

**REGULAR SESSION –WEDNESDAY, MAY 15, 2024**

STATE OF KANSAS        )  
  ) SS  
CITY OF KANSAS CITY )

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met in Regular Session on Wednesday, May 15, 2024 at 6:00 PM. The following Board Members were present: Thomas Groneman, President, David Haley, Vice President; Stevie A. Wakes Sr., Secretary; Mary Gonzales, Rose Mulvany Henry, and Brett Parker.

Also present: William Johnson, General Manager; Angela Lawson, Acting Chief Counsel; Jeremy Ash, Chief Operating Officer; Lori Austin, Chief Financial Officer; Jerry Sullivan, Chief Information Officer; Abbey Frye, Chief Administrative Officer; Johnetta Hinson, Executive Director Customer Service; Jerin Purtee, Executive Director Electric Supply; Steve Green, Executive Director Water Operations; Donald Stahl, Executive Director Electric Production; Darrin McNew, Executive Director Electric Operations; Dennis Dumovich, Director of Human Resources; Dustin Miller, Director of Applications; Michael Oldehoeft, Superintendent Operations WO; Steve Hargis, Supervisor Water Operations; Nicholas Moreno, Communications Coordinator; and Robert Kamp, IT Project Manager.

A video of this meeting is on file at the Board of Public Utilities and can be found on the BPU website, [www.bpu.com](http://www.bpu.com).

Mr. Groneman called the Board meeting to order at 6:00 PM. He welcomed all that were listening to or viewing the meeting. He informed all that the meeting was being recorded including video and audio. During the visitor comments section, those who attended in person, wishing to speak, should use the sign-up sheet at the entry and provide their name and address. In addition, there would be a public comments section after the General Manager/Staff Reports. During this section, the public could comment on the items presented in the General Manager/Staff Reports section that evening. Both visitor and public comments were limited to three minutes and should be addressed to the Board. Members of the public who wished to speak to the Board using Zoom needed to use the raise hand feature at the bottom of the application or window to signal that they wish to address the board during the public comment section. Members of the public connected by phone only, needed to press \*9 to indicate they wished to address the Board in the visitor and public comment sections. No confidential information should be shared, including, account information. Staff would not provide individual account information during an open meeting. As always, the public could also email or call the BPU with any concerns. He informed all participants to act respectfully to each other; personal attacks or accusations would not be tolerated. All concerns would be directed to the Board only, they would then determine staff involvement. If side discussion was necessary, it was to be conducted outside of the Board room to avoid interfering with presenters or other attendees. If any rules are breached during this meeting, the attendee was subject to removal.

**REGULAR SESSION –WEDNESDAY, MAY 15, 2024**

STATE OF KANSAS     )  
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Mr. Groneman introduced himself and the other Board members along with the General Manager, and Legal Counsel.

Roll call was taken and all Board members were present.

**Item #3 – Approval of Agenda**

A motion was made to approve the Agenda by Ms. Mulvany Henry, seconded by Mr. Wakes, and unanimously carried.

**Item #4– Approval of the Minutes of the Regular Session of May 1, 2024:**

A motion was made to approve the minutes of the Regular Session of May 1, 2024, by Ms. Gonzales, seconded by Mr. Parker, and unanimously carried.

**Item #5– Visitors Comments**

Ms. CeCe Harlin, Wyandotte County, expressed her thoughts about legal counsel for the Unified Government (UG) and BPU.

Ms. Alma Rosas-Hall, Kansas City, KS, spoke about assisting community members and communicating with BPU.

**Item #6– United Way – Todd Jordan**

Mr. Todd Jordan, Vice President, Community Impact & Executive Director, 211, United Way of Greater Kansas City, gave a presentation of BPU and United Way Utility Assistance Programs and how the funds were allocated within the community. (See attached PowerPoint.)

Mr. Jordan responded to questions and comments from the Board.

**Item #7– General Manager / Staff Reports**

- i. *Customer Service Survey Results:* Ms. Abbey Frye, Chief Administrative Officer, introduced Mr. Ryan Murray, Assistant Director of Community Research ETC Institute, to present the results of the 2024 BPU Customer Satisfaction Survey. The survey included the assessment of customer satisfaction with the delivery of BPU services and compared performance to other providers both regionally and nationally. (See attached PowerPoint.)

