:

| | January 1, 2021 Valuation | January 1, 2020 Valuation |
|---|--------------------------------------|--------------------------------------|
| Price inflation | 2.35 percent | 2.35 percent |
| Salary inflation | 3.1 - 6.1 percent | 3.1 - 6.1 percent |
| Long-term rate of return, net of investment expenses; and including inflation rate assumption | 6.75 percent | 6.75 percent |

January 1, 2021 Valuation

Cost of living adjustment: Retired before January 1, 1993: 3.0 percent in all years. Retired on/after January 1, 1993: 1.9 percent for 2022, 2.5 percent for 2023 and 3.0 percent for 2024 and later.

Mortality: Pre-retirement mortality rates were based on the Pub-2010 General Employees Median Mortality Table with generational mortality projections using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 General Employees Median Mortality Table with generational mortality projections using Scale MP-2020.

The actuarial assumptions used in the 2021 valuation are based on the results of an assumption review completed in 2021.

January 1, 2020 Valuation

Cost of living adjustment: Retired before January 1, 1993: 3.0 percent in all years. Retired on/after January 1, 1993: 1.0 percent through 2022 and 3.0 percent for 2023 and later.

Mortality: Pre-retirement mortality rates were based on the Pub-2010 General Employees Median Mortality Table with generational mortality projections using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 General Employees Median Mortality Table with generational mortality projections using Scale MP-2020.

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The actuarial assumptions used in the 2020 valuation are based on the results of an assumption review completed in 2021.

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 2021. Several factors are considered in evaluating the long-term rate or return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan’s investment consultant. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by some investment consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The investment consultant for the Board of Public Utilities, at the time the Experience Study was completed, provided capital market assumptions for a 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class used for the 2021 assumption review, as provided by the Plan’s investment consultant at that time, Asset Consulting Group, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------------|------------------------------|---|
| Domestic Large Cap Equity | 17.5 % | 7.1 |
| Domestic Small Cap Equity | 17.5 | 8.5 |
| International Developed Equity | 17.0 | 8.0 |
| Emerging Market Equity | 3.0 | 9.1 |
| Long/Short Equity | 5.0 | 5.7 |
| Core Bonds | 21.0 | 2.6 |
| Core Plus | 5.0 | 2.9 |
| Core Real Estate | 7.0 | 6.7 |
| Opportunistic Added Real Estate | 7.0 | 9.7 |
| | <u>100.0 %</u> | |

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Discount Rate

The discount rate used to measure the total pension liability at December 31, 2021 was 6.75%. The discount rate used to measure the total pension liability at December 31, 2020 was 6.75%. 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% of annual compensation
- ii. BPU contribution rate: Same as member contributions (8.5% of annual compensation)
- iii. Administrative expenses for the current and future years were assumed to be .70% 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 6.75% was applied to all periods of projected benefit payments to determine the total pension liability, within the January 1, 2021 valuation.

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Changes in the Net Pension (Asset) Liability

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

| | Increases (Decreases) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at January 1, 2022 | \$ 592,414,344 | \$ 592,052,776 | \$ 361,568 |
| Changes for the year: | | | |
| Service cost | 7,850,152 | - | 7,850,152 |
| Interest on total pension liability | 38,865,663 | - | 38,865,663 |
| Difference between expected and actual experience | (2,509,295) | - | (2,509,295) |
| Changes of assumptions | 1,666,254 | - | 1,666,254 |
| Employer contributions | - | 4,547,136 | (4,547,136) |
| Employee contributions | - | 4,547,136 | (4,547,136) |
| Net investment income | - | 61,147,813 | (61,147,813) |
| Benefit payments, including member refunds | (33,805,491) | (33,805,491) | - |
| Administrative expenses | - | (739,852) | 739,852 |
| Net changes | <u>12,067,283</u> | <u>35,696,742</u> | <u>(23,629,459)</u> |
| Balances at December 31, 2022 | <u><u>\$ 604,481,627</u></u> | <u><u>\$ 627,749,518</u></u> | <u><u>\$ (23,267,891)</u></u> |

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| | Increases (Decreases) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at January 1, 2021 | \$ 531,708,609 | \$ 538,914,431 | \$ (7,205,822) |
| Changes for the year: | | | |
| Service cost | 7,280,467 | - | 7,280,467 |
| Interest on total pension liability | 38,648,801 | - | 38,648,801 |
| Difference between expected and actual experience | (8,333,009) | - | (8,333,009) |
| Changes of assumptions | 56,495,556 | - | 56,495,556 |
| Employer contributions | - | 4,491,136 | (4,491,136) |
| Employee contributions | - | 4,491,136 | (4,491,136) |
| Net investment income | - | 77,987,680 | (77,987,680) |
| Benefit payments, including member refunds | (33,386,080) | (33,386,080) | - |
| Administrative expenses | - | (445,527) | 445,527 |
| Net changes | 60,705,735 | 53,138,345 | 7,567,390 |
| Balances at December 31, 2021 | \$ 592,414,344 | \$ 592,052,776 | \$ 361,568 |

Within the January 1, 2021 valuation, the following changes were applied to the actuarial assumption and method:

- The assumed COLA for post January 1, 1993 retirees was changed from 1% through 2022 and 3% thereafter to 1.9% for 2022, 2.5% for 2023 and 3% thereafter, for TPL purposes only.

Within the January 1, 2020 valuation, the following changes were applied to the actuarial assumption and method:

- The assumed COLA for post January 1, 1993 retirees was changed from 1% through 2020 and 3% thereafter to 1% through 2022 and 3% thereafter, for TPL purposes only.
- The inflation assumption was decreased from 2.6% to 2.35%.
- The investment return assumption was decreased from 7.5% to 6.75%
- The general wage growth assumption was decreased from 3.35% to 3.10%.
- The covered payroll growth assumption was decreased from 3.25% to 3.00%.
- The interest crediting rate assumption for contribution account balances was decreased from 3.5% to 3.35%.

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- The mortality assumption was changed to the Pub-2010 General Median Mortality Tables with future mortality improvements modeled using Scale MP-2020.
- The individual salary increase assumption was modified to reflect the lower general wage increase assumption of 3.10%. In addition, the merit salary increase assumption was changed to a service-based table.
- The asset smoothing method was modified to use a closed 5-year smoothing period instead of a closed 8-year period. The corridor was eliminated.

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

The following presents the net pension liability (asset) of the Plan, calculated using a discount rate of 6.75%, as well as the Plan's net pension liability (asset) calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

| | 2022 | | |
|-------------------------------|--------------------------------|--|--------------------------------|
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| Net pension liability (asset) | \$49,960,145 | (\$23,267,891) | (\$84,281,613) |

The following was 2021 presented sensitivity impact to the net pension liability (asset) of the Plan, calculated using a discount rate of 6.75%, as well as the Plan's net pension liability (asset) calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate.

| | 2021 | | |
|-------------------------------|--------------------------------|--|--------------------------------|
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| Net pension liability (asset) | \$73,030,146 | \$361,568 | (\$60,087,961) |

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Pension Expense

For the fiscal years ended December 31, 2022 and 2021, the BPU recognized pension expense of (\$1,714,405) and \$2,600,497, respectively. Annual pension expense consists of service cost, interest and administrative expenses on pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources recognized in pension expense over a five-year period.

Deferred Outflows/Inflows of Resources related to Pensions

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

As of December 31, 2022, the BPU reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ — | \$ 7,479,549 |
| Changes of assumptions | 35,947,768 | — |
| Net difference between projected and actual earnings on pension plan investments | — | 50,968,540 |
| Contributions subsequent to the measurement date | 4,533,603 | — |
| Total | \$ 40,481,371 | \$ 58,448,089 |

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As of December 31, 2021, the BPU reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ — | \$ 11,521,639 |
| Changes of assumptions | 55,012,598 | — |
| Net difference between projected and actual earnings on pension plan investments | — | 48,623,361 |
| Contributions subsequent to the measurement date | 4,547,136 | — |
| Total | \$ 59,559,734 | \$ 60,145,000 |

The amount reported as deferred outflows of resources as of December 31, 2022, resulting from contributions subsequent to the measurement date of \$4,533,603, will reduce the net pension liability for the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended December 31:

| | |
|------|-----------------|
| 2023 | \$ 2,106,493 |
| 2024 | (10,501,612) |
| 2025 | (9,693,086) |
| 2026 | (4,412,116) |
| | \$ (22,500,321) |

Other Postemployment Benefits

Plan Description

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

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Benefits Policy

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

Funding Policy

The contribution requirements of plan members and the BPU are established and can be amended by the BPU’s Board. The required contribution is based on a pay-as-you-go financing requirement. For the years ended December 31, 2022 and 2021, the BPU paid \$2,873,127 and \$2,533,557, respectively, for retirees medical. GASB Statement 75 does not require funding of the OPEB liability, and the BPU has chosen not to fund it. The BPU funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for postretirement benefits nor are any assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. A schedule of funding progress is included as required supplementary information.

Employees Covered by Benefit Terms

As of January 1, 2022 (the actuarial valuation date), the OPEB plan membership consisted of the following:

| | |
|---|------------|
| Number of Participants | |
| Retirees (with medical coverage) | 110 |
| Retiree Spouses (with medical coverage) | <u>75</u> |
| Total | <u>185</u> |

Total OPEB Liability

2022

The total OPEB liability of \$43,584,221 at December 31, 2022 was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--------------------------|---|
| Discount rate: | 2.26% per annum based on the S&P Municipal Bond 20 Year High Grade Rate Index |
| Salary increases: | 2.50% per annum |

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Healthcare cost trend rate: Medical: 7.50% graded uniformly to 4.50% over 13 years.

Mortality rates were based on the Pub-2010 Amount Weighted Mortality Table base rates projected generationally with scale MP-2021.

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

2021

The total OPEB liability of \$42,856,226 at December 31, 2021 was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Discount rate: 2.26% per annum based on the S&P Municipal Bond 20 Year High Grade Rate Index

Salary increases: 2.50% per annum

Healthcare cost trend rate: Medical: 7.50% graded uniformly to 4.50% over 13 years.

Mortality rates were based on the Pub-2010 Amount Weighted Mortality Table base rates projected generationally with scale MP-2021.

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

Changes in Total OPEB Liability

| | <u>2022</u> | <u>2021</u> |
|--------------------------|----------------------|----------------------|
| Balance at January 1 | \$ 42,856,226 | \$ 50,925,542 |
| Service costs | 2,606,139 | 2,978,629 |
| Interest costs | 994,983 | 1,631,759 |
| Experience losses (gain) | - | (8,065,304) |
| Changes of assumptions | - | (2,080,843) |
| Benefits payments | <u>(2,873,127)</u> | <u>(2,533,557)</u> |
| Net change | <u>727,995</u> | <u>(8,069,316)</u> |
| Balance at December 31 | <u>\$ 43,584,221</u> | <u>\$ 42,856,226</u> |

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

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

The following represents the total OPEB liability for 2022 and 2021, calculated using the stated healthcare cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the assumed trend rate:

| | Healthcare Cost Trend Rates | | |
|-----------------------------|--|--|--|
| | 1% Decrease | Current | 1% Increase |
| | 6.5% decreasing to 3.5% over 13 years | 7.5% decreasing to 4.5% over 13 years | 8.5% decreasing to 5.5% over 13 years |
| Total OPEB Liability - 2022 | \$ 39,103,717 | \$ 43,584,221 | \$ 48,812,953 |
| Total OPEB Liability - 2021 | 38,776,315 | 42,856,226 | 47,609,477 |

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability for 2022 and 2021, calculated using the stated discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

| | 1% Decrease | Current | 1% Increase |
|---------------------------|--------------------|----------------------------------|--------------------|
| | (1.26%) | Discount Rate (2.26%) | (3.26%) |
| Total OPEB Liability-2022 | \$ 46,666,807 | \$ 43,584,221 | \$ 40,701,221 |
| Total OPEB Liability-2021 | 45,942,601 | 42,856,226 | 39,980,855 |

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

The BPU recognized OPEB expense of \$1,145,080 and \$2,154,346 in 2022 and 2021, respectively.

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

The BPU recognized deferred inflows of resources related to OPEB of \$9,038,998 and \$11,495,040 in 2022 and 2021, respectively. See below for the sources as of December 31, 2022:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ — | \$ 5,641,413 |
| Changes of assumptions | — | 3,397,585 |
| | \$ — | \$ 9,038,998 |
| Total | \$ — | \$ 9,038,998 |

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

Year Ended December 31:

| | |
|------|----------------|
| 2023 | \$ (2,456,042) |
| 2024 | (2,456,042) |
| 2025 | (2,033,267) |
| 2026 | (1,610,500) |
| 2027 | (483,147) |
| | \$ (9,038,998) |

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, 2022 and 2021, an asset of \$1,100,000 is within current assets-cash and cash equivalents and a liability of approximately \$1,860,000 and \$1,489,000 as of December 31, 2022 and 2021, respectively, is within current liabilities-workers' compensation reserve in the statements of net position. Claims for worker's compensation in 2022 and 2021 were \$763,100 and \$570,100, respectively.

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

At December 31, 2022 and 2021, an asset of \$1,000,000 is within current assets-cash and cash equivalents and a liability of approximately \$620,000 and \$704,000 as of December 31, 2022 and 2021, respectively, is within current liabilities-public liability in the statements of net position. Public liability and healthcare claims paid were \$11,464,000 and \$12,066,000 as of December 31, 2022 and 2021, respectively.

The BPU is essentially 100% self-insured for healthcare claims and is responsible for the first \$500,000 of general liability and automobile insurance claims. In addition, any general liability or automobile claims greater than \$35,000,000 are the responsibility of the BPU. Settlements did not exceed insurance coverage for the past three years. At December 31, 2022 and 2021, the BPU has established a liability of approximately \$2,481,000 and \$2,193,000 for workers' compensation and public liability reserves, respectively, which is based on estimates of the amounts needed to pay prior and current year claims. The liability is based on the requirement that a liability for claims incurred prior to the statement of net position date be recorded if information related to such claims is available prior to the issuance of the financial statements and the amount of loss can be reasonably estimated. The total amount of claims and judgments is expected to become due within one year.

