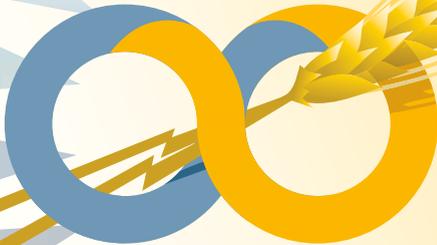


Celebrating 10 years

2005-2015



**KANSAS
POWER POOL**
Smart Municipal Energy

2015 ANNUAL REPORT

Contents

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KPP Comprehensive Plan

Our Premise: The strength of KPP is found in the strength of individual member cities. Collectively, KPP can provide power supply, financial products and other needed services to member systems less expensively and more reliably. To ensure organizational strength and exceptional performance, KPP shall commit to a periodic organizational assessment and renewal of goals in the following areas:

About the cover: The Marshall County Wind Farm, Beattie, KS, developed by RPM Access, Des Moines, IA, operational by June 2016.

Management Message

A Year for Upgrades

Although our anniversary logo graces the cover of this year's Annual Report (and last year's), we stated last year that 2014 would be the year of celebration with the promise of notable things to talk about in this year's Report. Holding true to that promise, 2015 could be thought of as a "year of upgrades" – particularly in the area of power resources. By February we had completed what had become a nearly 2-year process for power supply screening. We are pleased with the results and have looked forward to telling you.

Knowing that our Nearman Creek Power Station resource would come to a contractual end, we set out to replace that capacity and energy with an exclamation point on cost-efficiency. Nearman is a coal-fired resource operated by the Kansas City Board of Public Utilities. On the belief that the resource provides greater value for KCBPU than for KPP, an amenable arrangement was crafted for mutually terminating that contract early. The termination was effective on December 31, 2015.

In our screening process, we were determined to have an open mind as to any fuel type possible within the practical limitations of affordable transmission. Although there is no Renewable Portfolio Standard requirement for municipals, we felt compelled to fully consider solar and additional wind as a potentially upgraded mix to our members' federal hydro allocations. By the time we felt duty-bound to make a decision, utility-scale solar appeared to offer energy at a cost of \$80 per megawatthour with a capacity factor of around 25%. We felt obliged to do better in the cost interest of KPP members.

In February we signed with Marshall County Wind, LLC as a contract off-taker of 25 megawatts of a project to be built in northeast Kansas. The project was developed by RPM Access of Des Moines and has both a significantly higher capacity factor and a significantly lower output cost. We were especially interested in its strategic location at the heart of the very stout and healthy Westar transmission grid. Likewise, we were quite pleased to be joined by other off-takers from municipal power including, Independence Power & Light, the Kansas Municipal Energy Agency and the Missouri Joint Municipal Electric Utility Commission. The project was sold to Berkshire Hathaway Energy Renewables during 2015 and construction was to begin just after January 1, 2016. The commercial operation date was to be June 1, 2016.

Also in February we signed a Letter of Intent to purchase an additional 20 megawatts of the Dogwood Energy Facility near Pleasant Hill, MO. KPP members were already quite familiar with this efficient combined cycle natural gas plant because of KPP's 40 megawatt acquisition in 2012. That year, some of our members felt as though KPP may have wisely purchased more than 40 MWs. The aggressive pricing found then was still available to KPP in 2015. KPP felt that a 20 MW purchase in 2015, at an attractive price, would discreetly place the agency ahead of what is certain to be future plant closures in consequence to the Environment Protection Agency's Clean Power Plan.

This most recent asset purchase was finalized in the summer of 2015 but not before a rigorous examination of KPP by Moody's and Fitch Ratings. The 2015 rating review was only the most recent by Moody's but was the first by Fitch. KPP Staff and Board felt confident in both the financial performance and the financial policies of our agency since our initial bond issuance nearly 4 years ago. This \$15 million issuance from 2015 was delightfully preceded by an upgrade in KPP's bond rating. The Moody's rating took KPP from "Baa1" to "A3". The equivalent first-time rating by Fitch came in at "A".

Finally, commencing nearly half-way through the year, the Board and Staff instituted an innovative effort to optimize generating resources with the intent of increasing revenues separate from traditional energy sales to members. That effort resulted in more than \$103,000 for 2015 but yielded also the hope for even larger sums in 2016.

2016 promises to be eventful with early indications already in place – with an eye continually on our members' competitive ability to serve constituencies.