REGULAR SESSION –WEDNESDAY, MAY 15, 2024

STATE OF KANSAS        )  
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Mr. Murray responded to questions and comments from the Board.

- ii. *2023 Annual Audit:* Ms. Lori Austin, Chief Financial Officer, presented the final results and highlights for the 2023 Financial Statement Audit. (See attached PowerPoint.) Ms. Austin then introduced Mr. Jacob Holman of Forvis, LLP to review the year- end audit report and process.

Ms. Austin and Mr. Holman responded to questions and comments from the Board.

- iii. *Resolution # 5299 Approval of 2023 ERC Over Recovery:* Ms. Austin presented Resolution # 5299, a resolution approving the over recovery of the Energy Rate Component (ERC) for the third and fourth quarter of 2023 in the amount of \$4,087,528 which would be recognized over the first and second quarters of 2024. (See attached resolution.)

A motion was made to approve Resolution # 5299, by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

- iv. *Resolution # 5300 Adoption of 2023 Audited Financials:* Ms. Austin presented Resolution # 5300, a resolution authorizing the adoption of the 2023 audited financial statements and schedules. (See attached resolution.)

A motion was made to approve Resolution # 5300, by Mr. Wakes, seconded by Mr. Parker, and unanimously carried.

- v. *Miscellaneous Comments:* Mr. Johnson wished Ms. Mulvany Henry a Happy Birthday.

**Item #8– Public Comments on Agenda Items**

Mr. Johnson asked if there were any visitors who wished to address the Board on the agenda items presented.

Ms. Alma Hall, Kansas City, KS, expressed interest in looking through the United Way presentation when it became available.

REGULAR SESSION –WEDNESDAY, MAY 15, 2024

STATE OF KANSAS     )  
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**Item #9– Board Comments**

Ms. Mulvany Henry expressed appreciation for the information presented to the Board from staff and external agencies and thanked staff for working with the policy committee.

Ms. Gonzales wished Ms. Mulvany Henry a Happy Birthday.

Mr. Parker also wished Ms. Mulvany Henry a Happy Birthday.

Mr. Wakes wished Ms. Mulvany Henry a Happy Birthday and thanked staff and each presenter for the information they provided.

Mr. Haley echoed thanks to staff and each presenter, and wished Ms. Mulvany Henry a Happy Birthday. He asked for an update on in-person operations and the RFP (request for proposal) status for the Kaw and Quindaro Power Plants.

Ms. Frye shared the in-person statistics for the month of April with the Board.

Mr. Groneman expressed thanks for the evenings presentations and wished Ms. Mulvany Henry a Happy Birthday.

**Item #10– Executive Session**

Ms. Angela Lawson, Acting Chief Counsel proposed a motion for adoption as followed:

“I move that after taking a break until 8:00 PM the Board go into Executive Session for ten minutes to discuss confidential matters related to employment of the General Manager, a personnel matter of nonelected personnel as justified under the exception in the Kansas Open Meetings Act; and that the General Manager, William Johnson, and Acting Chief Counsel, Angela Lawson, be present to participate in the discussion, all others to be dismissed from the room and electronic and telephonic transmissions cease, and that we reconvene in Open Session returning to both electronic and telephonic broadcasting at 8:10 PM to either take action in an open session or to adjourn .”

A motion was made to move into Executive Session at 8:00 PM, by Mr. Haley, seconded by Ms. Gonzales, and unanimously carried.

At 8:10 PM the meeting returned to Open Session.

REGULAR SESSION –WEDNESDAY, MAY 15, 2024

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**Item 11 – Adjourn**

At 8:10 PM a motion to adjourn was made by Mr. Parker, seconded by Mr. Wakes, and unanimously carried.

ATTEST:

  
\_\_\_\_\_  
Secretary

APPROVED:

  
\_\_\_\_\_  
President





# BPU and United Way Utility Assistance Programs

Todd Jordan, PhD

Vice President, Community Impact & Executive Director, 211

United Way of Greater Kansas City



# Introduction

Thank you!