Changes in the workers' compensation and public liability reserves for 2022, 2021 and 2020 are as follows:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------|---------------------|---------------------|---------------------|
| Beginning accruals | \$ 2,193,000 | \$ 1,814,000 | \$ 1,982,000 |
| Additional accruals | 11,752,000 | 12,445,000 | 12,632,000 |
| Charges for claim payments | <u>(11,464,000)</u> | <u>(12,066,000)</u> | <u>(12,800,000)</u> |
| Ending accruals | <u>\$ 2,481,000</u> | <u>\$ 2,193,000</u> | <u>\$ 1,814,000</u> |

Environmental Compliance

The BPU is subject to substantial regulation of air emissions and control equipment, as well as water, waste, remediation and disposal issues related to operation of its electric generating utilities under federal, state and local environmental laws and regulations. In the last 15 years, federal, state and local agencies have continued to issue regulations applicable to electric generating utilities. The BPU participates in the rulemaking process, including providing comments on rules to assist the agency in identifying areas for improvement and challenging rules, if necessary. The BPU also continues to review and evaluate regulations and implement changes to its processes, if necessary, to maintain compliance.

Board of Public Utilities
Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021 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, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|----------------------------------|-------------|-------------|
| Principal retail customers: | | |
| General Motors Corporation | 3.6% | 2.2% |
| Certainteed Corp | 3.5% | 3.2% |
| Johnson County WaterDistrict # 1 | 2.6% | 2.1% |
| Univ. of Kansas Hosp. Auth. | 2.3% | 2.0% |
| Griffin Wheel Co | 2.3% | 1.9% |
| Total principal retail customers | 14.3% | 11.4% |

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 \$35,876,589 and \$0 as of December 31, 2022 and 2021, 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
Notes to Financial Statements
December 31, 2022 and 2021

- Money market funds of \$5,578,398 and \$28,517,638 as of December 31, 2022 and 2021, respectively, are valued using quoted market prices (Level 1 inputs).

Note 12: Leases

The BPU leases, as a lessor, various tower and pole attachment space to various telecommunication companies, the terms of which expire through 2031. During the years ended December 31, 2022 and 2021, the BPU recognized revenue approximately of \$2,565,000 and \$1,000,000 under the agreements, respectively.

Note 13: Restatement of Prior Year's Financial Statements

Upon the implementation of GASB No. 87, *Leases*, the BPU restated certain financial statement line items on the statement of net position and the statement of revenues, expenses and changes in net position for the year ended December 31, 2021. The adoption of the statement had no material impact on previously reported statement of cash flows.

The following financial statement line items for fiscal year 2021 were affected by the adoption:

| | As Restated | As Previously Reported | Effect of Change |
|--|--------------------|-----------------------------------|-----------------------------|
| Statement of Net Position | | | |
| Prepayments and other current assets | \$ 3,924,625 | \$ 1,967,758 | \$ 1,956,867 |
| Lease receivables | 14,897,622 | — | 14,897,622 |
| Deferred inflows of resources - leases | 16,733,670 | — | 16,733,670 |
| Net position, end of year | 518,920,084 | 518,799,265 | 120,819 |
| Statement of Revenues, Expenses and Changes in Net Position | | | |
| Other nonoperating revenues | 679,899 | 559,080 | 120,819 |
| Unrestricted net position | 68,366,395 | 68,245,576 | 120,819 |

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------------------|----------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ 7,850,152 | \$ 7,280,467 | \$ 7,289,384 | \$ 7,201,941 | \$ 7,440,404 | \$ 7,297,782 | \$ 7,339,629 | \$ 7,560,923 |
| Interest on total pension liability | 38,865,663 | 38,648,801 | 37,017,215 | 38,047,652 | 37,460,630 | 36,679,579 | 38,033,409 | 36,958,326 |
| Difference between expected and actual experience | (2,509,295) | (8,333,009) | (2,307,726) | (7,318,385) | (10,311,840) | (14,572,637) | (9,622,386) | - |
| Assumption changes | 1,666,254 | 56,495,556 | 13,177,439 | 13,089,347 | 5,161,410 | 12,331,048 | (21,130,167) | - |
| Benefit payments, including member refunds | (33,805,491) | (33,386,080) | (33,456,312) | (32,627,516) | (32,206,227) | (31,747,866) | (31,346,590) | (30,832,788) |
| Net change in total pension liability | 12,067,283 | 60,705,735 | 21,720,000 | 18,393,039 | 7,544,377 | 9,987,906 | (16,726,105) | 13,686,761 |
| Total pension liability, beginning | 592,414,344 | 531,708,609 | 509,988,609 | 491,595,570 | 484,051,193 | 474,063,287 | 490,789,392 | 477,102,631 |
| Total pension liability, ending (a) | <u>\$604,481,627</u> | <u>\$592,414,344</u> | <u>\$531,708,609</u> | <u>\$509,988,609</u> | <u>\$491,595,570</u> | <u>\$484,051,193</u> | <u>\$474,063,287</u> | <u>\$490,789,392</u> |
| Plan Fiduciary Net Position | | | | | | | | |
| Employer contributions | \$ 4,547,136 | \$ 4,491,136 | \$ 4,349,056 | \$ 4,398,226 | \$ 4,250,560 | \$ 4,252,025 | \$ 4,172,968 | \$ 4,278,318 |
| Employee contributions | 4,547,136 | 4,491,136 | 4,349,056 | 4,398,226 | 4,250,560 | 4,252,025 | 4,172,968 | 4,278,318 |
| Net investment income (loss) | 61,147,813 | 77,987,680 | 86,777,876 | (12,362,654) | 74,677,580 | 27,612,362 | 3,875,505 | 27,423,709 |
| Benefit payments, including member refunds | (33,805,491) | (33,386,080) | (33,456,312) | (32,627,516) | (32,206,227) | (31,747,866) | (31,346,590) | (30,832,788) |
| Administrative expenses | (739,852) | (445,527) | (472,986) | (550,640) | (461,577) | (371,417) | (332,625) | (338,801) |
| Net change in plan fiduciary net position | 35,696,742 | 53,138,345 | 61,546,690 | (36,744,358) | 50,510,896 | 3,997,129 | (19,457,774) | 4,808,756 |
| Plan fiduciary net position, beginning | 592,052,776 | 538,914,431 | 477,367,740 | 514,112,098 | 463,601,202 | 459,604,073 | 479,061,847 | 474,253,091 |
| Plan fiduciary net position, ending (b) | <u>\$627,749,518</u> | <u>\$592,052,776</u> | <u>\$538,914,430</u> | <u>\$477,367,740</u> | <u>\$514,112,098</u> | <u>\$463,601,202</u> | <u>\$459,604,073</u> | <u>\$479,061,847</u> |
| Net pension liability, ending (a) - (b) | <u>\$ (23,267,891)</u> | <u>\$ 361,568</u> | <u>\$ (7,205,821)</u> | <u>\$ 32,620,869</u> | <u>\$ (22,516,528)</u> | <u>\$ 20,449,991</u> | <u>\$ 14,459,214</u> | <u>\$ 11,727,545</u> |
| Fiduciary net position as a percentage of the total pension liability | 103.85% | 99.94% | 101.36% | 93.60% | 104.58% | 95.78% | 96.95% | 97.61% |
| Covered payroll | \$ 53,495,722 | \$ 52,836,899 | \$ 52,494,578 | \$ 51,909,688 | \$ 50,272,605 | \$ 50,070,440 | \$ 50,400,000 | \$ 49,091,000 |
| Net pension liability as a percentage of covered payroll | -43.49% | 0.68% | -13.73% | 62.84% | -44.79% | 40.84% | 28.69% | 23.89% |

(Continued)

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

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

Changes of actuarial assumptions and methods:

- In 2022, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2022 and 3% thereafter to 1.9% for 2022, 2.5% for 2023, and 3% thereafter, for TPL purposes only.
- In 2021, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2020 and 3% thereafter to 1% through 2022 and 3% thereafter, for TPL purposes only.
- In 2021, the inflation assumption was decreased from 2.60% to 2.35%.
- In 2021, the investment return assumption was decreased from 7.5% to 6.75%.
- In 2021, the general wage growth assumption was decreased from 3.35% to 3.10%.
- In 2021, the covered payroll growth assumption was decreased from 3.25% to 3.00%.
- In 2021, the interest crediting rate assumption for contribution account balances was decreased from 3.5% to 3.35%.
- In 2021, the mortality assumption was changed to the Pub-2010 General Median Mortality Tables with future mortality improvements modeled using Scale MP-2020.
- In 2021, the individual salary increase assumption was modified to reflect the lower general wage increase assumption of 3.10%. In addition, the merit salary increase assumption was changed to a service-based table.
- In 2021, the asset smoothing method was modified to use a closed 5-year smoothing period instead of a closed 8-year period. The corridor was eliminated.
- In 2020, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2022 and 3% thereafter to 1% through 2020 and 3% thereafter, for TPL purposes only.
- In 2019, the inflation assumption was decreased from 3.10% to 2.60%.
- In 2019, the investment return assumption was decreased from 8.0% to 7.5%.

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

- In 2019, the general wage growth assumption was decreased from 4.0% to 3.35%.
- In 2019, the covered payroll growth assumption was decreased from 4.0% to 3.25%.
- In 2019, the interest crediting rate assumption for contribution account balances was decreased from 4.0% to 3.5%.
- In 2019, the mortality assumption was changed to the RP-2014 Blue Collar Mortality Table with future mortality improvements modeled using Scale MP-2017.
- In 2019, retirement rates were adjusted to better reflect actual experience.
- In 2019, termination rates were changed from age-based, sex-distinct assumption to a service-based, unisex assumption.
- In 2019, the individual salary increase assumption was modified to reflect the lower general wage increase assumption of 3.35%. In addition, the merit salary increase assumption was adjusted to reflect higher salary increases at younger ages.
- In 2019, the administration expense assumption was increased from 0.60% of pay to 0.70% of pay.
- In 2019, the amortization method for the unfunded actuarial liability (UAL) was changed to a “layered” amortization approach. The UAL as of January 1, 2019 will continue to be amortized according to the current schedule. New amortization bases will be created on each subsequent valuation date equal to the difference between the actual and expected UAL, with payments calculated using a closed 20-year period as a level-percent of payroll. A new amortization base will also be created when actuarial assumptions are changed or the benefit structure is modified. An appropriate period will be determined by the Board for these events, after discussion with the actuary.
- In 2018, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2022 and 3% thereafter to 1% through 2021 and 3% thereafter, for TPL purposes only.
- In 2017, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2025 and 3% thereafter to 1% through 2022 and 3% thereafter for TPL purposes only.
- In 2016, the assumed COLA for post January 1, 1993 retirees was changed from 1% through 2020 and 3% thereafter to 1% through 2025 and 3% thereafter for TPL purposes only.

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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution | \$ 6,256 | \$ 8,030 | \$ 4,084 | \$ 5,561 | \$ 6,458 | \$ 5,781 | \$ 7,263 | \$ 7,428 | \$ 7,887 | \$ 8,398 |
| Actual employer contributions | 4,534 | 4,547 | 4,491 | 4,462 | 4,398 | 4,251 | 4,252 | 4,173 | 4,278 | 4,269 |
| Contribution deficiency (excess) | \$ 1,723 | \$ 3,483 | \$ (407) | \$ 1,099 | \$ 2,060 | \$ 1,530 | \$ 3,011 | \$ 3,255 | \$ 3,609 | \$ 4,129 |
| Covered payroll | \$ 53,337 | \$ 53,496 | \$ 52,837 | \$ 52,494 | \$ 51,910 | \$ 50,273 | \$ 50,070 | \$ 49,091 | \$ 50,128 | \$ 50,792 |
| Contribution as a percentage of covered payroll | 8.50% | 8.50% | 8.50% | 8.50% | 8.47% | 8.46% | 8.49% | 8.50% | 8.53% | 8.41% |

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, 2022):

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal cost |
| Amortization method | Level percentage of payroll, closed, |
| Remaining amortization period | Layered bases having 17-20 years remaining |
| Asset valuation method | 5-year smoothed fair value |
| Inflation | 2.35 percent |
| Salary increases | 3.10 to 6.10 percent |
| Investment rate of return | 6.75 percent |
| Cost-of-living adjustments | 3.00 percent |

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

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

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 2,606,139 | \$ 2,978,629 | \$ 2,864,066 | \$ 2,777,950 | \$ 2,689,238 |
| Interest on total OPEB liability | 994,983 | 1,631,759 | 1,531,224 | 1,677,527 | 1,617,127 |
| Experience losses (gains) | - | (8,065,304) | - | (294,584) | - |
| Changes of assumptions | - | (2,080,843) | - | (5,201,435) | - |
| Benefit Payments/Refunds | (2,873,127) | (2,533,557) | (3,765,029) | (3,651,823) | (3,825,597) |
| Net change in total OPEB liability | 727,995 | (8,069,316) | 630,261 | (4,692,365) | 480,768 |
| Total OPEB liability, beginning | 42,856,226 | 50,925,542 | 50,295,281 | 54,987,646 | 54,506,878 |
| Total OPEB liability, ending | <u>\$ 43,584,221</u> | <u>\$ 42,856,226</u> | <u>\$ 50,925,542</u> | <u>\$ 50,295,281</u> | <u>\$ 54,987,646</u> |
| Covered employee payroll | \$ 44,821,400 | \$ 43,728,195 | \$ 48,912,628 | \$ 47,719,637 | \$ 48,709,400 |
| Total OPEB liability as a percentage of covered employee payroll | 97.24% | 98.01% | 104.12% | 105.40% | 112.89% |

Notes to Schedule:

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

Changes of benefit terms: There were no changes of benefit terms in 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in 2022.

Changes of plan provisions, actuarial assumptions and actuarial methods: There were no changes of plan provisions, actuarial assumptions and actuarial methods in 2022.

Changes of plan provisions, actuarial assumptions and actuarial methods in 2021:

- The discount rate decreased to 2.26% from 3.10%.
- The mortality improvement rates were updated to the PUB-2010 Amount Weighted Mortality Table base rates with scale MP-2021.
- The medical trend was updated to 7.50% graded uniformly to 4.50% over 13 years.