Sincerely,

Mark Chesney
Chief Executive Officer/General Manager

R. Stan Luke
President, Board of Directors



2016 KPP Board of Directors



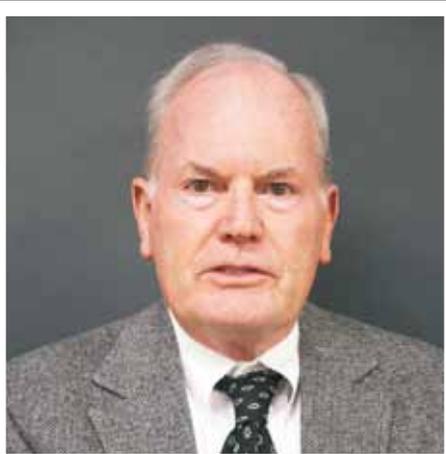
Stan Luke
Burlington, President



James Ging
Winfield, 1st Vice President

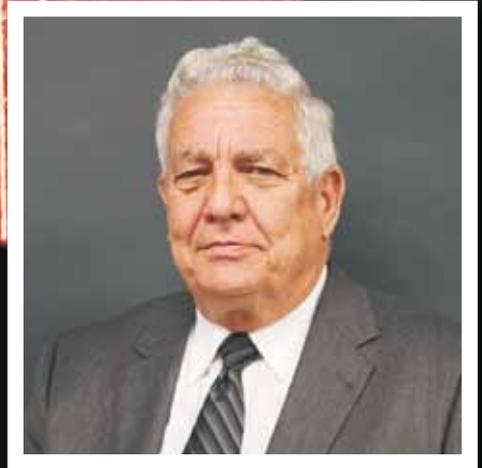


Brad Modlin
Mulvane, 2nd Vice President



Larry Paine
Hillsboro, Secretary/Treasurer

2016 KPP Board of Directors



Bill Callaway
Clay Center PUC



Barry Hodges
Minneapolis



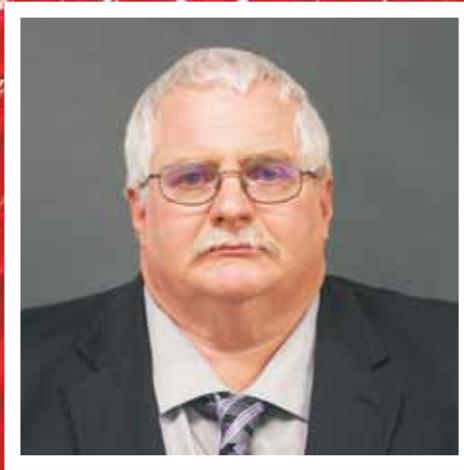
Bob Peter
Ellinwood

2016 KPP Board of Directors

***Rex Reynolds**
Mount Hope*



***Jim Sutton**
Augusta*



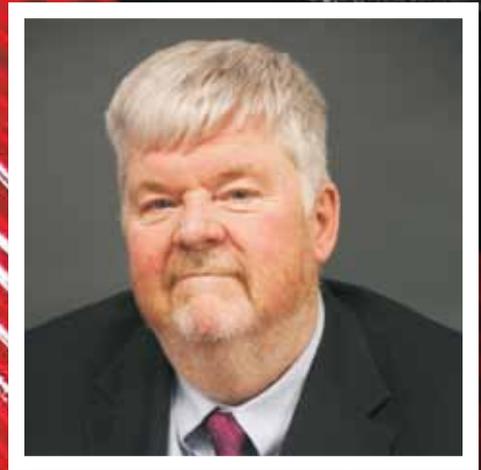
2015 KPP Board of Directors

***Jim Sutton, Augusta, President**
Stan Luke, Burlington, 1st Vice President
James Ging, Winfield, 2nd Vice President
George Dick, Mount Hope, Secretary/Treasurer
Bill Callaway, Clay Center PUC, Member
Barry Hodges, Minneapolis, Member
Brad Modlin, Mulvane, Member
Larry Paine, Hillsboro, Member
Bob Peter, Ellinwood, Member
Cliff Zens, Wellington, Member (Retired)*

KPP Staff



Mark Chesney
CEO and General Manager



Larry Holloway
Assistant General Manager – Operations



Vickie Matney
Controller



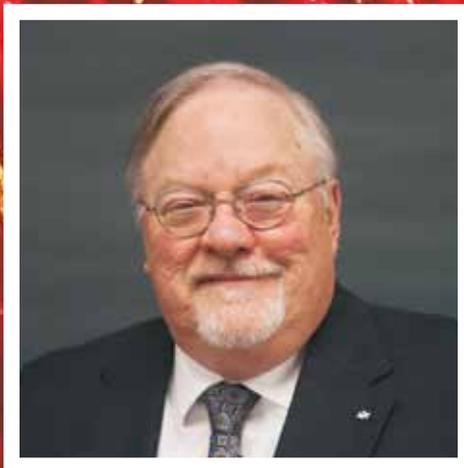
Carl Myers
*Director of
Member Services*



Ahmad Kahn
*Senior Director of Wholesale
Electric, Origination and
Resource Planning*



Ivan Seward
Senior Accountant



Curtis Irby
*Glaves, Irby and Rhoads,
General Counsel*

Member Cities

2015 KPP Membership	Population	No. of Electric Meters	2015 Peak Load (kW's)	Owns Generation?
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Voting Members

Attica	620	464	2,060	No
Augusta	9,274	4,538	22,231	Yes
Burlington	2,790	1,721	9,085	Yes
Clay Center PUC	4,334	2,767	12,825	Yes
Ellinwood	2,131	1,250	4,997	Yes
Erie	1,121	639	3,430	Yes
Greensburg	875	505	3,067	No
Haven	1,237	649	3,506	No
Hillsboro	2,993	1,491	7,140	No
Holyrood	447	315	1,142	No
Kingman	3,145	1,979	10,663	Yes
Lucas	396	338	1,721	No
Luray	190	151	671	No
Marion	1,980	1,191	5,385	No
Minneapolis	2,087	1,107	5,632	Yes
Mount Hope	846	392	1,654	No
Mulvane	6,111	2,603	12,050	Yes
Oxford	1,218	600	2,405	Yes
St Marys	2,651	1,000	5,433	No
Udall	848	357	1,565	No
Waterville	616	428	1,306	No
Wellington	8,172	4,476	28,761	Yes
Winfield	12,301	7,651	61,340	Yes



20 MW Purchase of Dogwood

In February, after completing a lengthy power supply screening study, KPP signed a Letter of Intent (LOI) to Dogwood Energy LLC. The LOI expressed KPP's desire to acquire an additional 3.3% of the Dogwood Energy Facility located in Pleasant Hill, MO. The Letter was signed for KPP and Dogwood Energy by Mark Chesney and Rob Janssen respectively and was followed by the actual asset purchase on June 25, 2015. With the additional acquisition, KPP added 20 megawatts of ownership to slightly more than 40 megawatts of Dogwood that had been purchased in 2012.