- Employee giving
- Corporate Contribution (Utility Assistance)
- Hardship Program

Tonight's Focus: Update on Utility Assistance, Hardship Assistance Program, and United Way in Wyandotte County







# Financial Instability in Wyandotte County



Wyandotte County has a high concentration of households living in poverty and households above the poverty level but still financially struggling



16.8% of people in Wyandotte County live at or below the poverty level

Highest percentage of any county in the Metro  
27,937 people



The United Ways of Kansas joined other United Ways across the country in looking at households that are Asset Limited Income Constrained Employed (ALICE) which are households that earn more than the Federal Poverty Level, but less than the basic cost of living for the county



34%, or 21,000, of Wyandotte County Households are ALICE. Combining households in poverty and ALICE households, the number is over 31,000 which is about half of all households in Wyandotte County



# Combined BPU Funding

- 2024 BPU Funding
  - Designated Amounts:
    - Utility Assistance: \$105,000
    - Hardship Assistance: \$120,000
  - Additional Support:
    - \$400,000
  - Total Support: \$625,000



# BPU and United Way Funding

- Historically, BPU has provided:
  - Utility Assistance: \$105,000
  - Hardship Assistance: \$120,000
- Additional Support in 2023 and 2024 has been needed!
- United Way support for Utility Assistance
  - Provided \$12,179.91 to BPU as part of Federal Government Shutdown Relief (2019)
  - CARES Act Funding for Utility Assistance \$297,836.14
  - ARPA Funding for Utility Assistance \$570,642.60



# Utility Assistance Program

- Breakdown for Utility Assistance
  - Designated amount plus portion of Additional Support
    - $\$105,000 + \$315,000 = \$420,000$
  - Funding to agencies: \$378,000
  - United Way Administration (10%): \$42,000
- Total = \$420,000



# Utility Assistance Program

- Funded via Corporate Contribution from BPU board set to match employee United Way campaign up to \$105,000
  - Program included an additional \$273,000 in funding for 2024, total of \$378,000
- Allowable Expenditures: all BPU services
- No deposits, connections or reconnection fees
- Participant must be 150% of federal poverty level (past 30 days) and a Wyandotte County resident
- Assistance cannot exceed \$500
- Client is eligible for assistance once every 12 months
- All assistance is tracked in MAACLink



# Utility Assistance Program

- United Way administers the program and supports 8 partner agencies:

<b>Agency</b>	<b>2023 Funding</b>	<b>2024 Funding</b>
Avenue of Life	\$ 43,843	\$ 51,364
Catholic Charities of Northeast Kansas	\$ 57,332	\$ 66,664
Cross-Lines Community Outreach	\$ 43,843	\$ 51,364
Economic Opportunity Foundation	\$ 43,843	\$ 51,364
El Centro, Inc.	\$ 43,843	\$ 51,364
Metro Lutheran Ministries	\$ 43,843	\$ 51,364
Salvation Army Harbor Light Village	\$ 40,470	\$ 47,540
Vaughn Trent Community Services	\$ 20,233	\$ 11,476
<b>Total</b>	<b>\$ 337,250</b>	<b>\$ 382,500</b>



# Utility Assistance Program

- Program Results:
  - The program has provided more than \$1.8 million dollars in assistance to Wyandotte County Residents from 2009-2023
  - 10,371 assistance payments
  - Since 2020, average amount of assistance is \$303.70
  - 2023 Calendar Year Program Results:
    - Total Number of Households Served: 829
    - Amount expended in calendar year 2023: \$311,866.97



# Hardship Assistance Program

- Breakdown for Hardship Assistance Program
  - Designated amount plus portion of Additional Support
    - $\$120,000 + \$85,000 = \$205,000$
    - Funding for bilingual, part-time case manager: \$30,000
    - United Way Administration (10%): \$20,500
    - Assistance for Community Members: \$154,500
  - Total = \$205,000





# Hardship Assistance Program

- 2024 Program Overview:
  - \$154,500 is held by BPU to pay commitments on customer accounts
  - United Way divides money into monthly allocations based on levels of demand from previous years
  - \$5,000 held for customers with excellent payment history
  - United Way operates the program including a part-time, bilingual, program manager
  - Fills essential role in emergency assistance for the community because it is not income-based



# Hardship Assistance Program

- Participant Eligibility Requirements:
  - Applicant has received six months of continuous BPU service
  - Applicant has experienced one of the following qualifying hardships: Health Emergency, Change in Employment or Income Status, Change in Family Composition or Marital Status, Unforeseen Documented Expenses
  - Must be able to provide documentation regarding qualifying hardships