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

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

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

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

Board of Public Utilities
Combining Statements of Net Position
December 31, 2022 and 2021

| Assets and Deferred Outflows of Resources | Electric | | Water | | Total Utility | |
|---|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current assets: | | (as restated) | | (as restated) | | (as restated) |
| Cash and cash equivalents | \$ 5,477,835 | \$ 25,769,100 | \$ 19,278,056 | \$ 18,568,809 | \$ 24,755,891 | \$ 44,337,909 |
| Investments | 19,808,027 | — | — | — | 19,808,027 | — |
| Cash and cash equivalents – restricted | 9,104,664 | 22,381,386 | 2,006,288 | 4,792,203 | 11,110,952 | 27,173,589 |
| Investments – restricted | 13,574,386 | — | 2,756,174 | — | 16,330,560 | — |
| Accounts receivable – customers and other | 28,529,670 | 23,179,367 | 3,925,613 | 3,682,510 | 32,455,283 | 26,861,877 |
| Accounts receivable – unbilled | 13,371,654 | 11,474,649 | 2,652,575 | 2,736,987 | 16,024,229 | 14,211,636 |
| Allowance for doubtful accounts | (146,535) | (290,026) | (74,994) | (35,065) | (221,529) | (325,091) |
| Inventories | 27,224,825 | 22,006,193 | 3,240,019 | 2,639,421 | 30,464,844 | 24,645,614 |
| Regulatory assets | 14,781,274 | 2,312,998 | — | — | 14,781,274 | 2,312,998 |
| Prepayments and other current assets | 3,841,599 | 3,873,887 | 60,841 | 50,738 | 3,902,440 | 3,924,625 |
| Total current assets | <u>135,567,399</u> | <u>110,707,554</u> | <u>33,844,572</u> | <u>32,435,603</u> | <u>169,411,971</u> | <u>143,143,157</u> |
| Noncurrent assets: | | | | | | |
| Property, plant, and equipment | 1,497,721,959 | 1,446,941,596 | 432,622,422 | 423,837,332 | 1,930,344,381 | 1,870,778,928 |
| Less accumulated depreciation | <u>(768,325,820)</u> | <u>(739,658,404)</u> | <u>(171,072,518)</u> | <u>(162,847,109)</u> | <u>(939,398,338)</u> | <u>(902,505,513)</u> |
| Plant in service, net | 729,396,139 | 707,283,192 | 261,549,904 | 260,990,223 | 990,946,043 | 968,273,415 |
| Construction work in progress | 64,165,794 | 89,336,557 | 21,590,062 | 14,823,132 | 85,755,856 | 104,159,689 |
| Capital assets, net | <u>793,561,933</u> | <u>796,619,749</u> | <u>283,139,966</u> | <u>275,813,355</u> | <u>1,076,701,899</u> | <u>1,072,433,104</u> |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 2,623,016 | 9,624,250 | 150,000 | 150,000 | 2,773,016 | 9,774,250 |
| Investments | 249,000 | 249,000 | — | — | 249,000 | 249,000 |
| Net pension asset | 18,614,313 | — | 4,653,578 | — | 23,267,891 | — |
| Total restricted assets | <u>21,486,329</u> | <u>9,873,250</u> | <u>4,803,578</u> | <u>150,000</u> | <u>26,289,907</u> | <u>10,023,250</u> |
| System development costs | 609,927 | 496,971 | 90,002 | 65,002 | 699,929 | 561,973 |
| Regulatory assets | 62,526,966 | 66,205,022 | — | — | 62,526,966 | 66,205,022 |
| Lease receivables | 13,016,013 | 14,897,622 | — | — | 13,016,013 | 14,897,622 |
| Total noncurrent assets | <u>891,201,168</u> | <u>888,092,614</u> | <u>288,033,546</u> | <u>276,028,357</u> | <u>1,179,234,714</u> | <u>1,164,120,971</u> |
| Total assets | <u>1,026,768,567</u> | <u>998,800,168</u> | <u>321,878,118</u> | <u>308,463,960</u> | <u>1,348,646,685</u> | <u>1,307,264,128</u> |
| Deferred outflows of resources: | | | | | | |
| Deferred loss on bond refunding | 4,299,675 | 5,184,146 | 707,311 | 942,349 | 5,006,986 | 6,126,495 |
| Deferred outflows - pension | 32,364,027 | 47,626,718 | 8,117,344 | 11,933,016 | 40,481,371 | 59,559,734 |
| Total deferred outflows of resources | <u>36,663,702</u> | <u>52,810,864</u> | <u>8,824,655</u> | <u>12,875,365</u> | <u>45,488,357</u> | <u>65,686,229</u> |
| Total assets and deferred outflows of resources | <u>\$ 1,063,432,269</u> | <u>\$ 1,051,611,032</u> | <u>\$ 330,702,773</u> | <u>\$ 321,339,325</u> | <u>\$ 1,394,135,042</u> | <u>\$ 1,372,950,357</u> |

Board of Public Utilities
Combining Statements of Net Position
December 31, 2022 and 2021

| Liabilities, Deferred Inflows of Resources, and Net Position | Electric | | Water | | Total Utility | |
|---|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | (as restated) | | (as restated) | | (as restated) | |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Current maturities of revenue bonds | \$ 20,339,000 | \$ 19,228,900 | \$ 7,161,000 | \$ 7,131,100 | \$ 27,500,000 | \$ 26,360,000 |
| Current maturities of government loans | 233,165 | 226,546 | 2,993,031 | 2,899,576 | 3,226,196 | 3,126,122 |
| Accrued interest | 6,472,294 | 6,784,705 | 355,867 | 423,727 | 6,828,161 | 7,208,432 |
| Customer deposits | 6,003,034 | 5,888,042 | 1,313,535 | 1,291,159 | 7,316,569 | 7,179,201 |
| Accounts payable | 25,949,694 | 23,427,073 | 5,765,439 | 2,488,449 | 31,715,133 | 25,915,522 |
| Payroll and payroll taxes | 592,446 | 1,073,291 | 1,784,335 | 1,705,707 | 2,376,781 | 2,778,998 |
| Accrued claims payable | 794,053 | 1,034,053 | — | — | 794,053 | 1,034,053 |
| Workers compensation reserve | 1,410,198 | 1,115,803 | 449,807 | 373,578 | 1,860,005 | 1,489,381 |
| Public liability reserve | 430,412 | 522,943 | 190,134 | 180,716 | 620,546 | 703,659 |
| Other accrued liabilities | 8,242,518 | 7,236,052 | 64,756 | 53,738 | 8,307,274 | 7,289,790 |
| Payment-in-lieu of taxes | 2,606,121 | 2,098,276 | 435,504 | 412,013 | 3,041,625 | 2,510,289 |
| Construction contract retainage payable | 33,582 | 195,178 | 225,185 | 45,616 | 258,767 | 240,794 |
| Interdepartmental balances | (37,597,507) | (34,231,247) | 37,597,507 | 34,231,247 | — | — |
| Total current liabilities | <u>35,509,010</u> | <u>34,599,615</u> | <u>58,336,100</u> | <u>51,236,626</u> | <u>93,845,110</u> | <u>85,836,241</u> |
| Noncurrent liabilities: | | | | | | |
| Long-term debt – revenue bonds | 529,203,680 | 551,189,603 | 45,150,088 | 52,444,363 | 574,353,768 | 603,633,966 |
| Government loans | 2,284,008 | 2,517,174 | 21,375,809 | 22,414,882 | 23,659,817 | 24,932,056 |
| Total long-term debt | <u>531,487,688</u> | <u>553,706,777</u> | <u>66,525,897</u> | <u>74,859,245</u> | <u>598,013,585</u> | <u>628,566,022</u> |
| Total other postemployment benefit liability | 34,867,377 | 34,284,981 | 8,716,844 | 8,571,245 | 43,584,221 | 42,856,226 |
| Reserve for compensated absences | 6,474,601 | 6,269,131 | 967,469 | 936,767 | 7,442,070 | 7,205,898 |
| Net pension liability | — | 289,254 | — | 72,314 | — | 361,568 |
| Noncurrent liabilities | <u>572,829,666</u> | <u>594,550,143</u> | <u>76,210,210</u> | <u>84,439,571</u> | <u>649,039,876</u> | <u>678,989,714</u> |
| Total liabilities | <u>608,338,676</u> | <u>629,149,758</u> | <u>134,546,310</u> | <u>135,676,197</u> | <u>742,884,986</u> | <u>764,825,955</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred gain on bond refundings | 580,536 | 652,483 | 157,803 | 178,125 | 738,339 | 830,608 |
| Recovery fuel purchased power | — | — | — | — | — | — |
| Deferred Inflows - Pension | 46,758,471 | 48,116,000 | 11,689,618 | 12,029,000 | 58,448,089 | 60,145,000 |
| Deferred Inflows - OPEB | 7,231,198 | 9,196,032 | 1,807,800 | 2,299,008 | 9,038,998 | 11,495,040 |
| Deferred Inflows - Leases | 14,754,757 | 16,733,669 | — | — | 14,754,757 | 16,733,669 |
| Total deferred inflows of resources | <u>69,324,962</u> | <u>74,698,184</u> | <u>13,655,221</u> | <u>14,506,133</u> | <u>82,980,183</u> | <u>89,204,317</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 244,227,980 | 236,317,259 | 206,784,362 | 191,642,042 | 451,012,342 | 427,959,301 |
| Restricted - debt service | 18,906,015 | 18,723,344 | 3,818,928 | 3,871,044 | 22,724,943 | 22,594,388 |
| Restricted - net pension asset | 18,614,313 | — | 4,653,578 | — | 23,267,891 | — |
| Unrestricted | 104,020,323 | 92,722,487 | (32,755,626) | (24,356,091) | 71,264,697 | 68,366,396 |
| Total net position | <u>385,768,631</u> | <u>347,763,090</u> | <u>182,501,242</u> | <u>171,156,995</u> | <u>568,269,873</u> | <u>518,920,085</u> |
| Total liabilities, deferred inflows of resources & net position | <u>\$ 1,063,432,269</u> | <u>\$ 1,051,611,032</u> | <u>\$ 330,702,773</u> | <u>\$ 321,339,325</u> | <u>\$ 1,394,135,042</u> | <u>\$ 1,372,950,357</u> |

Board of Public Utilities
Combining Statements of Revenues, Expenses and Change in Net Position
Years Ended December 31, 2022 and 2021

| | Electric | | Water | | Total Utility | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Operating revenues: | | (as restated) | | (as restated) | | (as restated) |
| Residential | \$ 85,641,891 | \$ 74,259,513 | \$ 24,749,255 | \$ 24,577,516 | \$ 110,391,146 | \$ 98,837,029 |
| Commercial | 115,324,995 | 93,894,764 | 11,642,371 | 10,975,076 | 126,967,366 | 104,869,840 |
| Industrial | 51,528,923 | 39,501,911 | 6,204,262 | 5,711,408 | 57,733,185 | 45,213,319 |
| Other | 35,736,849 | 62,152,399 | 4,708,835 | 4,264,119 | 40,445,684 | 66,416,518 |
| Energy rate component recovery | 12,468,276 | 2,312,998 | — | — | 12,468,276 | 2,312,998 |
| Payment-in-lieu of taxes | 31,554,468 | 26,316,288 | 5,519,426 | 5,398,932 | 37,073,894 | 31,715,220 |
| Total operating revenues | <u>332,255,402</u> | <u>298,437,873</u> | <u>52,824,149</u> | <u>50,927,051</u> | <u>385,079,551</u> | <u>349,364,924</u> |
| Operating expenses: | | | | | | |
| Fuel | 55,754,914 | 47,845,256 | — | — | 55,754,914 | 47,845,256 |
| Purchased power | 67,452,166 | 58,012,729 | — | — | 67,452,166 | 58,012,729 |
| Production | 36,780,229 | 34,296,391 | 5,662,278 | 5,694,347 | 42,442,507 | 39,990,738 |
| Transmission and distribution | 31,442,950 | 31,660,162 | 14,802,057 | 14,634,679 | 46,245,007 | 46,294,841 |
| General and administrative | 19,759,749 | 22,148,340 | 6,869,273 | 7,574,573 | 26,629,022 | 29,722,913 |
| Depreciation and amortization | 32,941,288 | 30,685,559 | 8,311,849 | 8,371,034 | 41,253,137 | 39,056,593 |
| Total operating expenses | <u>244,131,296</u> | <u>224,648,437</u> | <u>35,645,457</u> | <u>36,274,633</u> | <u>279,776,753</u> | <u>260,923,070</u> |
| Operating income | <u>88,124,106</u> | <u>73,789,436</u> | <u>17,178,692</u> | <u>14,652,418</u> | <u>105,302,798</u> | <u>88,441,854</u> |
| Nonoperating revenues (expense): | | | | | | |
| Interest expense | (20,135,886) | (21,217,800) | (1,893,403) | (2,295,427) | (22,029,289) | (23,513,227) |
| Payment-in-lieu of taxes | (31,554,468) | (26,316,288) | (5,519,426) | (5,398,932) | (37,073,894) | (31,715,220) |
| Other | 1,571,789 | 631,225 | 216,073 | 48,674 | 1,787,862 | 679,899 |
| Total nonoperating expenses, net | <u>(50,118,565)</u> | <u>(46,902,863)</u> | <u>(7,196,756)</u> | <u>(7,645,685)</u> | <u>(57,315,321)</u> | <u>(54,548,548)</u> |
| Income before contributions and transfers | 38,005,541 | 26,886,573 | 9,981,936 | 7,006,733 | 47,987,477 | 33,893,306 |
| Contributions and transfers: | | | | | | |
| Contributions from developers and others | — | — | 1,362,312 | 952,442 | 1,362,312 | 952,442 |
| Change in net position | 38,005,541 | 26,886,573 | 11,344,248 | 7,959,175 | 49,349,789 | 34,845,748 |
| Net Position, beginning of year, as restated | <u>347,763,090</u> | <u>320,876,517</u> | <u>171,156,994</u> | <u>163,197,820</u> | <u>518,920,084</u> | <u>484,074,337</u> |
| Net Position, end of year | <u>\$ 385,768,631</u> | <u>\$ 347,763,090</u> | <u>\$ 182,501,242</u> | <u>\$ 171,156,995</u> | <u>\$ 568,269,873</u> | <u>\$ 518,920,085</u> |



Statistical Section (Unaudited)

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

| <i>Contents</i> | Page |
|---|------|
| <u>Financial Trends</u> | 83 |
| 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> | 85 |
| These schedules contain information to help the reader assess the utility's most significant local revenue source. | |
| <u>Debt Capacity</u> | 87 |
| 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> | 90 |
| 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> | 95 |
| 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. | |