The purchase of 20 MWs was funded by a tax-exempt bond issue in the total amount of \$15,000,000. Preceding the issuance of the bonds was a comprehensive rating review of KPP by Moody's. With this issue, KPP also sought an evaluation from Fitch Ratings. Subsequently, KPP was delighted to report an upgrade in the Moody's rating from Baa1 to A3. An equivalent rating of A from Fitch was also announced.

In past reports, much has been said about the high efficiency operations of the Dogwood plant. The acquisition by KPP of the additional 20 MWs of natural gas combined cycle was thought to be strategic to KPP's overall resource portfolio. The timing of the acquisition was believed to be insightfully ahead of accelerated predictions of coal-fired plant closures consequent to EPA's Clean Power Plan.



Mark Chesney, KPP CEO & General Manager, and Rob Janssen, Kelson Energy, LLC Vice President, finalize the Letter of Intent in Kansas City, MO.

Marshall County Wind

Following a careful examination of new resource alternatives, KPP signed with Marshall Wind Energy LLC to offtake 25 megawatts of energy from the project to be built near Beatty, KS. The project was developed by RPM Access of Des Moines, IA. Steve Dryden, President of RPMA, and KPP CEO/GM, Mark Chesney, signed the contract in September. The offtakers for the entire output of the project are public power entities in Kansas and Missouri. During the project development period, and as contemplated in the contract, the developer assigned its interest to Berkshire Hathaway (BHE Wind).

Although KPP is not under a Renewable Portfolio Standard (RPS) mandate, Marshall Wind Energy becomes an additional renewable resource for KPP in supplement to the Greensburg Wind Farm in western Kansas. Those wind resources nicely complement KPP's renewable energy portfolio which includes both wind and hydro.

KPP's contract term is for 20 years. Energy pricing to KPP, fixed for the entire term, will be competitive within the Southwest Power Pool (SPP) energy market. Located in the Westar transmission footprint, energy is fully expected to be introduced to the SPP grid without constraint. The project is to become operational by June 2016.



Steve Dryden, Principal of RPM Access and Marshall County Wind, LLC, and Mark Chesney, KPP CEO & General Manager, sign the Renewable Energy Power Purchase Agreement

ENERGY SOURCES

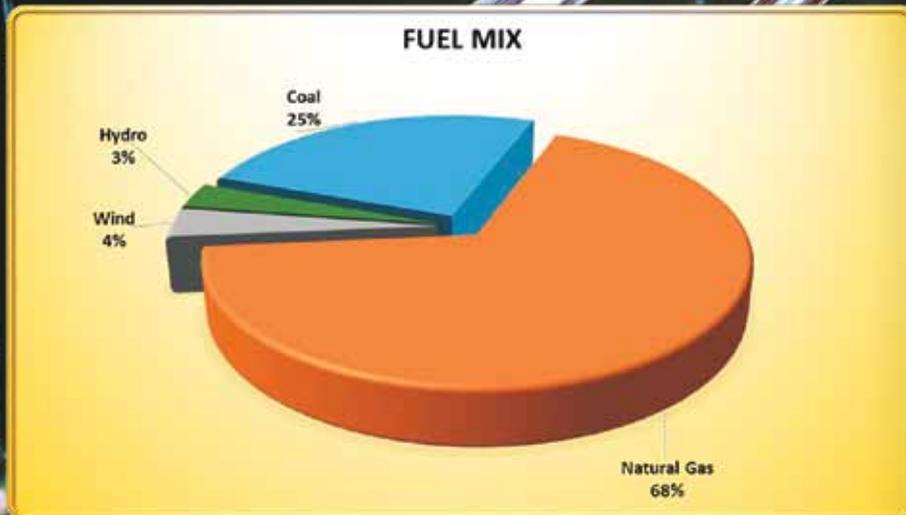
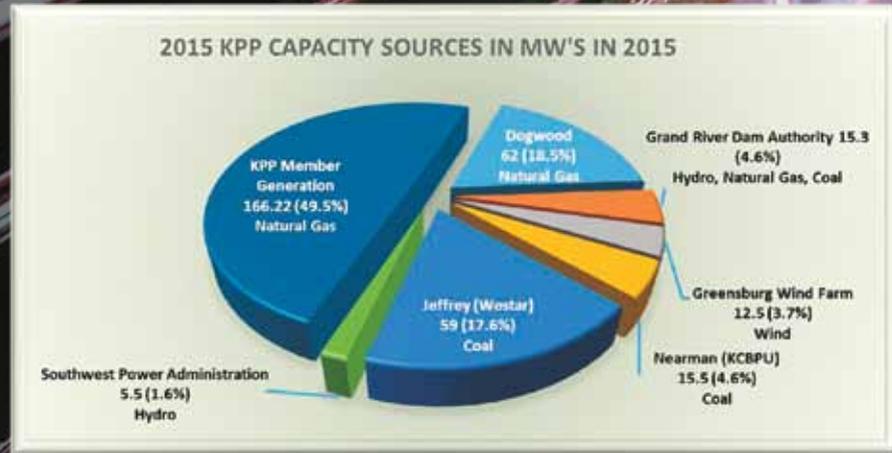
Generation Resources

KPP members are served by resources obtained by either pooling members' purchase power contracts, utilizing member's generation, or directly by KPP purchase power agreements, such as the Jeffrey Energy Center participation agreement or the Greensburg Wind Farm purchase power agreement, or KPP owned resources, such as KPP's ownership share of the Dogwood Combined Cycle Plant.