# Hardship Assistance Program

- Allowable Expenditures: BPU water and light utility services
- No deposits, connections, or reconnection fees
- Customer must provide paperwork demonstrating hardship along with copy of BPU bill and photo ID
- Assistance cannot exceed \$500
- Customer is eligible for assistance once every 12 months
- All assistance is tracked using MAACLink



# Hardship Assistance Program

- Program Results:
  - The program has provided \$851,352.50 in assistance 2,765 assistance payments from 2013 through 2023
  - Average payment is \$324.71 and roughly 275 households are served per year
- 2023 Program Results
  - Total Number of Households Served: 312
  - Total Amount Expended: \$94,633.80



# Combined BPU Funding

- Total Funding in 2024:
  - \$625,000
  - Program Costs:
    - Assistance: \$532,500
    - Case Manager: \$30,000
    - United Way Administration: \$62,500



# United Way Support for Wyandotte County

- 211 Call Center has seen increased demand and request for utility assistance is the top request
  - 5,878 calls for help in 2023, 7,419 total requests for assistance
- FY24 Investment in Wyandotte County is significant, including innovative new programs
  - Family Empowerment Initiative
  - Debit Cards
  - School Assistance Program
  - Delta Dental
- Over \$3.7 million invest in programs and services for Wyandotte County residents
- Thank you for the continued support from BPU!