Financial Trends



Board of Public Utilities

Net Position By Component Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Investment in Capital Assets: | | | | | | | | | | |
| Capital assets, net of depreciation | \$ 840,462,907 | \$ 866,886,249 | \$ 937,144,580 | \$ 1,056,866,885 | \$ 1,085,876,104 | \$ 1,106,310,690 | \$ 1,128,250,318 | \$ 1,069,848,798 | \$ 1,072,433,104 | \$ 1,076,701,900 |
| Bonds and notes payable: | | | | | | | | | | |
| Principal, long term | (448,634,819) | (467,692,007) | (523,972,467) | (611,647,461) | (645,044,993) | (640,847,083) | (635,790,263) | (620,231,173) | (595,110,716) | (572,831,752) |
| Government Loans | (25,897,005) | (30,415,148) | (31,193,378) | (31,425,644) | (32,076,338) | (31,553,635) | (31,086,167) | (28,058,177) | (24,932,056) | (23,659,817) |
| Capital Leases | (690,070) | (854,126) | (2,261,192) | (1,003,499) | - | - | - | - | - | - |
| Principal, current | (19,030,000) | (18,230,000) | (19,340,000) | (19,995,000) | (20,735,000) | (23,885,000) | (24,700,000) | (25,395,000) | (26,360,000) | (27,500,000) |
| Government Loans, current | (1,688,935) | (1,748,714) | (2,081,722) | (2,650,896) | (2,734,035) | (2,821,191) | (2,935,102) | (3,372,052) | (3,126,122) | (3,226,196) |
| Capital Leases, current | (321,746) | (600,093) | (1,551,182) | (1,257,694) | (1,003,499) | - | - | - | - | - |
| Retainage Liability | - | - | - | (17,645,683) | (1,020,187) | (1,949,083) | (1,753,890) | (1,346,228) | (240,796) | (258,767) |
| Capital Assets in Accounts Payable | | | | | | | | | | (2,481,673) |
| Deferred Outflow of Resources | 7,012,191 | 13,379,768 | 12,226,051 | 14,478,732 | 12,990,591 | 11,502,447 | 10,014,303 | 7,246,003 | 6,126,495 | 5,006,986 |
| Deferred Inflow of Resources | | | | | | | | (922,878) | (830,608) | (738,339) |
| Total Net Investment in Capital Assets: | \$ 351,212,523 | \$ 360,725,929 | \$ 368,970,690 | \$ 385,719,740 | \$ 396,252,643 | \$ 416,757,145 | \$ 441,999,199 | \$ 397,769,293 | \$ 427,959,301 | \$ 451,012,342 |
| Restricted Net Position (A) | | | | | | | | | | |
| Bond covenant requirements | \$ 46,162,140 | \$ 135,307,603 | \$ 53,414,286 | \$ 140,494,752 | \$ 84,472,520 | \$ 62,681,627 | \$ 39,646,700 | \$ 33,880,894 | \$ 31,117,638 | \$ 24,246,959 |
| Bond proceeds designated for project construction (B) | 25,458,437 | (109,205,755) | (31,487,584) | (117,521,257) | (60,256,043) | (37,436,271) | (14,660,410) | (11,542,992) | (8,523,250) | (1,522,016) |
| Bond principal unspent | (25,458,437) | - | - | - | - | - | - | - | - | - |
| Funds segregated under City Ordinance due to | 3,612,072 | 3,796,842 | 4,103,492 | 4,118,734 | 5,449,008 | 6,733,792 | 6,965,610 | 7,351,651 | 7,179,201 | 7,316,569 |
| Liability for customer deposits | (3,612,072) | (3,796,842) | (4,103,492) | (4,194,474) | (5,449,008) | (6,733,792) | (6,965,610) | (7,351,651) | (7,179,201) | (7,316,569) |
| Net Pension Asset | - | - | - | - | - | 22,516,528 | - | 7,205,822 | - | 23,267,891 |
| Total Restricted Net Position | \$ 46,162,140 | \$ 26,101,848 | \$ 21,926,702 | \$ 22,897,755 | \$ 24,216,477 | \$ 47,761,884 | \$ 24,986,290 | \$ 29,543,724 | \$ 22,594,388 | \$ 45,992,834 |
| Unrestricted Net Position | | | | | | | | | | |
| Other designated funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Reserve funds | - | - | - | - | - | - | - | - | - | - |
| Funds held for future improvements | - | - | - | - | - | - | - | - | - | - |
| Project construction accounts | - | - | - | - | - | - | - | - | - | - |
| Unrestricted - Other | 18,906,563 | 37,943,638 | 53,521,776 | 36,556,998 | 38,174,218 | (11,935,046) | 1,786,661 | 56,761,319 | 68,366,395 | 71,264,697 |
| Total Unrestricted Net Position | \$ 18,906,563 | \$ 37,943,638 | \$ 53,521,776 | \$ 36,556,998 | \$ 38,174,218 | \$ (11,935,046) | \$ 1,786,661 | \$ 56,761,319 | \$ 68,366,395 | \$ 71,264,697 |
| Total Net Position | \$ 416,281,226 | \$ 424,771,415 | \$ 444,419,168 | \$ 445,174,493 | \$ 458,643,338 | \$ 452,583,983 | \$ 468,772,150 | \$ 484,074,336 | \$ 518,920,084 | \$ 568,269,873 |

Footnote A

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

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

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

Footnote B

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

Amounts for 2021 were restated for the adoption of GASB 87. Amounts prior to 2021 were not restated.

Board of Public Utilities

Combined Operating Statements Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | | | | | | | | | | |
| Residential | \$ 86,654,645 | \$ 89,816,917 | \$ 86,380,759 | \$ 89,793,663 | \$ 96,264,382 | \$ 106,047,470 | \$ 99,988,671 | \$ 99,892,366 | \$ 98,837,029 | \$ 110,391,146 |
| Commercial | 99,649,009 | 104,306,455 | 101,468,567 | 101,480,393 | 113,608,013 | 118,435,681 | 112,966,497 | 107,334,998 | 104,869,840 | 126,967,366 |
| Industrial | 44,178,102 | 47,842,971 | 50,923,573 | 50,595,037 | 54,653,921 | 57,246,465 | 55,539,127 | 52,532,940 | 45,213,319 | 57,733,185 |
| Other | 28,305,763 | 43,412,193 | 35,805,009 | 28,665,489 | 20,278,405 | 38,572,604 | 34,554,724 | 25,444,107 | 66,416,519 | 40,445,684 |
| Deferred Energy Rate Component | 1,296,801 | (5,129,895) | (2,112,487) | 171,983 | (171,983) | - | - | - | 2,312,998 | 12,468,276 |
| Payment-in-lieu of taxes | 27,333,943 | 31,291,744 | 30,658,851 | 30,336,724 | 32,673,555 | 35,490,480 | 34,116,534 | 32,687,316 | 31,715,220 | 37,073,894 |
| Total Operating Revenues | 287,418,263 | 311,540,385 | 303,124,272 | 301,043,289 | 317,306,293 | 355,792,700 | 337,165,553 | 317,891,727 | 349,364,925 | 385,079,551 |
| Operating Expenses | | | | | | | | | | |
| Production | (1) 122,778,881 | 139,651,369 | 118,860,432 | 127,789,644 | 135,704,266 | 146,034,208 | 135,534,744 | 129,396,973 | 145,848,723 | 165,649,587 |
| Transmission & Distribution | 42,336,766 | 41,865,301 | 47,304,341 | 47,459,564 | 45,780,972 | 48,593,280 | 52,260,989 | 45,129,256 | 46,294,841 | 46,245,007 |
| General and Administrative | 31,747,806 | 34,179,058 | 35,096,181 | 34,997,762 | 32,584,960 | 24,375,263 | 34,962,802 | 31,199,100 | 29,722,913 | 26,629,022 |
| Depreciation & Amortization | 33,613,655 | 32,939,640 | 47,538,375 | 36,436,756 | 31,608,943 | 36,110,255 | 35,835,585 | 37,473,399 | 39,056,593 | 41,253,137 |
| Total Operating Expense | 230,477,108 | 248,635,368 | 248,799,329 | 246,683,726 | 245,679,141 | 255,113,006 | 258,594,120 | 243,198,728 | 260,923,070 | 279,776,753 |
| Operating Income | 56,941,155 | 62,905,017 | 54,324,943 | 54,359,563 | 71,627,152 | 100,679,694 | 78,571,433 | 74,692,999 | 88,441,855 | 105,302,798 |
| Interest Income/(Expense) | (2) (19,509,494) | (23,329,806) | (23,725,356) | (23,497,562) | (25,705,028) | (26,484,517) | (28,593,656) | (27,778,968) | (22,833,328) | (20,241,428) |
| Payment-in-lieu of taxes | (27,333,943) | (31,291,744) | (30,658,851) | (30,336,724) | (32,673,555) | (35,490,480) | (34,116,534) | (32,687,316) | (31,715,220) | (37,073,894) |
| Nonoperating Income/(Expense) | (46,843,437) | (54,621,550) | (54,384,206) | (53,834,286) | (58,378,583) | (61,974,997) | (62,710,190) | (60,466,284) | (54,548,548) | (57,315,322) |
| Income/Loss | 10,097,718 | 8,283,467 | (59,263) | 525,277 | 13,248,569 | 38,704,697 | 15,861,243 | 14,226,715 | 33,893,307 | 47,987,476 |
| Contributions | 234,557 | 206,722 | 951,950 | 230,046 | 220,273 | - | 326,924 | 1,075,471 | 952,442 | 1,362,312 |
| Change In Net Position | \$ 10,332,275 | \$ 8,490,189 | \$ 892,687 | \$ 755,323 | \$ 13,468,842 | \$ 38,704,697 | \$ 16,188,167 | \$ 15,302,186 | \$ 34,845,749 | \$ 49,349,788 |

Footnotes:

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

Amounts for 2021 were restated for the adoption of GASB 87. Amounts prior to 2021 were not restated.

Revenue Capacity



Board of Public Utilities

ELECTRIC UTILITY SYSTEMS SALES

LAST TEN FISCAL YEARS

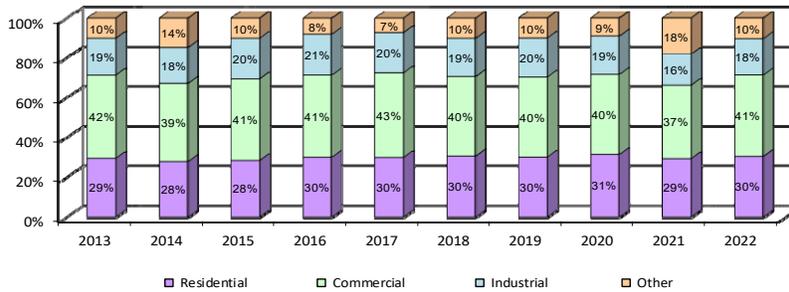
| Residential | | | | | | | Commercial | | | | | | |
|-------------|---------------|-------------|-----------|-------------|---------------------|--------------------|------------|-------------|---------------|-----------|-------------|---------------------|--------------------|
| | Dollars/\$s | (Kwh) | Customers | Average kWh | Average Monthly kWh | Average Sales /\$s | | Dollars/\$s | (Kwh) | Customers | Average kWh | Average Monthly kWh | Average Sales /\$s |
| 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 | 11,822 | \$ 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 | 11,754 | \$ 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 | 11,659 | \$ 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 | 11,899 | \$ 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 | 11,760 | \$ 14,974.76 |
| 2018 | \$ 81,811,709 | 615,850,423 | 58,556 | 10,517 | 876 | \$ 1,397.15 | \$ | 106,882,111 | 1,031,359,796 | 6,837 | 150,850 | 12,571 | \$ 15,632.90 |
| 2019 | \$ 75,952,160 | 585,778,805 | 58,907 | 9,944 | 829 | \$ 1,289.36 | \$ | 101,781,643 | 964,951,084 | 6,799 | 141,925 | 11,827 | \$ 14,970.09 |
| 2020 | \$ 75,024,142 | 582,140,237 | 59,493 | 9,785 | 815 | \$ 1,261.06 | \$ | 96,258,037 | 907,606,621 | 6,833 | 132,827 | 11,069 | \$ 14,087.23 |
| 2021 | \$ 74,240,513 | 598,542,538 | 59,786 | 10,011 | 834 | \$ 1,241.77 | \$ | 93,894,764 | 958,610,707 | 6,901 | 138,909 | 11,576 | \$ 13,605.96 |
| 2022 | \$ 85,641,891 | 602,404,017 | 60,117 | 10,021 | 835 | \$ 1,424.59 | \$ | 115,324,995 | 1,001,706,441 | 6,943 | 144,276 | 12,023 | \$ 16,610.25 |

| Industrial | | | | | | | Other* | | | | | | |
|------------|---------------|-------------|-----------|-------------|---------------------|--------------------|--------|-------------|-------------|-----------|-------------|---------------------|--------------------|
| | Dollars/\$s | (Kwh) | Customers | Average kWh | Average Monthly kWh | Average Sales /\$s | | Dollars/\$s | (Kwh) | Customers | Average kWh | Average Monthly kWh | Average Sales /\$s |
| 2013 | \$ 39,454,295 | 539,561,698 | 90 | 5,995,130 | 499,594 | \$ 438,381.06 | \$ | 21,028,399 | 264,080,917 | 203 | 1,300,891 | 108,408 | \$ 103,588.17 |
| 2014 | \$ 42,828,672 | 554,090,099 | 90 | 6,156,557 | 513,046 | \$ 475,874.13 | \$ | 34,251,771 | 397,969,989 | 199 | 1,999,849 | 166,654 | \$ 172,119.45 |
| 2015 | \$ 45,014,967 | 622,671,779 | 88 | 7,075,816 | 589,651 | \$ 511,533.72 | \$ | 21,934,068 | 352,047,700 | 195 | 1,805,373 | 150,448 | \$ 112,482.40 |
| 2016 | \$ 44,967,833 | 599,924,592 | 87 | 6,895,685 | 574,640 | \$ 516,871.64 | \$ | 17,322,688 | 355,559,247 | 197 | 1,804,869 | 150,406 | \$ 87,932.43 |
| 2017 | \$ 48,680,080 | 558,582,767 | 83 | 6,729,913 | 560,826 | \$ 586,506.99 | \$ | 17,131,916 | 265,561,130 | 175 | 1,517,492 | 126,458 | \$ 97,896.66 |
| 2018 | \$ 51,385,553 | 594,719,707 | 83 | 7,165,298 | 597,108 | \$ 619,103.05 | \$ | 26,472,362 | 432,377,270 | 178 | 2,429,086 | 202,424 | \$ 148,721.13 |
| 2019 | \$ 49,601,656 | 569,703,684 | 84 | 6,782,187 | 565,182 | \$ 590,495.90 | \$ | 25,071,583 | 496,463,564 | 165 | 3,008,870 | 250,739 | \$ 151,948.99 |
| 2020 | \$ 46,214,139 | 513,639,581 | 84 | 6,114,757 | 509,563 | \$ 550,168.32 | \$ | 21,282,792 | 416,611,395 | 177 | 2,353,737 | 196,145 | \$ 120,241.76 |
| 2021 | \$ 39,501,911 | 467,110,055 | 83 | 5,627,832 | 468,986 | \$ 475,926.64 | \$ | 45,483,852 | 394,880,324 | 168 | 2,350,478 | 195,873 | \$ 270,737.21 |
| 2022 | \$ 51,528,923 | 539,367,635 | 82 | 6,577,654 | 548,138 | \$ 628,401.50 | \$ | 28,792,457 | 399,715,268 | 165 | 2,422,517 | 201,876 | \$ 174,499.74 |