Capacity Resources Chart:

The Capacity Resources chart illustrates the demonstrated capacity of KPP's energy resources and the percentage of KPP's total capacity each resources represents.

As illustrated in the chart, KPP's generation resources have a diverse fuel mix. SPP requires KPP to maintain, operate and offer into the SPP Integrated Market (IM) generation capacity equal to at least 1.13 times KPP's peak load. The actual dispatch of KPP capacity resources depends on the need of the SPP market. All KPP resources, even those that are used infrequently, serve to not only meet SPP capacity requirements, but also as a hedge to protect KPP's members from spikes in market prices. As illustrated in the chart, the majority of KPP resources use natural gas as a fuel.



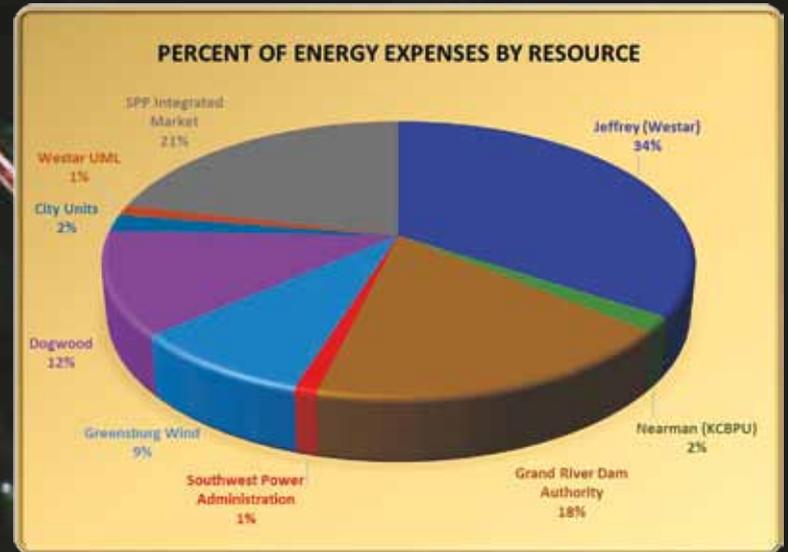
Fuel Mix Chart:

The Fuel Mix Chart illustrates the percentage of each type of fuel used by KPP's capacity resources. The use of coal as a fuel has begun to decrease across the nation as coal units are being shut down or converted to natural gas. KPP continues its contract with Westar's Jeffrey Energy Center, which is coal-fired, but terminated the power purchase agreement for Nearman's coal-fired energy at the end of 2015. This was made possible with KPP's acquisition of an additional 20 MW's of Dogwood capacity. KPP's combined cycle natural gas Dogwood Facility represents a growing trend for new generation along with wind generation.

Due to low natural gas prices in 2015, higher cost coal resources such as Nearman were often displaced by efficient natural gas plants. Additionally, KPP load is served by the SPP IM. As a result when KPP resources are dispatched, SPP compensates those units at market prices. This is reflected in the costs shown on the next chart by the fact that 21% of KPP's energy expenses were a result of SPP IM charges.

Percent of Energy Expenses per Resource Chart:

This chart illustrates the dollar share of energy expenses for each KPP energy resource for 2015. Energy sources are selected by the Southwest Power Pool according to the cost of generation for each day in order of least cost to highest cost. Base load units are generally lower cost to operate and are selected first to generate electricity. Intermediate units, such as Dogwood, are used as the load surpasses base load capacity. Small units, such as KPP member utility units, are used for short periods to generate during high peak loads.



KPP dispatches its resources as directed by the Southwest Power Pool (SPP) Integrated Market. When KPP units are dispatched by the SPP market, KPP is paid for their generation. Thus, while all of KPP load is served by the SPP IM, and all KPP generation is dispatched into the market, the SPP IM costs reflected in the chart above are a result of the credit KPP receives for its generation into the market. For example, if KPP pays \$20 per MegaWatt-hour (/MWh) for fuel costs at Jeffrey, and the SPP IM prices are \$25/MWh, KPP pays Westar \$20/MWh and KPP gets a \$25/MWh credit in its SPP Integrated Market bill. As a result, while all KPP load is served by the SPP IM, credits for KPP generation sold in the market result in the SPP IM being only 21% of KPP's energy expense in 2015.

Transmission Resources

When KPP was founded, its members realized the benefits of firm transmission resources. Starting in 2009, all KPP members benefited from KPP's firm Network Integrated Transmission Service (NITS) in the SPP. This has become increasingly important today because in the SPP Integrated Market. In structured electric markets, such as SPP's IM, firm transmission rights allow users to benefit from their generation resources while controlling exposure to congestion costs between resources and loads.