# DISCUSSION | Q&A

UNITED



KANSAS CITY

**BPU**

THE POWER OF COMMUNITY

# 2024 KCBPU Customer Satisfaction Survey

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PRESENTED BY



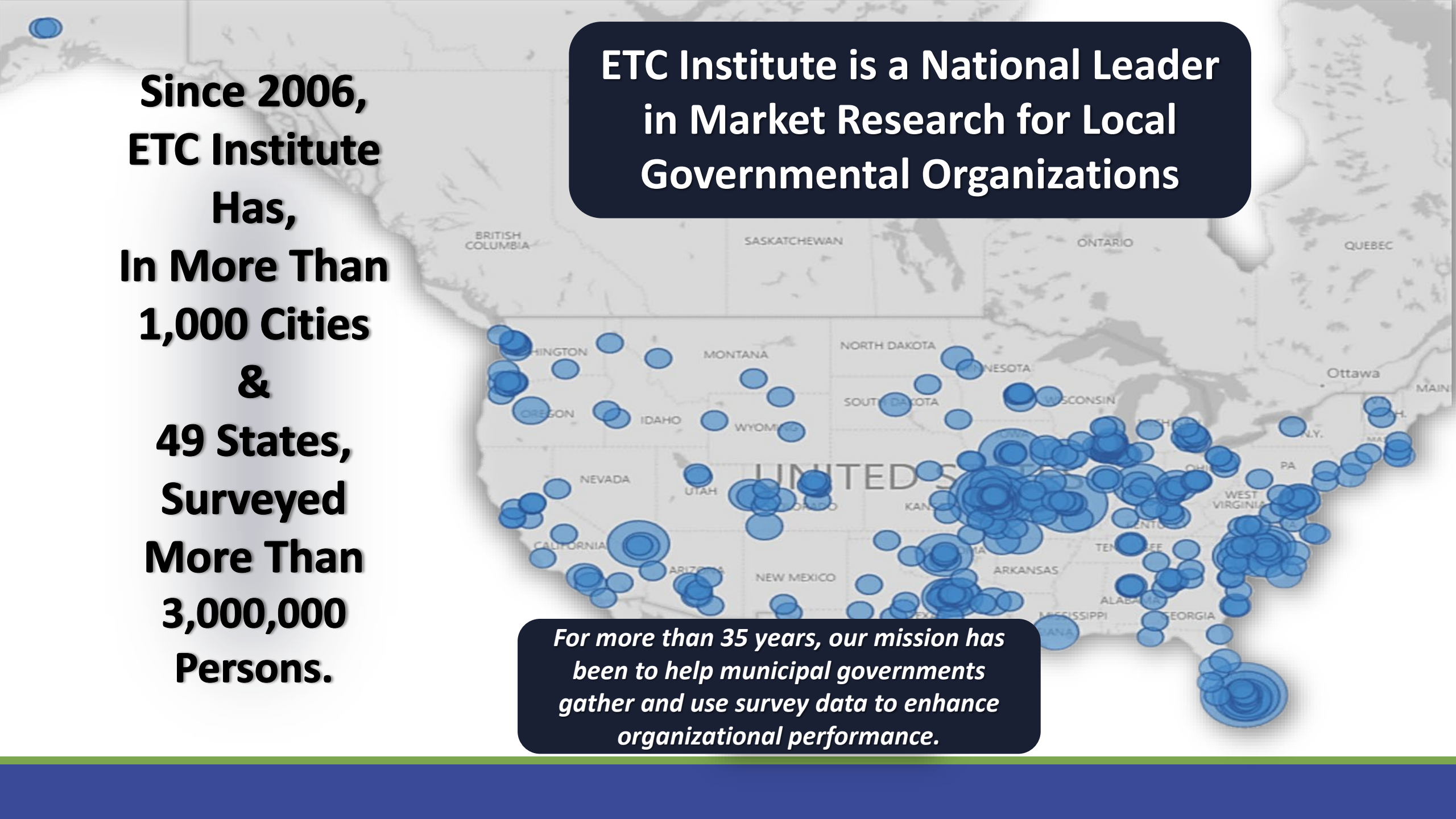
BOARD OF PUBLIC UTILITIES



**Since 2006,  
ETC Institute  
Has,  
In More Than  
1,000 Cities  
&  
49 States,  
Surveyed  
More Than  
3,000,000  
Persons.**

**ETC Institute is a National Leader  
in Market Research for Local  
Governmental Organizations**

*For more than 35 years, our mission has  
been to help municipal governments  
gather and use survey data to enhance  
organizational performance.*



To objectively assess customer satisfaction with the delivery of KCBPU services

To compare performance to other providers both regionally and nationally

To set a new benchmark for performance that will provide valid comparisons moving forward

# Purpose

# Customer Survey Methodology

## Survey Description

- Three-page survey

## Method of Administration

- By mail and online to random sample of households who receive KCBPU services
- By mail and online to ALL commercial customers who receive KCBPU services

## Sample Size

- Residential Customers: 603
- Commercial Customers: 81

## Margin of Error

- +/-3.75% at the 95% level of confidence

# Bottom Line Up Front

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## Satisfaction with the delivery of services by KCBPU is very high

- **Residential Customers:**
  - 81% of residential customers are satisfied with the overall quality of water services
  - 79% of residential customers are satisfied with the overall quality of electric services
- **Commercial Customers:**
  - 74% of commercial customers are satisfied with the overall quality of water services
  - 75% of commercial customers are satisfied with the overall quality of electric services
- **KCBPU compares favorably to national and regional averages**
  - **U.S. Average:** 72% are satisfied with water and 81% are satisfied with electric services
  - **KC Metro Average:** 73% are satisfied with water and 77% are satisfied with electric services

# Bottom Line Up Front

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## Overall satisfaction with the RATES compares favorably

- **Residential Customers:**
  - 37% of residential customers are satisfied with the amount charged for water services
  - 31% of residential customers are satisfied with the amount charged for electric services
- **Commercial Customers:**
  - 35% of commercial customers are satisfied with the overall quality of water services
  - 32% of commercial customers are satisfied with the overall quality of electric services
- **U.S. Average:** 31% are satisfied with water service charges and 28% are satisfied with electric service charges
- **KC Metro Average:** 40% are satisfied with water service charges and 35% are satisfied with electric service charges

# Interactions with KCBPU Staff

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INTERACTIONS ARE POSITIVE

# Interactions with KCBPU Staff

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## RESIDENTIAL CUSTOMERS

48% of residential customers have had an interaction with KCBPU within the past two years

Most (56%) of the contacts were with office staff, 16% with field staff, and 28% a combination of both

Seventy-two percent (72%) made contact by phone, 16% in-person, 7% by email, 2% by mail, and 1% by social media

48% of residential customers have observed KCBPU field staff within the past two years

## COMMERCIAL CUSTOMERS

59% of commercial customers have had an interaction with KCBPU within the past two years