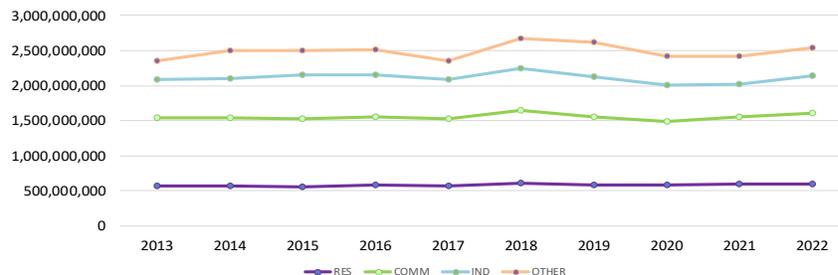
*Other includes Schools, Wholesale Sales, Highway Lighting and Public Authorities

| Total | | | | | | |
|-------|----------------|---------------|-----------|-------------|---------------------|--------------------|
| | Dollars/\$s | (Kwh) | Customers | Average kWh | Average Monthly kWh | Average Sales /\$s |
| 2013 | \$ 211,943,085 | 2,347,942,127 | 63,767 | 36,821 | 3,068 | 3,324 |
| 2014 | \$ 236,544,852 | 2,495,293,903 | 64,290 | 38,813 | 3,234 | 3,679 |
| 2015 | \$ 220,503,237 | 2,500,252,696 | 64,367 | 38,844 | 3,237 | 3,426 |
| 2016 | \$ 218,448,934 | 2,510,331,645 | 65,072 | 38,578 | 3,215 | 3,357 |
| 2017 | \$ 240,084,662 | 2,352,638,375 | 65,516 | 35,909 | 2,992 | 3,665 |
| 2018 | \$ 266,551,735 | 2,674,307,196 | 65,654 | 40,733 | 3,394 | 4,060 |
| 2019 | \$ 252,407,042 | 2,616,897,137 | 65,955 | 39,677 | 3,306 | 3,827 |
| 2020 | \$ 238,779,110 | 2,419,997,834 | 66,587 | 36,343 | 3,029 | 3,586 |
| 2021 | \$ 253,121,040 | 2,419,143,624 | 66,938 | 36,140 | 3,012 | 3,781 |
| 2022 | \$ 281,288,266 | 2,543,193,361 | 67,307 | 37,785 | 3,149 | 4,179 |

Percentage of Electric Utility Sales (2013-2022)



KWH by Class (2013-2022)



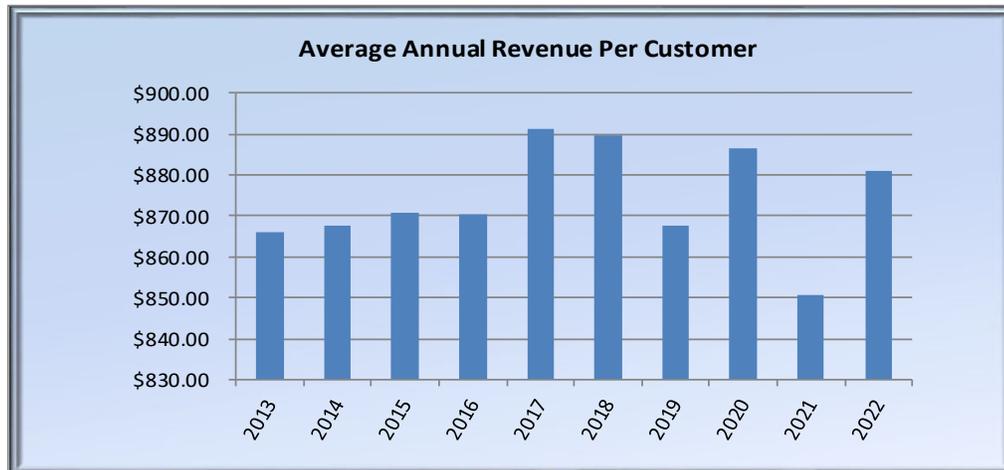
Board of Public Utilities

Water Sales

Last Ten Fiscal Years

| Fiscal Year | Gallons Pumped | Gallons Sold | Operating Revenue | Average Number of Customers | Average Revenue Per Customer |
|-------------|----------------|---------------|-------------------|-----------------------------|------------------------------|
| 2013 | 11,239,380,000 | 6,217,618,000 | \$ 43,245,833 | 49,927 | \$866.18 |
| 2014 | 10,708,060,000 | 6,240,941,000 | \$ 43,714,822 | 50,384 | \$867.63 |
| 2015 | 10,335,230,000 | 6,377,958,000 | \$ 44,451,047 | 51,060 | \$870.56 |
| 2016 | 10,621,330,000 | 6,473,999,000 | \$ 44,588,234 | 51,232 | \$870.32 |
| 2017 | 10,446,880,000 | 6,405,780,000 | \$ 46,063,465 | 51,683 | \$891.27 |
| 2018 | 10,935,800,000 | 6,917,117,000 | \$ 46,190,960 | 51,923 | \$889.60 |
| 2019 | 11,157,640,000 | 6,738,982,000 | \$ 45,528,747 | 52,484 | \$867.48 |
| 2020 | 10,731,940,000 | 6,668,798,000 | \$ 47,016,561 | 53,034 | \$886.54 |
| 2021 | 10,655,090,000 | 5,975,827,000 | \$ 45,528,120 | 53,528 | \$850.55 |
| 2022 | 11,183,920,000 | 6,222,138,000 | \$ 47,304,722 | 53,695 | \$880.99 |

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



Debt Capacity



Board of Public Utilities

Utility System Revenue Bonded Indebtedness

Last Ten Fiscal Years

| Fiscal Year | Gross Revenue (1) | Operating Expenses (2) | Current Year Net Revenue Available for Debt Service | Maximum Outstanding Annual Debt Service (3) | Debt Service | | | | | |
|-------------|----------------------|---------------------------|---|--|------------------|-----------------|---------------|-----------------|--------------------------------------|-------------------|
| | | | | | Principal (3) | Interest (3) | Total (3) | Coverage (4) | Percentage of Personal Income (5) | Per Capita (5) |
| 2013 | \$ 287,771,566 | \$ 196,863,453 | \$ 90,908,113 | \$ 44,144,619 | 490,350,940 | 264,673,442 | 755,024,382 | 2.06 | 6.6% | \$ 3,241 |
| 2014 | \$ 311,682,145 | \$ 215,695,728 | \$ 95,986,417 | \$ 49,344,896 | 580,178,862 | 348,063,141 | 928,242,003 | 1.94 | 9.1% | \$ 3,873 |
| 2015 | \$ 304,013,043 | \$ 201,260,954 | \$ 102,752,089 | \$ 50,117,164 | 563,060,100 | 322,942,821 | 886,002,921 | 2.03 | 9.3% | \$ 3,735 |
| 2016 | \$ 300,906,787 | \$ 210,246,970 | \$ 90,659,817 | \$ 58,791,060 | 714,361,539 | 463,204,520 | 1,177,566,059 | 1.57 | 15.3% | \$ 4,763 |
| 2017 | \$ 319,335,382 | \$ 214,070,198 | \$ 105,265,184 | \$ 58,791,060 | 695,100,373 | 431,129,444 | 1,126,229,817 | 1.78 | 14.4% | \$ 4,609 |
| 2018 | \$ 358,352,708 | \$ 219,002,751 | \$ 139,349,957 | \$ 58,791,060 | 670,929,825 | 398,585,911 | 1,069,515,736 | 2.36 | 13.5% | \$ 4,455 |
| 2019 | \$ 339,997,594 | \$ 222,758,535 | \$ 117,239,059 | \$ 58,864,282 | 649,691,269 | 367,453,580 | 1,017,144,849 | 2.04 | 12.6% | \$ 4,287 |
| 2020 | \$ 318,032,730 | \$ 205,725,330 | \$ 112,307,400 | \$ 52,293,942 | 649,635,229 | 289,966,738 | 939,601,967 | 2.15 | 12.1% | \$ 4,167 |
| 2021 | \$ 347,712,960 | \$ 219,553,479 | \$ 128,159,481 | \$ 52,206,664 | 645,868,177 | 270,382,978 | 916,251,155 | 2.45 | 10.4% | \$ 3,888 |
| 2022 | \$ 374,524,978 | \$ 226,055,340 | \$ 148,469,638 | \$ 52,424,285 | 630,882,055 | 250,342,691 | 881,224,746 | 2.83 | 9.2% | \$ 3,793 |

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

Board of Public Utilities

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

| Fiscal Year | Revenue Bonds | Capital Leases | Revolving Loan | Total Debt ⁽¹⁾ | Percentage of Personal Income ⁽²⁾ | Per Capita ⁽²⁾ |
|----------------|------------------|-------------------|-------------------|------------------------------|--|------------------------------|
| 2013 | 493,123,256 | 1,011,816 | 27,585,940 | 521,721,012 | 6.6% | \$ 3,241 |
| 2014 | 594,842,762 | 1,454,219 | 32,448,862 | 628,745,843 | 9.1% | \$ 3,873 |
| 2015 | 574,800,051 | 3,812,374 | 33,275,100 | 611,887,525 | 9.3% | \$ 3,735 |
| 2016 | 749,163,718 | 2,261,193 | 34,076,540 | 785,501,451 | 15.3% | \$ 4,763 |
| 2017 | 726,036,036 | 1,003,499 | 34,810,371 | 761,849,906 | 14.4% | \$ 4,609 |
| 2018 | 702,168,354 | - | 34,374,826 | 736,543,180 | 13.5% | \$ 4,455 |
| 2019 | 675,150,673 | - | 34,021,269 | 709,171,942 | 12.6% | \$ 4,287 |
| 2020 | 657,169,165 | - | 31,430,229 | 688,599,394 | 12.1% | \$ 4,167 |
| 2021 | 629,993,966 | - | 28,058,178 | 658,052,144 | 10.4% | \$ 3,888 |
| 2022 | 601,853,768 | - | 26,886,013 | 628,739,781 | 9.2% | \$ 3,793 |

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

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

Board of Public Utilities

Debt per Customer

Last Ten Fiscal Years

| Year | Total Electric | | | | |
|--------------|--------------------|--------------------|--------------------|---------------|-----------------|
| | Principal | Interest | Total | Customers | Debt / Customer |
| 2013 | 12,990,212 | 17,556,873 | 30,547,085 | 63,767 | 479 |
| 2014 | 6,006,202 | 13,967,449 | 19,973,651 | 64,290 | 311 |
| 2015 | 13,374,647 | 23,175,436 | 36,550,083 | 64,367 | 568 |
| 2016 | 13,132,257 | 21,674,172 | 34,806,429 | 65,072 | 535 |
| 2017 | 15,109,395 | 27,432,979 | 42,542,374 | 65,516 | 649 |
| 2018 | 15,668,083 | 28,121,516 | 43,789,600 | 65,654 | 667 |
| 2019 | 18,633,362 | 27,551,597 | 46,184,963 | 65,955 | 700 |
| 2020 | 19,194,875 | 26,699,303 | 45,894,183 | 66,587 | 689 |
| 2021 | 19,160,972 | 21,280,549 | 40,441,521 | 66,938 | 604 |
| 2022 | 19,455,446 | 20,448,297 | 39,903,743 | 67,307 | 593 |
| Total | 152,725,450 | 227,908,171 | 380,633,631 | 65,545 | 580 |

| Year | Total Water | | | | |
|--------------|-------------------|-------------------|--------------------|---------------|-----------------|
| | Principal | Interest | Total | Customers | Debt / Customer |
| 2013 | 5,135,018 | 5,430,078 | 10,565,096 | 49,927 | 212 |
| 2014 | 3,553,934 | 4,034,112 | 7,588,046 | 50,384 | 151 |
| 2015 | 6,528,435 | 5,080,064 | 11,608,499 | 51,060 | 227 |
| 2016 | 7,183,067 | 4,648,256 | 11,831,323 | 51,232 | 231 |
| 2017 | 7,536,501 | 4,645,095 | 12,181,596 | 51,683 | 236 |
| 2018 | 7,800,952 | 4,419,018 | 12,219,971 | 51,923 | 235 |
| 2019 | 8,153,737 | 4,105,635 | 12,259,372 | 52,484 | 234 |
| 2020 | 8,440,227 | 3,790,867 | 12,231,094 | 53,034 | 231 |
| 2021 | 9,606,080 | 2,246,340 | 11,852,421 | 53,528 | 221 |
| 2022 | 10,030,676 | 1,879,003 | 11,909,679 | 53,695 | 222 |
| Total | 73,968,628 | 40,278,469 | 114,247,097 | 51,895 | 220 |

| Year | Total Combined | | | | |
|--------------|--------------------|--------------------|--------------------|----------------|-----------------|
| | Principal | Interest | Total | Customers | Debt / Customer |
| 2013 | 18,125,230 | 22,986,951 | 41,112,181 | 113,694 | 362 |
| 2014 | 9,560,136 | 18,001,561 | 27,561,697 | 114,674 | 240 |
| 2015 | 19,903,082 | 28,255,500 | 48,158,582 | 115,427 | 417 |
| 2016 | 20,315,324 | 26,322,428 | 46,637,752 | 116,304 | 401 |
| 2017 | 22,645,896 | 32,078,074 | 54,723,970 | 117,199 | 467 |
| 2018 | 23,469,036 | 32,540,535 | 56,009,570 | 117,577 | 476 |
| 2019 | 26,787,099 | 31,657,231 | 58,444,335 | 118,439 | 493 |
| 2020 | 27,635,102 | 30,490,170 | 58,125,277 | 119,621 | 486 |
| 2021 | 28,767,052 | 23,526,890 | 52,293,942 | 120,466 | 434 |
| 2022 | 29,486,122 | 22,327,300 | 51,813,422 | 121,002 | 428 |
| Total | 226,694,078 | 268,186,640 | 494,880,728 | 117,440 | 421 |