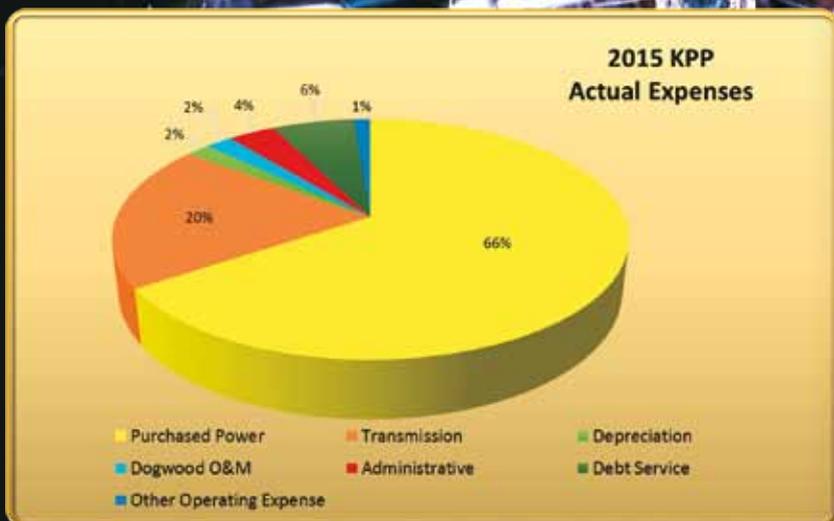
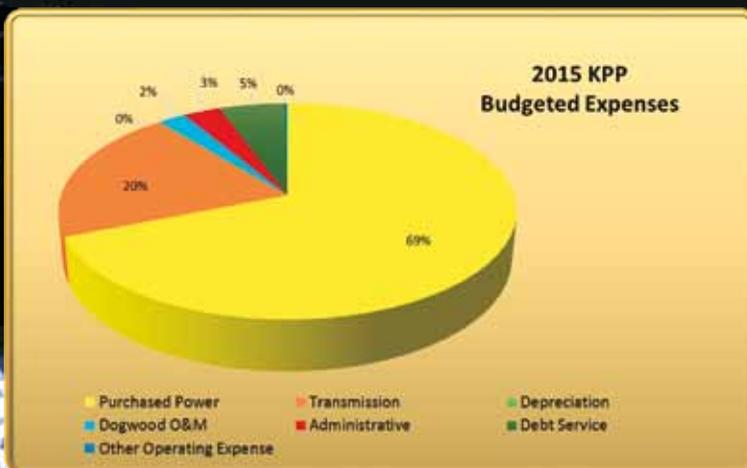
Wholesale Rates

In 2015, KPP's wholesale rates were affected by lower than anticipated energy costs. Thousands of Megawatts of new wind generation in the 14 State SPP region came on line throughout 2015, while natural gas prices dropped to levels unseen for over a decade. This combined to create very low SPP market prices. As a result, KPP energy costs were less than 78% of the anticipated budget costs. Additionally, transmission costs and capacity costs were also slightly below forecasts. In summary, even though the very mild 2015 weather created energy sales below budget forecasts, overall average annual costs to KPP members were 13% below budget forecasts in 2015.

FINANCIAL HIGHLIGHTS

2015 KPP Budgeted Expenses Chart:

KPP budgeted 89% of its expenses in 2015 for wholesale energy purchases and transmission charges.

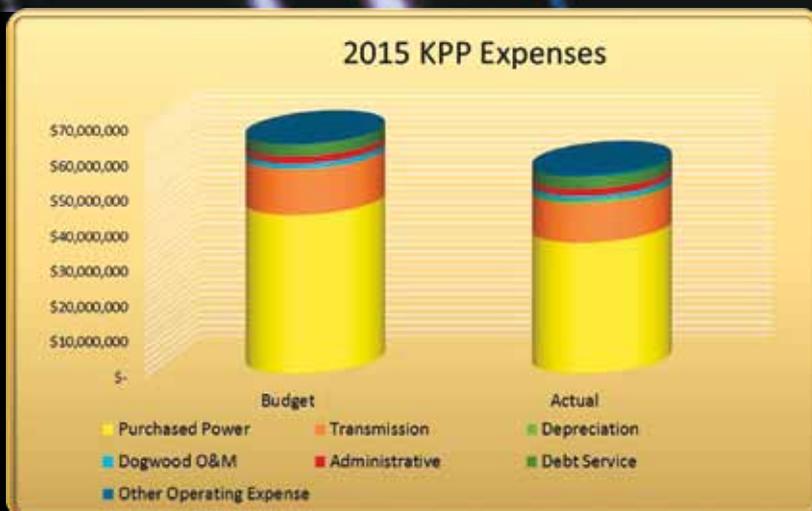


2015 KPP Actual Expenses Chart:

For 2015 actual expenses, purchased power and transmission costs made up 86% of the total. Depreciation and other expenses were higher than forecasted, although relatively small in proportion to purchased power and transmission costs. Administration costs, at 4%, were also comparatively low.