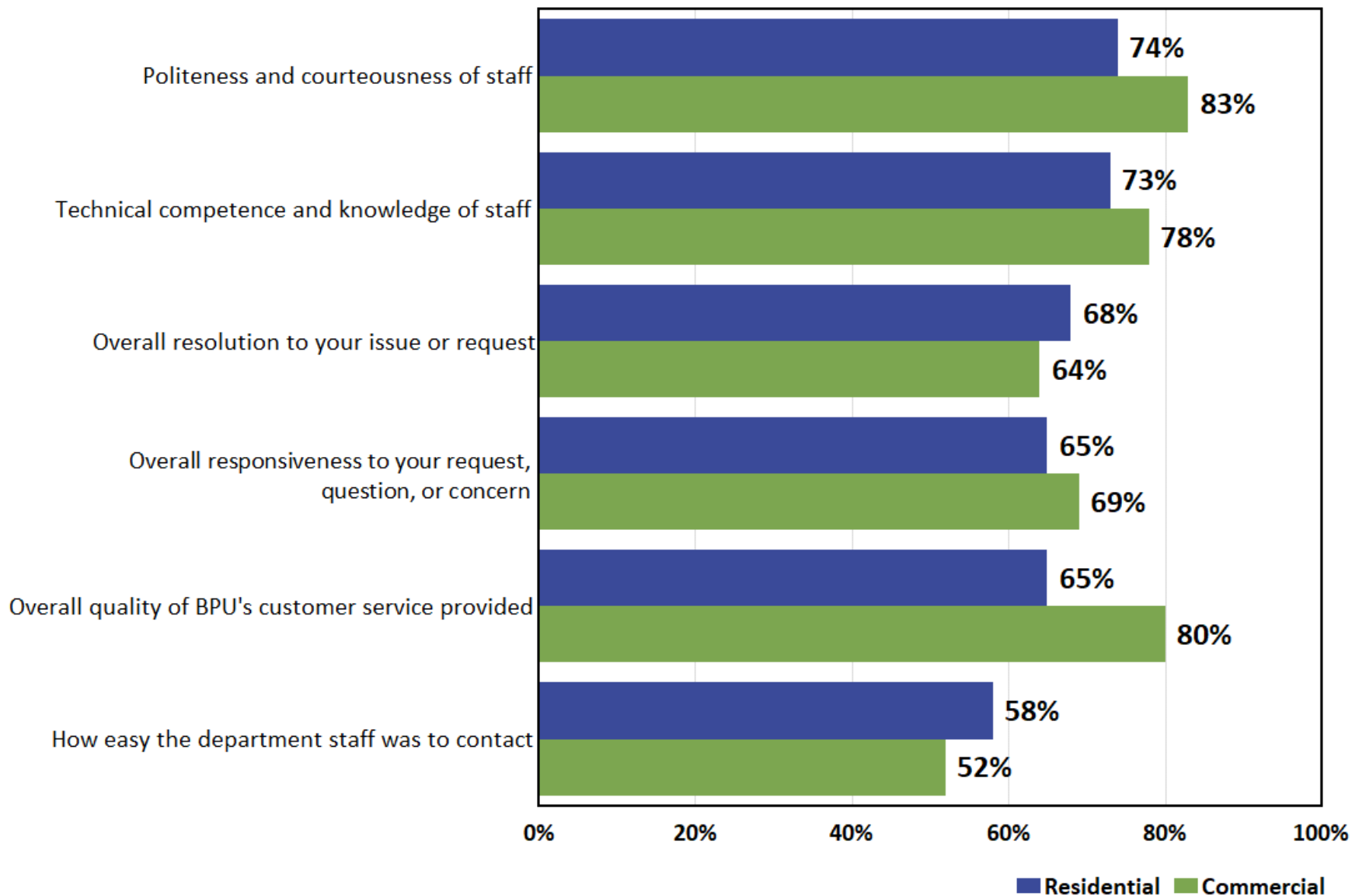
Forty-three percent (43%) of the contacts were with office staff 13% with field staff, and 45% a combination of both

Sixty-nine percent (69%) made contact by phone, 17% in-person, 13% by email, and 2% by mail

42% of commercial customers have observed KCBPU field staff within the past two years

# Satisfaction with BPU Staff - Residential vs. Commercial Customers

by percentage of respondents who had an interaction with BPU staff within the last two years and were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)

