



electric  
natural gas  
water  
wastewater

*Your Source for Energy and Water Services.*

## First Quarter Financial Report FY 2020

### Statement of Net Position (unaudited)

As of September 30  
(thousands)

	2019	2018
<b>Current assets</b>		
Cash & Equivalents	\$ 178,158	\$ 220,825
Operating Contingency Reserves	108,956	103,500
Accounts Receivable	52,413	56,527
Inventory	18,583	17,053
Other	40,071	40,763
Total Current Assets	<u>\$ 398,181</u>	<u>\$ 438,668</u>
<b>Restricted assets</b>		
Unused Bond Proceeds	\$ 10,099	\$ 18,843
Bond Fund	31,644	30,125
Other	2	21
Total Restricted Assets	<u>\$ 41,745</u>	<u>\$ 48,989</u>
<b>Net Plant</b>	\$ 2,038,972	\$ 1,916,455
<b>Other Assets</b>	<u>\$ 19,247</u>	<u>\$ 41,448</u>
<b>Total Assets</b>	\$ 2,498,145	\$ 2,445,560
<b>Deferred Outflows of Resources</b>	<u>\$ 41,488</u>	<u>\$ 25,965</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 2,539,633</u>	<u>\$ 2,471,525</u>
<b>Current Liabilities</b>		
Current Bonds Payable	\$ 41,205	\$ 39,185
Accounts Payable	86,969	83,642
Other	63,613	61,471
Total Current Liabilities	<u>\$ 191,787</u>	<u>\$ 184,298</u>
<b>Other Liabilities</b>	\$ 29,807	\$ 26,579
<b>Long-term Debt</b>	<u>\$ 1,157,804</u>	<u>\$ 1,163,076</u>
<b>Total Liabilities</b>	\$ 1,379,398	\$ 1,373,953
<b>Deferred Inflows of Resources</b>	<u>\$ 3,843</u>	<u>\$ 14,259</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>\$ 1,383,241</u>	<u>\$ 1,388,212</u>
<b>Net position</b>		
Net Investment in Capital Assets	\$ 864,876	\$ 742,514
Restricted for:		
Debt Service	17,811	16,488
Other	2	21
Unrestricted	273,703	324,290
Total Net Position	<u>\$ 1,156,392</u>	<u>\$ 1,083,313</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 2,539,633</u>	<u>\$ 2,471,525</u>



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**Statement of Revenues, Expenses, and  
Changes in Net Position**  
(unaudited)

	Three Months Ended September 30 (thousands)	
	2019	2018
<b>Operating Revenue</b>	\$ 209,444	\$ 202,881
Less: Purchased Energy	(120,318)	(120,352)
Margin on Sales	<u>\$ 89,126</u>	<u>\$ 82,529</u>
<b>Operating Expenses</b>		
Operations & Maintenance	\$ 28,162	\$ 29,232
Depreciation Expense	18,467	18,592
Taxes & Equivalents	9,141	8,747
Total Operating Expenses	<u>\$ 55,770</u>	<u>\$ 56,571</u>
<b>Operating Income</b>	\$ 33,356	\$ 25,958
<b>Other Revenue (Expenses)</b>		
Interest Income	\$ 1,520	\$ 1,319
Interest Expense	(10,651)	(10,339)
Other (Net)	49	(859)
Total Other Expenses	<u>(9,082)</u>	<u>(9,879)</u>
<b>Change in Net Position Before Capital Contributions</b>	\$ 24,274	\$ 16,079
Capital Contributions	-	455
<b>Change in Net Position</b>	<u><u>\$ 24,274</u></u>	<u><u>\$ 16,534</u></u>

**Statistical Highlights**

	Three Months Ended September 30 (thousands)		
	2019	2018	% Change
Electric Sales (MWh in 000s)	1,699	1,718	-1.1%
Natural Gas Sales (Dth in 000s)	1,558	1,596	-2.4%
Water Sales (Mg)	2,697	2,712	-0.6%
Wastewater Sales (Mg)	1,995	2,070	-3.6%
Heating Degree Days	-	-	-
Cooling Degree Days	1,283	1,171	9.6%
Avg Temperature	78.7	77.5	1.5%
Mega Watt hour (MWh)			
Dekatherm (Dth)			
Million Gallon (Mg)			

**KUB Bond Ratings**

	Moody's	Standard & Poor's
Electric	Aa2	AA
Natural Gas	Aa2	AA
Water	Aa1	AAA
Wastewater	Aa2	AA+

KUB operates four separate enterprise funds. This presentation represents a consolidation of statements for the enterprise funds, as provided for under Governmental Accounting Standard 34.

These unaudited financial statements should be read in conjunction with the Notes to Financial Statements appearing in KUB's Annual Report for fiscal year 2019.



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## **First Quarter Financial Report Fiscal Year 2020**

### **Management Financial Discussion**

KUB's change in net position (net income) for the three months ended September 30, 2019 was \$24.3 million, representing an increase of \$7.7 million over the same period last year.

Margin on sales increased \$6.6 million or 8 percent compared to last fiscal year. Sales margin increases due to additional revenue from rate increases to fund Century II capital improvements in each division were offset by decreased sales volumes.

O&M expenses fiscal year to date decreased \$1.1 million, reflecting lower labor-related expenses. Depreciation expense decreased \$0.1 million. Taxes and tax equivalents increased \$0.4 million.

Interest income fiscal year to date increased \$0.2 million as interest rates were higher this fiscal year. Interest expense fiscal year to date increased \$0.3 million compared to the prior year.

KUB's total debt outstanding as of September 30, 2019, was \$1.2 billion, representing 50 percent of KUB's capital structure. This debt level represented a decrease of \$3.2 million compared to the same period last year. KUB sold \$36 million in bonds in July 2019 for the purpose of funding utility system capital improvements for the water and wastewater utility systems.