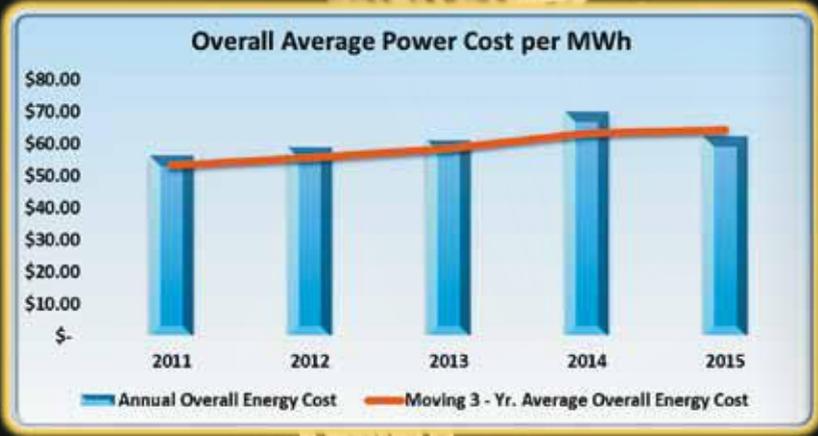
2015 KPP Expenses Chart:

KPP's actual expenses in 2015 were significantly lower than the forecasted budget due in large part to lower fuel costs, which led to lower power purchase costs.



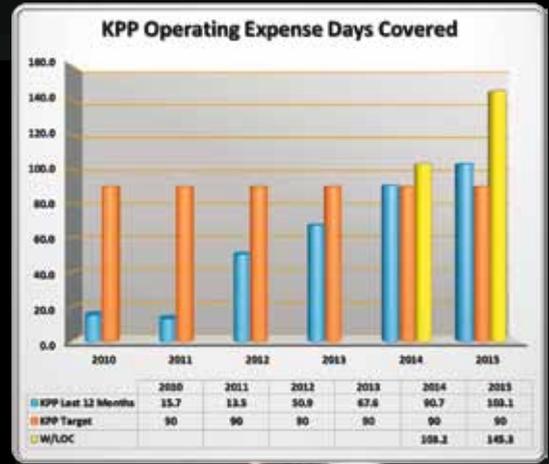
KPP Overall Average Energy Cost per MWh Chart:

When KPP staff prepares its annual budget, a wholesale rate structure is also prepared to meet the revenue requirements of the budget. Rates are calculated for fixed costs (transmission, debt service, capacity, and administration) and for variable costs (energy). One way to view the overall cost of KPP's operations to its members is to combine the rate revenue for fixed and variable expenses and divide it by the total number of megawatt-hours sold during the year. This chart illustrates the cost to its members in this manner. In addition, this charts shows a moving 3-year average that smooths the trend line.



KPP Expense Days Covered by Unrestricted Cash Chart:

In 2012, the KPP Board of Directors set a policy to maintain a minimum unrestricted cash balance of no less than 90 days of operating expenses. This chart illustrates the significant progress made by the KPP in meeting this financial objective. Since 2011, the number of covered days has steadily increased from 13.5 days to 103.1 days at the end of 2015.

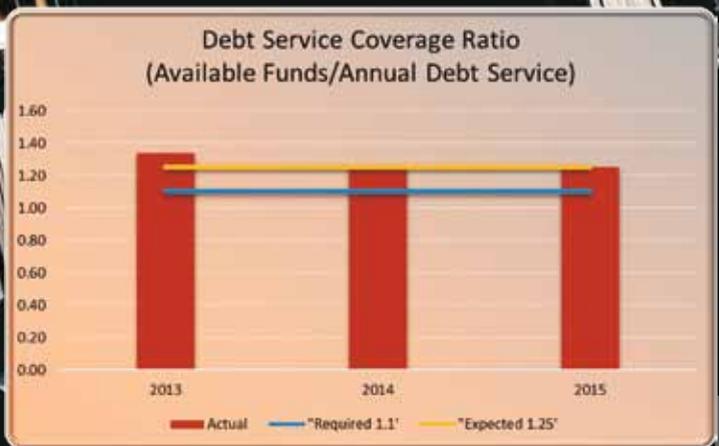


KPP Liquidity Chart:

Liquidity is the measure of KPP's ability to use cash or cash equivalents to pay short-term debt. The ratio used to illustrate liquidity is the ratio of current assets to current liabilities, or Current Ratio. A Current Ratio of 1.0 or above indicates that KPP can cover 100% of its short-term debts for a period of twelve months with accessible resources. A Current Ratio of 1.5 or higher is indicative of a financially healthy organization. The chart also includes a trendline that shows the linear direction of the annual ratios.

KPP Debt Service Coverage Ratio Chart:

With its first bond financing in 2012, the Kansas Power Pool has been required to meet a debt service coverage ratio of 1.1 times the annual debt service. In addition, KPP's bond rating agency expects the KPP to maintain a debt service coverage ratio of 1.25 times the annual debt service. This chart demonstrates that the KPP has met or exceeded both ratios each year. Beginning in 2016, the rating agencies expect KPP to maintain a ratio of 1.3 or higher.



MEMBER SERVICES

Staff visits to member cities occur throughout the year. Additionally, KPP member representatives also come together doing so at least 4 times throughout the year. These gatherings provide much needed opportunities for information exchange and to enhance mutual understanding of how KPP can advance its mission for the benefit of all members.

Membership Appreciation Dinner

Held in connection with the annual KMU conference, the Appreciation Dinner is the most casual gathering of KPP members. Last May, Shane Ewing, Sports Director with KAKE TV, regaled KPP members with close up stories of Wichita State University basketball and Kansas City Royals baseball.