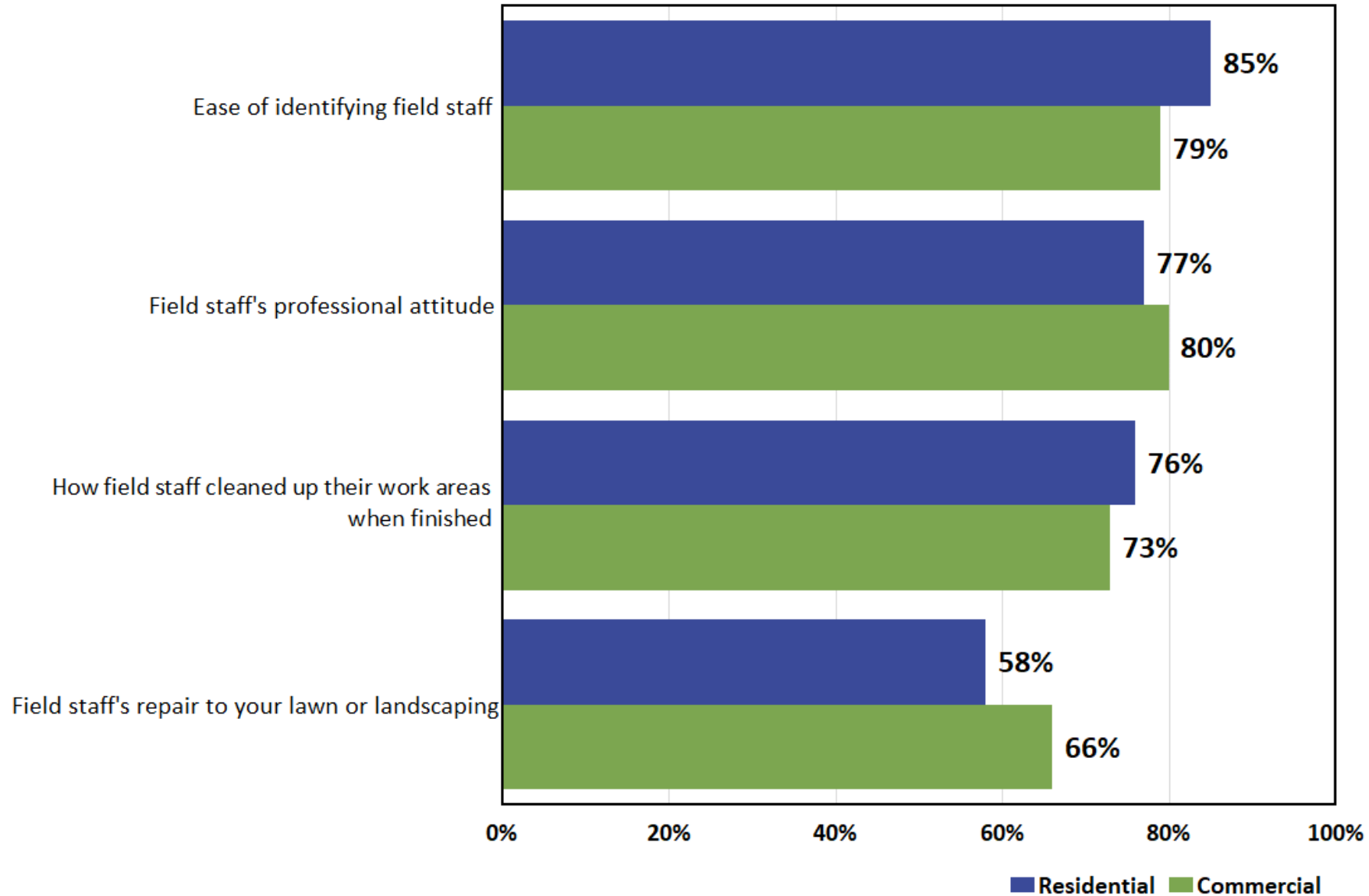


Overall ratings are strong and both residential and commercial customers are mostly satisfied with all the areas assessed



# Satisfaction with BPU Field Staff - Residential vs. Commercial Customers

by percentage of respondents who observed BPU field staff within the last two years and were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



Satisfaction is very high for all of the items rated

# Service Restoration

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UNPLANNED DISRUPTIONS TO SERVICE



# Disruptions & Service Restoration

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## RESIDENTIAL CUSTOMERS

Only 13% of residential customers have had an unplanned disruption to their water service