Demographic and Economic Information



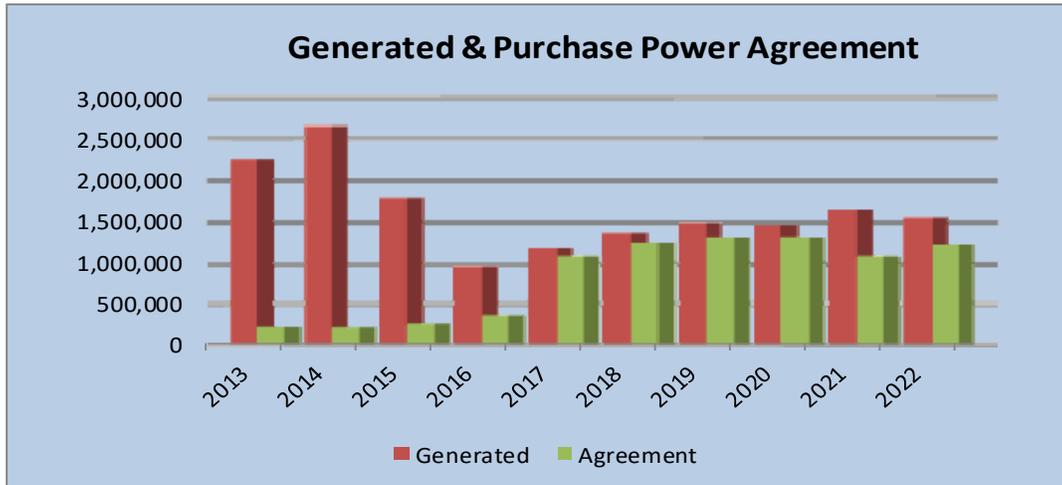
Board of Public Utilities

Electric Load Statistics in Megawatts

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Generated</u> | <u>Purchase Power Agreement</u> | <u>Market Purchases/(Sales)</u> | <u>Total Load</u> | <u>System Peak</u> | <u>Maximum Net Capacity</u> |
|--------------------|------------------|---------------------------------|---------------------------------|-------------------|--------------------|-----------------------------|
| 2013 | 2,252,961 | 218,782 | (121,528) | 2,350,215 | 454 | 747 |
| 2014 | 2,661,052 | 214,332 | (464,931) | 2,410,453 | 459 | 728 |
| 2015 | 1,767,688 | 257,821 | 382,733 | 2,408,242 | 485 | 718 |
| 2016 | 954,458 | 360,986 | 1,116,577 | 2,432,021 | 480 | 718 |
| 2017 | 1,164,228 | 1,083,830 | 104,101 | 2,352,158 | 494 | 726 |
| 2018 | 1,350,390 | 1,224,246 | (39,637) | 2,534,999 | 496 | 726 |
| 2019 | 1,478,032 | 1,292,993 | (363,824) | 2,407,201 | 483 | 580 |
| 2020 | 1,444,815 | 1,295,707 | (467,177) | 2,273,346 | 443 | 580 |
| 2021 | 1,644,248 | 1,084,048 | (414,118) | 2,314,178 | 464 | 588 |
| 2022 | 1,546,652 | 1,204,501 | (290,981) | 2,460,173 | 485 | 822 |

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



Board of Public Utilities

| PRINCIPAL CUSTOMERS (Ten year history) | | | |
|--|----------------|--|----------------|
| 2013 | Revenue | 2014 | Revenue |
| General Motor's (Auto Production) | \$ 9,270,426 | General Motor's (Auto Production) | \$ 11,111,432 |
| Griffin Wheel (Railroad Wheels) | \$ 5,630,110 | Griffin Wheel (Railroad Wheels) | \$ 6,616,049 |
| Owens Corning Fiberglass (Insulation) | \$ 5,399,261 | Owens Corning Fiberglass (Insulation) | \$ 5,787,124 |
| WaterOne of Johnson County (Water Utility) | \$ 5,058,926 | WaterOne of Johnson County (Water Utility) | \$ 5,086,239 |
| Univ. of Kansas Hospital Authority (Hospital) | \$ 4,338,344 | Univ. of Kansas Hospital Authority (Hospital) | \$ 4,582,043 |
| CertainTeed Corp. (Insulation) | \$ 4,070,531 | CertainTeed Corp. (Insulation) | \$ 4,168,566 |
| Univ. of Kansas Medical Center (Hospital) | \$ 3,933,091 | Univ. of Kansas Medical Center (Hospital) | \$ 4,128,363 |
| Procter & Gamble Co. (Cleaning Products) | \$ 3,900,600 | Procter & Gamble Co. (Cleaning Products) | \$ 3,581,800 |
| Magellan Pipeline Company (Petroleum Pipeline) | \$ 2,018,430 | Magellan Pipeline Company (Petroleum Pipeline) | \$ 2,277,962 |
| Sara Lee Foods Corporation (Packaged Foods) | \$ 1,958,357 | Keebler Company (Food Manufacturer) | \$ 2,088,604 |
| 2015 | Revenue | 2016 | Revenue |
| General Motor's (Auto Production) | \$ 14,149,360 | General Motor's (Auto Production) | \$ 12,137,710 |
| Griffin Wheel (Railroad Wheels) | \$ 6,847,075 | CertainTeed Corp. (Insulation) | \$ 9,374,453 |
| CertainTeed Corp. (Insulation) | \$ 6,584,360 | Griffin Wheel (Railroad Wheels) | \$ 5,705,991 |
| Owens Corning Fiberglass (Insulation) | \$ 5,622,261 | Univ. of Kansas Hospital Authority (Hospital) | \$ 4,909,834 |
| Univ. of Kansas Hospital Authority (Hospital) | \$ 5,135,283 | WaterOne of Johnson County (Water Utility) | \$ 4,896,004 |
| WaterOne of Johnson County (Water Utility) | \$ 4,637,054 | Owens Corning Fiberglass (Insulation) | \$ 4,825,533 |
| Univ. of Kansas Medical Center (Hospital) | \$ 4,406,627 | Procter & Gamble Co. (Cleaning Products) | \$ 4,356,090 |
| Procter & Gamble Co. (Cleaning Products) | \$ 4,373,082 | Univ. of Kansas Medical Center (Hospital) | \$ 4,265,334 |
| P Q Corporation (Chemicals Manufacturer) | \$ 2,430,849 | P Q Corporation (Chemicals Manufacturer) | \$ 2,670,974 |
| Hillshire Brands (Food Manufacturer) | \$ 2,274,983 | GNB Battery (Battery Manufacturer) | \$ 2,312,000 |
| 2017 | Revenue | 2018 | Revenue |
| General Motor's (Auto Production) | \$ 10,945,178 | General Motor's (Auto Production) | \$ 12,542,607 |
| CertainTeed Corp. (Insulation) | \$ 10,726,179 | CertainTeed Corp. (Insulation) | \$ 11,253,924 |
| Griffin Wheel (Railroad Wheels) | \$ 6,656,822 | Griffin Wheel (Railroad Wheels) | \$ 7,823,039 |
| Univ. of Kansas Hospital Authority (Hospital) | \$ 6,631,641 | WaterOne of Johnson County (Water Utility) | \$ 6,892,251 |
| Owens Corning Fiberglass (Insulation) | \$ 5,777,506 | Univ. of Kansas Hospital Authority (Hospital) | \$ 6,426,046 |
| WaterOne of Johnson County (Water Utility) | \$ 5,752,958 | Owens Corning Fiberglass (Insulation) | \$ 6,183,292 |
| Univ. of Kansas Medical Center (Hospital) | \$ 4,801,206 | Procter & Gamble Co. (Cleaning Products) | \$ 4,961,457 |
| Procter & Gamble Co. (Cleaning Products) | \$ 4,677,147 | Univ. of Kansas Medical Center (Hospital) | \$ 4,959,198 |
| P Q Corporation (Chemicals Manufacturer) | \$ 2,935,005 | P Q Corporation (Chemicals Manufacturer) | \$ 3,065,642 |
| GNB Battery (Battery Manufacturer) | \$ 2,823,661 | Keebler Company (Food Manufacturer) | \$ 2,812,566 |
| 2019 | Revenue | 2020 | Revenue |
| General Motor's (Auto Production) | \$ 13,401,776 | General Motor's (Auto Production) | \$ 12,295,126 |
| CertainTeed Corp. (Insulation) | \$ 13,085,501 | CertainTeed Corp. (Insulation) | \$ 12,287,073 |
| Griffin Wheel (Railroad Wheels) | \$ 8,545,022 | WaterOne of Johnson County (Water Utility) | \$ 7,614,250 |
| WaterOne of Johnson County (Water Utility) | \$ 7,364,110 | Griffin Wheel (Railroad Wheels) | \$ 7,311,151 |
| Univ. of Kansas Hospital Authority (Hospital) | \$ 7,151,463 | Univ. of Kansas Hospital Authority (Hospital) | \$ 7,094,013 |
| Owens Corning Fiberglass (Insulation) | \$ 6,327,404 | Univ. of Kansas Medical Center (Hospital) | \$ 4,836,499 |
| Procter & Gamble Co. (Cleaning Products) | \$ 5,441,844 | Procter & Gamble Co. (Cleaning Products) | \$ 4,306,739 |
| Univ. of Kansas Medical Center (Hospital) | \$ 5,343,639 | Owens Corning Fiberglass (Insulation) | \$ 4,132,337 |
| P Q Corporation (Chemicals Manufacturer) | \$ 3,709,720 | P Q Corporation (Chemicals Manufacturer) | \$ 3,326,773 |
| Keebler Company (Food Manufacturer) | \$ 3,063,239 | Keebler Company (Food Manufacturer) | \$ 3,133,673 |
| 2021 | Revenue | 2022 | Revenue |
| General Motor's (Auto Production) | \$ 9,991,138 | General Motor's (Auto Production) | \$ 12,158,411 |
| CertainTeed Corp. (Insulation) | \$ 7,060,713 | CertainTeed Corp. (Insulation) | \$ 11,837,863 |
| WaterOne of Johnson County (Water Utility) | \$ 6,555,503 | WaterOne of Johnson County (Water Utility) | \$ 8,700,581 |
| Griffin Wheel (Railroad Wheels) | \$ 6,316,777 | Univ. of Kansas Hospital Authority (Hospital) | \$ 7,772,842 |
| Univ. of Kansas Hospital Authority (Hospital) | \$ 5,995,176 | Griffin Wheel (Railroad Wheels) | \$ 7,553,727 |
| Univ. of Kansas Medical Center (Hospital) | \$ 5,558,762 | Owens Corning Fiberglass (Insulation) | \$ 7,111,759 |
| Procter & Gamble Co. (Cleaning Products) | \$ 3,313,535 | Univ. of Kansas Medical Center (School / Hospital) | \$ 4,186,940 |
| Owens Corning Fiberglass (Insulation) | \$ 3,086,009 | Procter & Gamble Co. (Cleaning Products) | \$ 3,822,879 |
| P Q Corporation (Chemicals Manufacturer) | \$ 2,516,314 | Ecovyst Catalyst Technologies (Chemicals Manufacturer) | \$ 3,675,380 |
| Keebler Company (Food Manufacturer) | \$ 2,449,382 | Stryten Energy (Energy Storage) | \$ 3,092,291 |

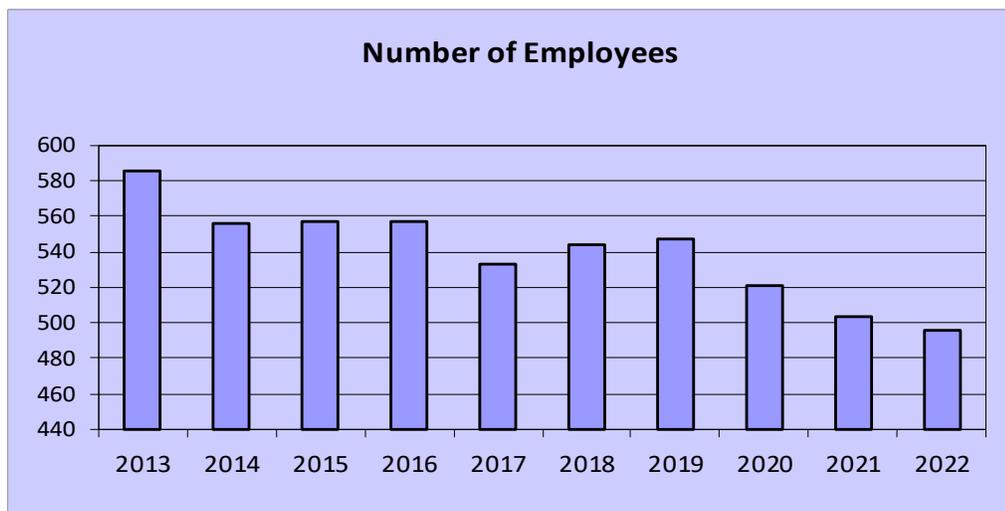
Board of Public Utilities

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) |
|-------------|---------------|--|----------------------------------|---|
| 2013 | \$ 50,791,860 | \$ 24,823,381 | \$ 67,604,414 | 585 |
| 2014 | \$ 50,128,257 | \$ 28,327,841 | \$ 70,156,566 | 556 |
| 2015 | \$ 49,616,092 | \$ 26,999,213 | \$ 69,373,164 | 557 |
| 2016 | \$ 50,386,498 | \$ 26,829,378 | \$ 69,763,315 | 557 |
| 2017 | \$ 50,446,956 | \$ 28,680,273 | \$ 71,303,334 | 533 |
| 2018 | \$ 52,109,160 | \$ 28,343,762 | \$ 72,511,843 | 544 |
| 2019 | \$ 53,032,489 | \$ 31,404,739 | \$ 76,496,149 | 547 |
| 2020 | \$ 53,567,578 | \$ 30,616,356 | \$ 76,169,739 | 521 |
| 2021 | \$ 54,185,156 | \$ 29,014,127 | \$ 75,185,088 | 503 |
| 2022 | \$ 54,088,777 | \$ 32,259,431 | \$ 77,672,675 | 496 |

- (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 |
|------|-----------------------------------|--|---|--|----------------------|
| 2013 | 160,984 | \$7,910,231 | \$49,150 | 29,753 | 7.9% |
| 2014 | 162,320 | \$6,912,435 | \$42,641 | 30,200 | 6.9% |
| 2015 | 163,832 | \$6,574,820 | \$40,242 | 30,414 | 6.0% |
| 2016 | 164,934 | \$5,141,826 | \$31,273 | 30,826 | 5.5% |
| 2017 | 165,313 | \$5,303,254 | \$32,085 | 31,578 | 5.2% |
| 2018 | 165,324 | \$5,435,835 | \$32,663 | 31,436 | 4.8% |
| 2019 | 165,429 | \$5,623,400 | \$33,900 | 32,353 | 4.3% |
| 2020 | 165,265 | \$5,670,813 | \$34,107 | 31,376 | 7.8% |
| 2021 | 169,245 | \$6,340,465 | \$38,329 | 32,091 | 4.7% |
| 2022 | 165,746 | \$6,823,748 | \$40,892 | 30,895 | 3.5% |

Sources and Notes:

¹ U.S. Dept of Commerce, Bureau of Census, Local Population Estimates; non-decennial Census figures are time-series data updated annually with release of annual population estimate. Note, the 2020 population number is from the decennial Census count.