Fall Planning Retreat

In what has become a KPP tradition, members gathered for the 3rd annual Fall Planning Retreat. In this September event, KPP Membership Committee members and alternates, as well as city staff and governing body members assembled in Kansas City, KS. Industry experts from throughout the country led KPP members in discussions on transmission planning, distributed generation, resource planning and an overview of the Southwest Power Pool assessments of the regional consequences of the EPA Clean Power Plan.



2015 Rate Forum

KPP Membership Committee members and others gathered in November at the new KPP offices in downtown Wichita for the 2015 Rate Forum. The Rate Forum is historically held near the end of the calendar year and provides members a close up examination of the methodologies used to forecast fuel costs for the upcoming year and for overall projections on demand and energy rates.



Annual Membership Meeting

Holding to tradition, Committee members and others met this past December at the Hilton Garden Inn near Bradley Fair in Wichita. This gathering was preceded by a KPP Board meeting where a recommendation was made to the general membership to accept the Budget and Rates which had been preliminarily presented in November. This Annual Membership Meeting historically serves as the appropriate venue for adopting various KPP Resolutions as well as for the installation of members to the KPP Board



12

of Directors. In December, members unanimously installed Rex Reynolds, a member of the Mount Hope City Council, to a 4-year term on the KPP Board. Also retained by the membership, to an additional 4-year term, was Jim Sutton, Power Plant Superintendent for the City of Augusta.

KPP Value-Added Services

KPP continues to look for ways to add value to KPP membership beyond the acquisition and transmission of wholesale electric energy. Some value-added services provided to member cities in 2015 are listed below:

- KPP provided a review of electric utility finances for 4 member cities.
- KPP conducted an assessment of the electric distribution system for 2 member cities.
- KPP continued Chamber of Commerce membership in 13 member cities.
- KPP sponsored community events or publications in 6 member cities.
- KPP paid dues for KMU and APPA membership on behalf of all 23 KPP member cities.
- KPP awarded economic development grants for job creation or retention projects in 3 member cities.
- KPP reimbursed member cities for energy efficient appliance rebates to retail customers in the combined amount of \$1,055.
- KPP initiated a program of locational arbitrage, which involved the sale of excess wind energy into the Integrated Market where transmission congestion existed, that netted \$102,952 in revenue for KPP and its members.

Looking Ahead

The Kansas Power Pool cannot be and is not satisfied with its many accomplishments to date. The electric utility industry is ever-changing, so the KPP must be prepared to respond and adjust to changes affecting its member cities. Having a membership comprised of public power utilities presents certain vulnerabilities that the KPP must understand and position itself to defend its members. On the other hand, opportunities arise that provide economic advantages for KPP members.

KPP staff continues to defend its members from various legislative and regulatory maneuvers that would prevent the KPP from issuing tax exempt financing for capital projects, or preclude the KPP from building transmission lines. Regulatory issues regarding carbon emissions continue to require close attention and response.

The nature of power generation is changing from the use of coal as fuel to more combined-cycle natural gas generation and renewable energy sources, especially wind generated energy in Kansas. The KPP remains alert to opportunities to advance the economic interest of its member utilities within this changing electric environment. The addition of 25 MW's of wind energy from the Marshall County wind farm, the additional 20 MW acquisition of combined-cycle Dogwood capacity, and the termination of the coal-fired Nearman agreement demonstrate how active the KPP is regarding power supply planning.

Other opportunities, such as participation in transmission line construction as a revenue source or to avoid expensive transmission costs can help stabilize KPP wholesale rates for its members. Working with both KMU and KMEA on projects to enhance the ability of smaller cities to maintain control as public power communities is a unifying factor for all three agencies and a benefit for public power in general.

The Kansas Power Pool is proud of its amazing progress over the past ten years. Looking ahead is always challenging and the KPP has positioned itself financially and organizationally to take on the challenge.

Audit Report

Kansas Power Pool Management's Discussion and Analysis Years Ended December 31, 2015, 2014 and 2013

The following table summarizes the financial condition and operations of KPP:

Financial Highlights

Assets

	2015	2014	2013
Cash	\$14,646,573	\$14,551,766	\$12,870,257
Cash equivalent, restricted	6,368	637,657	637,657
Investments, restricted	3,502,711	4,792,582	6,443,653
Accounts receivable	4,598,923	4,679,654	5,796,007
Capital assets, net	37,297,172	25,850,724	26,007,928
Noncurrent investments, restricted	3,179,442	-	-
Other assets	10,188,174	9,148,114	7,754,538
Total assets	73,419,363	59,660,497	59,510,040
Deferred outflows of resources	134,280	71,229	-
Total assets and deferred outflows of resources	\$73,553,643	\$59,731,726	\$59,510,040

Liabilities, Deferred Inflows of Resources and Net Position

Accounts payable and accrued expenses	\$3,600,964	\$4,007,644	\$4,925,398
Long-term debt, net	53,657,436	39,962,993	41,472,511
Net pension liability	491,157	382,487	-
Total liabilities	57,749,557	44,353,124	46,397,909
Deferred inflows of resources	3,599,887	3,639,724	2,000,000
Total liabilities, deferred inflows of resources	61,349,444	47,992,848	48,397,909
Net position – invested in capital assets	1,201,497	748,142	(95,377)
Net position – restricted	2,650,136	2,858,885	4,299,859
Net position – unrestricted	8,352,566	8,131,851	6,907,649
Total liabilities and deferred inflows of resources and net position	\$73,553,643	\$59,731,726	\$59,510,040