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

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

Board of Public Utilities

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

| | Fiscal Year 2022 | | | Fiscal Year 2013 | | |
|--|--|------|---------------------------------------|--|------|---------------------------------------|
| | Employees in County (Employment Range) | Rank | Percentage of Total County Employment | Employees in County (Employment Range) | Rank | Percentage of Total County Employment |
| Kansas University Health Systems | 8500+ | 1 | 9.25% | 4500-5000 | 1 | 6.09% |
| Kansas City, KS School District #500 | 4500-5000 | 2 | 4.98% | 3500-4000 | 4 | 4.18% |
| University of Kansas Medical Center | 3500-4000 | 3 | 4.49% | 3500-4000 | 3 | 4.24% |
| Amazon Fullfillment Center | 3500-4000 | 4 | 3.64% | - | - | - |
| United Parcel Service | 1000-2499 | 5 | 3.05% | - | - | - |
| Unified Government of Wyandotte Co/KCK | 1000-2499 | 6 | 2.65% | 1000-2499 | 6 | 2.57% |
| Associated Wholesale Grocers | 1000-2499 | 7 | 2.52% | 1000-2499 | 9 | 1.28% |
| General Motors Corporation | 1000-2499 | 8 | 2.41% | 3500-4000 | 2 | 4.30% |
| Providence Medical Center | 1000-2499 | 9 | 1.20% | 750-999 | 10 | 1.10% |
| Nebraska Furniture Mart | 1000-2499 | 10 | 1.11% | 1000-2499 | 8 | 1.29% |
| Burlington Norther Santa Fe | - | - | - | 1000-2499 | 7 | 1.81% |
| Cerner | - | - | - | 2500-3000 | 5 | 3.40% |
| | 32,433 | | 35.30% | 23,613 | | 30.26% |

Source: Unified Government Finance Department, Research Division.

Operating Information



Board of Public Utilities

Electric Rates 2012 thru 2022

| | Jan-12 | | Jan-13 | | Mar-17 | | Dec-18 | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter |
| Residential | | | | | | | | |
| Rate Code 100 | | | | | | | | |
| Customer Charge | \$ 14.50 | \$ 14.50 | \$ 16.00 | \$ 16.00 | \$ 19.00 | \$ 19.00 | \$ 22.00 | \$ 22.00 |
| Energy Charge: | | | | | | | | |
| First 1,000 kWh | 0.06790 | 0.05260 | 0.07240 | 0.05610 | 0.06406 | 0.06406 | 0.06466 | 0.06466 |
| Next 1,000 kWh | 0.07960 | 0.05100 | 0.08480 | 0.05430 | 0.06406 | 0.06406 | 0.06466 | 0.06466 |
| All Additional kWh | 0.09980 | 0.05100 | 0.10630 | 0.05430 | 0.06406 | 0.06406 | 0.06466 | 0.06466 |
| Residential Electric Heating | | | | | | | | |
| Rate Code 101 | | | | | | | | |
| Customer Charge | 14.50 | 14.50 | 16.00 | 16.00 | 19.00 | 19.00 | 22.00 | 22.00 |
| Energy Charge: | | | | | | | | |
| First 1,000 kWh | 0.06790 | 0.05260 | 0.07240 | 0.05610 | 0.06406 | 0.06406 | 0.06466 | 0.06466 |
| Next 1,000 kWh | 0.07960 | 0.03720 | 0.08480 | 0.03960 | 0.06406 | 0.03906 | 0.06466 | 0.03966 |
| All Additional kWh | 0.09980 | 0.03190 | 0.10630 | 0.03400 | 0.06406 | 0.03906 | 0.06466 | 0.03966 |
| Small General Service | | | | | | | | |
| Rate Code 200 | | | | | | | | |
| Customer Charge | 27.50 | 27.50 | 30.00 | 30.00 | 35.00 | 35.00 | 40.00 | 40.00 |
| Energy Charge: | | | | | | | | |
| First 3,500 kWh | 0.08080 | 0.07020 | 0.08570 | 0.07450 | 0.04677 | 0.04677 | 0.04733 | 0.04733 |
| All Additional kWh | 0.03400 | 0.02340 | 0.03610 | 0.02480 | 0.04677 | 0.04677 | 0.04733 | 0.04733 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | 2.55 | 2.55 | 2.71 | 2.71 | 3.26 | 3.26 | 3.30 | 3.30 |
| Primary Service | 2.02 | 2.02 | 2.14 | 2.14 | 2.62 | 2.62 | 2.65 | 2.65 |
| Demand Charge: | | | | | | | | |
| First 10 kW | No Charge |
| All Additional kW | 6.91 | 6.91 | 7.33 | 7.33 | 5.50 | 5.50 | 5.57 | 5.57 |
| *Metering Adjustment: | | | | | | | | |
| Primary | -2.00% | -2.00% | -2.00% | -2.00% | -2.00% | -2.00% | -2.00% | -2.00% |
| Secondary | NA |
| Customers without Demand Meters | | | | | | | | |
| All kWh | 0.0967 | 0.0893 | 0.1026 | 0.0947 | 0.09280 | 0.09280 | 0.08846 | 0.08846 |
| Small General Service Electric Heating | | | | | | | | |
| Rate Code 201 (Started Mar-2017) | | | | | | | | |
| Customer Charge | | | | | 35.00 | 35.00 | 40.00 | 40.00 |
| Energy Charge: | | | | | | | | |
| First 3,500 kWh | | | | | 0.04677 | 0.04677 | 0.04733 | 0.04733 |
| All Additional kWh | | | | | 0.04677 | 0.02677 | 0.04733 | 0.02709 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | | | | | 3.26 | 3.26 | 3.30 | 3.30 |
| Primary Service | | | | | 2.62 | 2.62 | 2.65 | 2.65 |
| Demand Charge: | | | | | | | | |
| First 10 kW | | | | | No Charge | No Charge | No Charge | No Charge |
| All Additional kW | | | | | 5.50 | 5.50 | 5.57 | 5.57 |
| *Metering Adjustment: | | | | | | | | |
| Primary | | | | | -2.00% | -2.00% | -2.00% | -2.00% |
| Secondary | | | | | NA | NA | NA | NA |

*Metering Adjustment:
For years 2012-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 2012-2022
Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Electric Rates 2012 thru 2022

| | Jan-12 | | Jan-13 | | Mar-17 | | Dec-18 | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter |
| Medium General Service Rate | | | | | | | | |
| Rate Code 250 | | | | | | | | |
| Customer Charge | 60.00 | 60.00 | 65.00 | 65.00 | 75.00 | 75.00 | 85.00 | 85.00 |
| Energy Charge: | | | | | | | | |
| First 300 kWh per kW | 0.04730 | 0.03680 | 0.04950 | 0.03850 | 0.03637 | 0.03637 | 0.03724 | 0.03724 |
| All Additional kWh | 0.01580 | 0.01370 | 0.01650 | 0.01430 | 0.02137 | 0.02137 | 0.02188 | 0.02188 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | 3.11 | 3.11 | 3.26 | 3.26 | 4.02 | 4.02 | 4.11 | 4.11 |
| Primary Service | 2.46 | 2.46 | 2.58 | 2.58 | 3.46 | 3.46 | 3.54 | 3.54 |
| Demand Charge: | | | | | | | | |
| All Additional kW | 6.88 | 6.88 | 7.21 | 7.21 | 6.50 | 6.50 | 6.66 | 6.66 |
| *Metering Adjustment: | | | | | | | | |
| Primary | NA |
| Secondary | 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 | 85.00 | 85.00 |
| Energy Charge: | | | | | | | | |
| First 300 kWh per kW | | | | | 0.03637 | 0.03637 | 0.03724 | 0.03724 |
| All Additional kWh | | | | | 0.02137 | 0.01137 | 0.02188 | 0.01164 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | | | | | 4.02 | 4.02 | 4.11 | 4.11 |
| Primary Service | | | | | 3.46 | 3.46 | 3.54 | 3.54 |
| Demand Charge: | | | | | | | | |
| All Additional kW | | | | | 6.50 | 6.50 | 6.66 | 6.66 |
| *Metering Adjustment: | | | | | | | | |
| Primary | | | | | NA | NA | NA | NA |
| Secondary | | | | | 2.0% | 2.0% | 2.0% | 2.0% |
| Large General Service Rate | | | | | | | | |
| Rate Code 300 | | | | | | | | |
| Customer Charge | 130.00 | 130.00 | 140.00 | 140.00 | 155.00 | 155.00 | 170.00 | 170.00 |
| Energy Charge: | | | | | | | | |
| First 300 kWh per kW | 0.04130 | 0.03170 | 0.04360 | 0.03340 | 0.03540 | 0.03540 | 0.03636 | 0.03636 |
| All Additional kWh | 0.01380 | 0.01380 | 0.01460 | 0.01460 | 0.01540 | 0.01540 | 0.01582 | 0.01582 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | 3.13 | 3.13 | 3.3 | 3.3 | 4.02 | 4.02 | 4.13 | 4.13 |
| Primary Service | 2.48 | 2.48 | 2.62 | 2.62 | 3.46 | 3.46 | 3.56 | 3.56 |
| Demand Charge: | | | | | | | | |
| All Additional kW | 7.99 | 7.99 | 8.43 | 8.43 | 8.43 | 8.43 | 8.66 | 8.66 |
| *Metering Adjustment: | | | | | | | | |
| Secondary | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Primary | NA |

*Metering Adjustment:

For years 2012-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 2012-2022

Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Electric Rates 2012 thru 2022

| | Jan-12 | | Jan-13 | | Mar-17 | | Dec-18 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter |
| Large General Service Rate Electric Heating | | | | | | | | |
| Rate Code 301 (Started Mar-2017) | | | | | | | | |
| Customer Charge | | | | | 155.00 | 155.00 | 170.00 | 170.00 |
| Energy Charge: | | | | | | | | |
| First 300 kWh per kW | | | | | 0.03540 | 0.03540 | 0.03636 | 0.03636 |
| All Additional kWh | | | | | 0.00540 | 0.00540 | 0.00555 | 0.00555 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | | | | | 4.02 | 4.02 | 4.13 | 4.13 |
| Primary Service | | | | | 3.46 | 3.46 | 3.56 | 3.56 |
| Demand Charge: | | | | | | | | |
| All Additional kW | | | | | 8.43 | 8.43 | 8.66 | 8.66 |
| *Metering Adjustment: | | | | | | | | |
| Secondary | | | | | 2.0% | 2.0% | 2.0% | 2.0% |
| Primary | | | | | NA | NA | NA | NA |
| Large Power Service Rate | | | | | | | | |
| Rate Code 400 | | | | | | | | |
| Customer Charge | 275.00 | 275.00 | 300.00 | 300.00 | 350.00 | 350.00 | 400.00 | 400.00 |
| Energy Charge: | | | | | | | | |
| First 300 kWh per kW | 0.02310 | 0.02100 | 0.02490 | 0.02260 | 0.02081 | 0.02081 | 0.02183 | 0.02183 |
| All Additional kWh | 0.01100 | 0.01000 | 0.01190 | 0.01080 | 0.01050 | 0.01050 | 0.01101 | 0.01101 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | 2.62 | 2.62 | 2.83 | 2.83 | 3.24 | 3.24 | 3.40 | 3.40 |
| Primary Service | 2.09 | 2.09 | 2.25 | 2.25 | 2.75 | 2.75 | 2.88 | 2.88 |
| Substation Service | 0.79 | 0.79 | 0.85 | 0.85 | 0.95 | 0.95 | 1.00 | 1.00 |
| Demand Charge: | | | | | | | | |
| All Additional kW | 8.59 | 8.59 | 9.26 | 9.26 | 9.26 | 9.26 | 9.71 | 9.71 |
| *Metering Adjustment: | | | | | | | | |
| Primary | NA |
| Secondary | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Substation Service | -2.8% | -2.8% | -2.8% | -2.8% | -2.8% | -2.8% | -2.8% | -2.8% |
| Transmission | -3.3% | -3.3% | -3.3% | -3.3% | -3.3% | -3.3% | -3.3% | -3.3% |
| Large Power Service Rate Electric Heating | | | | | | | | |
| Rate Code 401 (Started Mar-2017) | | | | | | | | |
| Customer Charge | | | | | 350.00 | 350.00 | 400.00 | 400.00 |
| Energy Charge: | | | | | | | | |
| First 300 kWh per kW | | | | | 0.02081 | 0.02081 | 0.02183 | 0.02183 |
| All Additional kWh | | | | | 0.01050 | 0.00550 | 0.01101 | 0.00577 |
| Facilities Charge: | | | | | | | | |
| Secondary Service | | | | | 3.24 | 3.24 | 3.40 | 3.40 |
| Primary Service | | | | | 2.75 | 2.75 | 2.88 | 2.88 |
| Substation Service | | | | | 0.95 | 0.95 | 1.00 | 1.00 |
| Demand Charge: | | | | | | | | |
| All Additional kW | | | | | 6.95 | 6.95 | 8.56 | 8.56 |
| *Metering Adjustment: | | | | | | | | |
| Primary | | | | | NA | NA | NA | NA |
| Secondary | | | | | 2.0% | 2.0% | 2.0% | 2.0% |
| Substation Service | | | | | -2.8% | -2.8% | -2.8% | -2.8% |
| Transmission | | | | | -3.3% | -3.3% | -3.3% | -3.3% |

*Metering Adjustment:
For years 2012 - 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 2012-2022
Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Electric Rates 2012 thru 2022

| | Jan-12 | | Jan-13 | | Mar-17 | | Dec-18 | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|---------------------|---------------------|-------------|-------------|-------------|-------------|-------------|
| | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter | | |
| Large Power High Load Factor | | | | | | | | | | | | |
| Rate Code 450 (Started Mar-2017) | | | | | | | | | | | | |
| Customer Charge | | | | | | | 350.00 | 350.00 | | 400.00 | 400.00 | |
| Facilities Charge: | | | | | | | | | | | | |
| Secondary Service | | | | | | | 3.24 | 3.24 | | 3.40 | 3.40 | |
| Primary Service | | | | | | | 2.75 | 2.75 | | 2.88 | 2.88 | |
| Substation Service | | | | | | | 0.95 | 0.95 | | 1.00 | 1.00 | |
| Demand Charge: | | | | | | | | | | | | |
| All Additional kW | | | | | | | 17.50 | 17.50 | | 17.93 | 17.93 | |
| *Metering Adjustment: | | | | | | | | | | | | |
| Primary | | | | | | | NA | NA | | NA | NA | |
| Secondary | | | | | | | 2.0% | 2.0% | | 2.0% | 2.0% | |
| Substation Service | | | | | | | -2.8% | -2.8% | | -2.8% | -2.8% | |
| Transmission | | | | | | | -3.3% | -3.3% | | -3.3% | -3.3% | |
| Average Monthly Residential kWh | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| | 854 | 839 | 832 | 808 | 832 | 806 | 876 | 829 | 815 | 834 | 835 | |
| Average Energy Rate Component (ERC) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| | 0.03445 | 0.03038 | 0.03490 | 0.03139 | 0.02939 | 0.03539 | 0.03340 | 0.03270 | 0.03200 | 0.02647 | 0.04071 | |
| Environmental Surcharge (ESC) | 2012 | 2013 | 2014 | 2015 | 2016 | Jan-Feb 2017 | Mar-Dec 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Rate Code 100 (kWh) | 0.00094 | 0.00097 | 0.00124 | 0.00304 | 0.00444 | 0.00664 | 0.00899 | 0.01000 | 0.00902 | 0.00892 | 0.00857 | 0.01006 |
| Rate Code 200 (kWh) | 0.00140 | 0.00144 | 0.00179 | 0.00443 | 0.00656 | 0.00973 | 0.01128 | 0.01134 | 0.01039 | 0.01034 | 0.01010 | 0.01214 |
| Rate Code 250 (kW) | 0.38985 | 0.38662 | 0.47525 | 1.19839 | 1.70924 | 2.61501 | 3.98803 | 3.92962 | 3.71095 | 3.67398 | 3.29417 | 3.93938 |
| Rate Code 300 (kW) | 0.38985 | 0.38662 | 0.47525 | 1.19839 | 1.70924 | 2.61501 | 2.14008 | 3.77993 | 3.42465 | 3.55253 | 3.20436 | 3.82812 |
| Rate Code 400 (kW) | 0.40618 | 0.43575 | 0.56661 | 1.50282 | 2.03925 | 2.90730 | 3.69120 | 4.11948 | 3.81418 | 3.73724 | 3.15847 | 3.66200 |
| Rate Code USD500 (kWh) | 0.00136 | 0.00142 | 0.00168 | 0.00382 | 0.00535 | 0.00841 | 0.01125 | 0.01063 | 0.01041 | 0.01005 | 0.00843 | 0.00982 |

***Metering Adjustment:**

For years 2012-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 2012-2022

Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Water Rates 2012 thru 2022

| Meter Size | Jan-12 | | Jan-13 |
|---------------------------------------|-------------|--------------|----------|
| | Inside City | Outside City | |
| Monthly Customer Access Charge | | | |
| 5/8" | \$ 17.50 | \$ 17.50 | \$ 19.35 |
| 3/4" | 21.30 | 21.30 | 23.55 |
| 1" | 26.55 | 26.55 | 29.35 |
| 1.5" | 41.60 | 41.60 | 46.00 |
| 2" | 56.70 | 56.70 | 62.60 |
| 3" | 123.00 | 123.00 | 136.00 |
| 4" | 198.00 | 198.00 | 219.00 |
| 6" | 386.00 | 386.00 | 427.00 |
| 8" | 575.00 | 575.00 | 635.00 |
| 10" | 763.00 | 763.00 | 843.00 |
| 12" and Larger | 875.00 | 875.00 | 967.00 |
| Monthly Minimum Bill | | | |
| 5/8" | 17.87 | 21.92 | 19.74 |
| 3/4" | 38.60 | 40.80 | 41.83 |
| 1" | 53.90 | 58.03 | 58.22 |
| 1.5" | 95.03 | 101.39 | 101.77 |
| 2" | 141.29 | 152.42 | 150.51 |
| 3" | 271.19 | 292.18 | 289.51 |
| 4" | 436.82 | 473.39 | 465.99 |
| 6" | 860.14 | 920.56 | 916.71 |
| 8" | 1,365.55 | 1,409.43 | 1,451.07 |
| 10" | 1,949.46 | 2,038.82 | 2,067.43 |
| 12" and Larger | 2,349.25 | 2,565.81 | 2,488.27 |
| CCF Units | | | |
| Per Month | | | |
| 0 to 7 | 3.680 | 3.680 | 3.890 |
| 8 to 160 | 3.180 | 3.180 | 3.280 |
| 161 to 2000 | 3.180 | 3.180 | 3.280 |
| 2001 to 8000 | 2.450 | 2.450 | 3.030 |
| All over 8000 | 2.450 | 2.450 | 3.030 |
| Private Fire Protection Rates | | | |
| 2" | 7.97 | 7.97 | 7.97 |
| 4" | 20.44 | 20.44 | 20.44 |
| 6" | 49.86 | 49.86 | 49.86 |
| 8" | 100.21 | 100.21 | 100.21 |
| 10" | 175.95 | 175.95 | 175.95 |
| 12" and Larger | 281.10 | 281.10 | 281.10 |

Notes:

Source: Board of Public Utilities approved rate tariffs.

Years represented are for years with rate tariff adjustments.

Board of Public Utilities

Capital Operating Indicators LAST 10 FISCAL YEARS

| Water System: | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Miles of Water Mains | 967.55 | 967.04 | 966.85 | 967.74 | 970.14 | 966.64 | 963.94 | 959.84 | 957 | 1,001 |
| Number of New Service Taps | 166 | 155 | 187 | 205 | 311 | 257 | 185 | 167 | 166 | 158 |
| Max. Day Pumped (Gallons) | 46,450,000 | 39,880,000 | 36,390,000 | 40,590,000 | 38,890,000 | 29,570,000 | 42,090,000 | 43,470,000 | 36,860,000 | 38,170,000 |
| Min. Day Pumped (Gallons) | 23,950,000 | 24,400,000 | 22,230,000 | 23,720,000 | 23,680,000 | 24,960,000 | 25,130,000 | 24,180,000 | 23,390,000 | 24,820,000 |
| Max. Rate (MGD) | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| Water Main Breaks | 590 | 606 | 499 | 444 | 481 | 602 | 528 | 376 | 419 | 476 |
| Avg daily consumption (gallons) | 30,850,000 | 29,326,000 | 28,251,482 | 29,098,630 | 28,612,843 | 30,046,990 | 30,475,805 | 29,322,263 | 29,100,678 | 30,746,230 |

Source: Various water divisions.

Board of Public Utilities

| Staffing by Division 2013 - 2022 Budget | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Department | 2013 Approved | 2014 Approved | 2015 Approved | 2016 Approved | 2017 Approved | 2018 Approved | 2019 Approved | 2020 Approved | 2021 Approved | 2022 Approved |
| 1000 ES Administration | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 |
| 1600 Electric System Control | 25 | 25 | 25 | 24 | 24 | 24 | 24 | 24 | 23 | 23 |
| Total Electric Supply | 29 | 29 | 29 | 28 |
| 1100 EP Administration | 6 | 7 | 7 | 7 | 9 | 8 | 6 | 6 | 4 | 4 |
| 1101 Maintenance and Planning | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| 1103 EP Engineers Common | 5 | 5 | 5 | 5 | 4 | 4 | 5 | 7 | 8 | 8 |
| 1200 Kaw Plant Common | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1301 EP Maintenance-Quindaro | 21 | 21 | 20 | 15 | 14 | 13 | 9 | 0 | 0 | 0 |
| 1302 EP Operations-Quindaro | 38 | 38 | 38 | 29 | 23 | 21 | 17 | 5 | 0 | 0 |
| 1303 EP Engineering - Quindaro | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 0 | 0 | 0 |
| 1401 EP Maintenance-Nearman | 16 | 20 | 20 | 22 | 26 | 27 | 27 | 29 | 29 | 31 |
| 1402 EP Operations-Nearman | 35 | 35 | 35 | 35 | 38 | 39 | 40 | 48 | 46 | 41 |
| 1403 EP Engineering - Nearman | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 0 | 0 | 0 |
| 1500 Common Plant Maintenance | 45 | 38 | 35 | 35 | 33 | 33 | 32 | 30 | 30 | 17 |
| Total Electric Production | 184 | 180 | 175 | 163 | 161 | 159 | 148 | 126 | 118 | 102 |
| 1900 EO Administration | 4 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 2000 EO Planning | 0 | 4 | 4 | 2 | 2 | 2 | 3 | 3 | 5 | 2 |
| 2100 EO Transmission | 86 | 85 | 85 | 82 | 81 | 81 | 80 | 78 | 78 | 78 |
| 2200 EO Substation / Relay | 13 | 13 | 13 | 13 | 14 | 14 | 15 | 15 | 15 | 17 |
| 2300 Telecommunications | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 2410 IT Administration | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 1 | 1 |
| 2420 Desktop | 7 | 7 | 9 | 11 | 11 | 12 | 12 | 12 | 12 | 12 |
| 2430 Applications | 12 | 12 | 15 | 14 | 16 | 17 | 17 | 17 | 18 | 18 |
| 2500 EO Grounds / Claims | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 2600 EO Fleet Maintenance | 23 | 23 | 23 | 21 | 21 | 21 | 21 | 21 | 21 | 20 |
| 2700 EO Electrical Engineering | 25 | 25 | 25 | 23 | 22 | 22 | 22 | 21 | 19 | 17 |
| 2800 EO Elec Meters & Services | 16 | 15 | 23 | 23 | 22 | 20 | 20 | 20 | 20 | 19 |
| 2810 Meter Reading | 15 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2820 Revenue Protection | 3 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2900 EO Traffic Signal | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total Electric Operations & Technology | 218 | 213 | 214 | 206 | 206 | 206 | 208 | 205 | 205 | 200 |
| 6800 Corporate Compliance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| 6900 Nerc Compliance | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| 1700 Environmental Services | 6 | 5 | 5 | 5 | 4 | 4 | 5 | 5 | 6 | 6 |
| 1701 Environmental Air Quality | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total Corporate Compliance | 12 | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 13 | 14 |
| 3700 Water Meters/Services | 23 | 24 | 24 | 26 | 25 | 26 | 23 | 22 | 22 | 22 |
| 3900 Maintenance Nearman | 6 | 6 | 7 | 7 | 6 | 7 | 7 | 7 | 7 | 7 |
| 4000 Process Administration | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| 4100 Laboratory | 10 | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 7 | 7 |
| 4200 WO Mains | 39 | 37 | 39 | 37 | 38 | 37 | 40 | 39 | 39 | 39 |
| 4400 WP Support Services | 6 | 6 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| 4500 Water Administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 4600 Water Civil Engineering | 15 | 16 | 16 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| 4800 Operations Nearman | 8 | 8 | 8 | 7 | 8 | 8 | 9 | 9 | 10 | 10 |
| Total Water | 111 | 110 | 111 | 108 | 109 | 109 | 110 | 108 | 108 | 108 |
| 5000 Customer Relations | 14 | 14 | 15 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| 5100 Cash Operations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 4 |
| 5200 Collections | 19 | 15 | 15 | 14 | 14 | 12 | 12 | 12 | 11 | 10 |
| 5800 CS Administration | 6 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 6200 Customer Accounting | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 |
| Total Customer Service | 55 | 52 | 52 | 53 | 53 | 51 | 51 | 51 | 49 | 44 |
| 6100 Accounting | 18 | 18 | 18 | 16 | 16 | 16 | 16 | 16 | 16 | 14 |
| 6300 Purchasing | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| 6400 Stores | 24 | 24 | 23 | 22 | 22 | 22 | 22 | 21 | 20 | 20 |
| 7000 General Managers Office | 6 | 6 | 5 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| 7100 Marketing & Corporate Communications | 3 | 3 | 4 | 3 | 3 | 2 | 3 | 3 | 6 | 6 |
| 7400 Human Resources | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 7900 Utility Svcs | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 0 | 0 |
| 8600 Administrative Services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 8700 Image Processing | 7 | 7 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Total Administrative | 81 | 81 | 82 | 75 | 75 | 74 | 75 | 70 | 69 | 67 |
| Overall Total Number Of Approved Positions | 678 | 665 | 663 | 633 | 632 | 627 | 620 | 588 | 590 | 563 |

Source: Board of Public Utilities approved annual budget.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Board of Public Utilities of Kansas City, Kansas (the BPU), which comprise the BPU's statement of net position as of December 31, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2023, which contained "Emphasis of Matters" paragraphs regarding presentation of only the BPU financial statements and a change in accounting principle.

Report on Internal Control Over Financial Reporting

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

FORVIS,LLP

Kansas City, Missouri
June 8, 2023