Revenues, Expenses and Changes in Net Position

Operating revenues	\$55,199,423	\$63,665,316	\$74,219,464
Operating expenses	(50,894,686)	(57,581,014)	(68,652,808)
Administrative and general expenses	(2,000,503)	(1,824,430)	(1,659,852)
Nonoperating expense, net	(1,838,913)	(1,696,885)	(1,705,041)
Deferred inflows of resources – rate stabilization	-	(1,560,000)	(2,000,000)
Change in net position	\$465,321	\$1,002,987	\$201,763

Capital Assets

	2015	2014
Depreciable Assets		
Vehicles	\$48,971	\$48,971
Furniture, fixtures, and equipment	281,799	232,588
Dogwood	40,159,244	26,780,755
Total depreciable assets	40,490,014	27,062,314
Accumulated Depreciation	3,192,842	2,198,299
Total capital assets, net	\$37,297,172	\$24,864,015

Audit Report

Kansas Power Pool

Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenues	\$55,199,423	\$63,665,316
Operating Expenses		
Purchased power	36,989,035	44,140,119
Transmission expense	11,117,430	10,956,526
Dogwood operating costs	1,106,602	1,018,220
Amortization of unrecovered development costs	670,876	648,096
Depreciation	1,010,743	818,053
	<u>50,894,686</u>	<u>57,581,014</u>
Administrative and General Expenses		
Salaries and benefits	864,039	751,264
Legal expenses	171,736	216,497
Consulting fees	41,649	93,716
Outside services	187,780	213,813
Insurance	105,113	94,152
Dues and memberships	143,527	129,098
Miscellaneous	261,070	258,605
Rent	32,525	27,863
Payment in lieu of taxes	193,064	30,517
Loss on sale of equipment	-	8,905
	<u>2,000,503</u>	<u>1,824,430</u>
Operating Income	2,304,234	4,259,872
Nonoperating Revenue (Expense)		
Interest income	33,253	9,332
Interest expense on debt	(1,929,168)	(1,759,522)
Amortization of bond premiums and discounts, net	113,943	104,518
Net costs recoverable	(56,941)	(51,213)
	<u>(1,838,913)</u>	<u>(1,696,885)</u>
Deferred Inflows for Future Periods – Rate Stabilization	-	(1,560,000)
Change in Net Position	465,321	1,002,987
Net Position, Beginning of Year, as Previously Reported	11,738,878	11,112,131
Change in Accounting Principle	-	(376,240)
Net Position, Beginning of Year, as Restated	<u>11,738,878</u>	<u>10,735,891</u>
Net Position, End of Year	\$12,204,199	\$11,738,878

Audit Report

Kansas Power Pool

Statements of Cash Flows Years Ended December 31, 2015 and 2014

Operating Activities

	2015	2014
Receipts from members	\$55,280,154	\$64,781,669
Payments to suppliers	(51,361,179)	(59,966,383)
Payments to employees	(849,863)	(719,290)

Net cash provided by operating activities	3,069,112	4,095,996
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Noncapital Financing Activities

Payments of costs recoverable from future billings	(406,975)	-
Principal payments on non-capital bonds	(635,000)	(405,000)
Interest paid on revenue bonds	(356,668)	(577,969)
Interest paid line of credit	(469)	(12,000)

Net cash used in noncapital financing activities	(1,399,112)	(994,969)
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Capital and Related Financing Activities

Capital expenditures	(13,443,900)	(700,271)
Proceeds from issuance of revenue bonds	14,860,000	-
Proceeds from discounts	613,386	-
Principal payments on revenue bonds	(1,030,000)	(1,000,000)
Interest payments on revenue bonds	(1,349,650)	(1,379,650)

Net cash used in capital and related financing activities	(350,164)	(3,079,921)
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Investing Activities

Interest income	33,253	9,332
Purchase of investments, net	(1,889,571)	1,651,071

Net cash provided by (used in) investing activities	(1,856,318)	1,660,403
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Increase (Decrease) in Cash and Cash Equivalents	(536,482)	1,681,509
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Cash and Cash Equivalents, Beginning of Year	15,189,423	13,507,914
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Cash and Cash Equivalents, End of Year	\$14,652,941	\$15,189,423
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	\$2,312,467	\$4,259,872
Depreciation and amortization	1,874,683	1,496,666
Loss on sale of capital assets	-	8,905
Net pension liability	108,670	(7,951)
Changes in		
Accounts receivable	80,731	1,116,353
Accounts payable and accrued expenses	(629,061)	(707,657)
Deferred inflows	(71,284)	-
Deferred outflows	(39,837)	-
Prepaid expenses and other current assets	(555,199)	(445,548)
Unrecovered development costs	(12,058)	(1,647,337)

Net cash provided by operating activities	\$3,069,112	\$4,073,303
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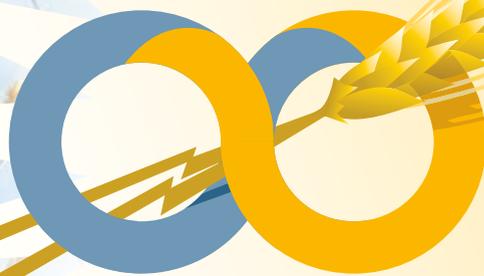
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Patty Ringgenberg

Celebrating 10 years

2005-2015



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