52% of residential customers have had an unplanned disruption to their electric service

## COMMERCIAL CUSTOMERS

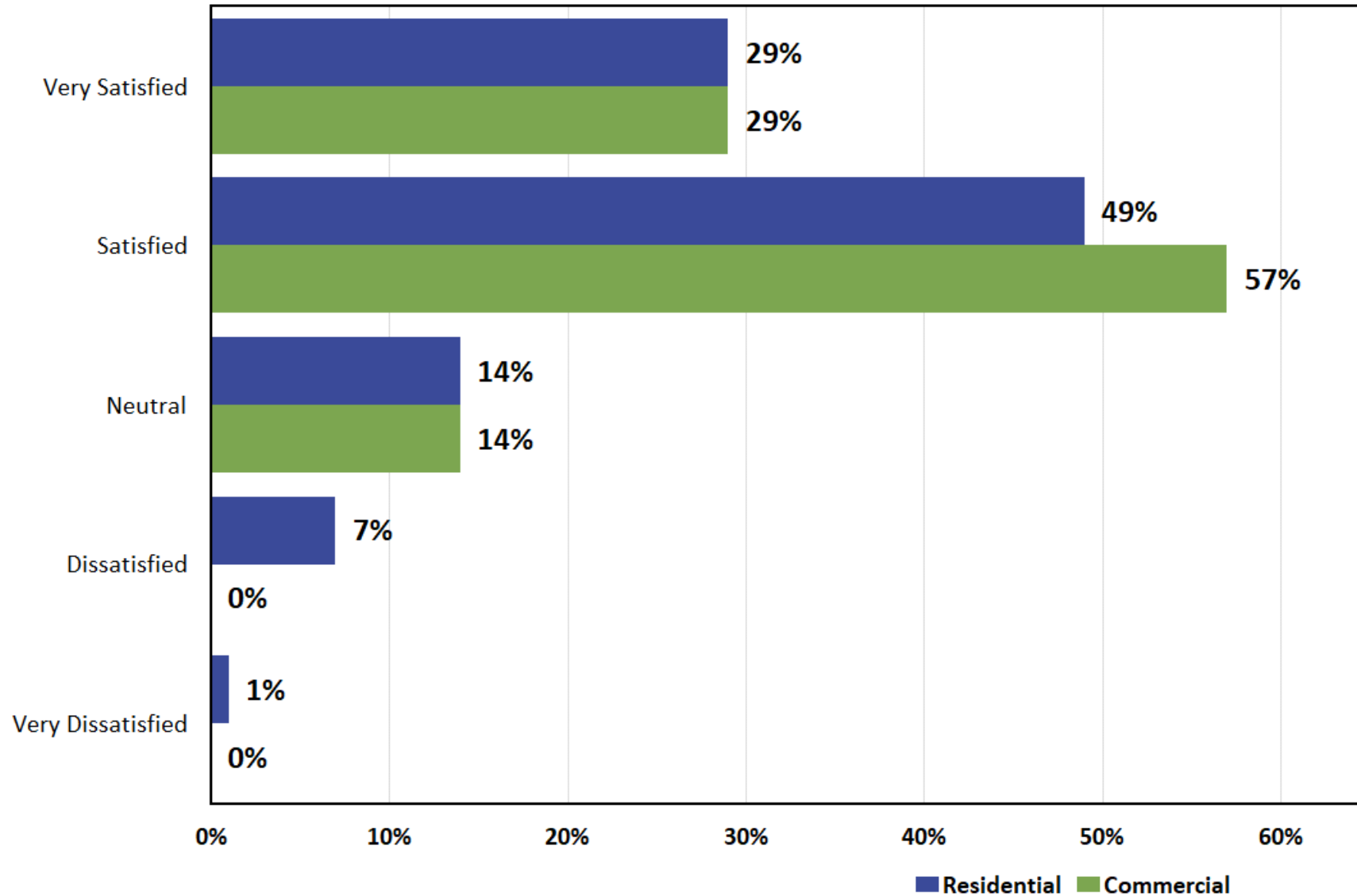
Only 9% of commercial customers have had an unplanned disruption to their water service

44% of commercial customers have had an unplanned disruption to their electric service

# Satisfaction with Restoration of Water Service Timing

## Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)

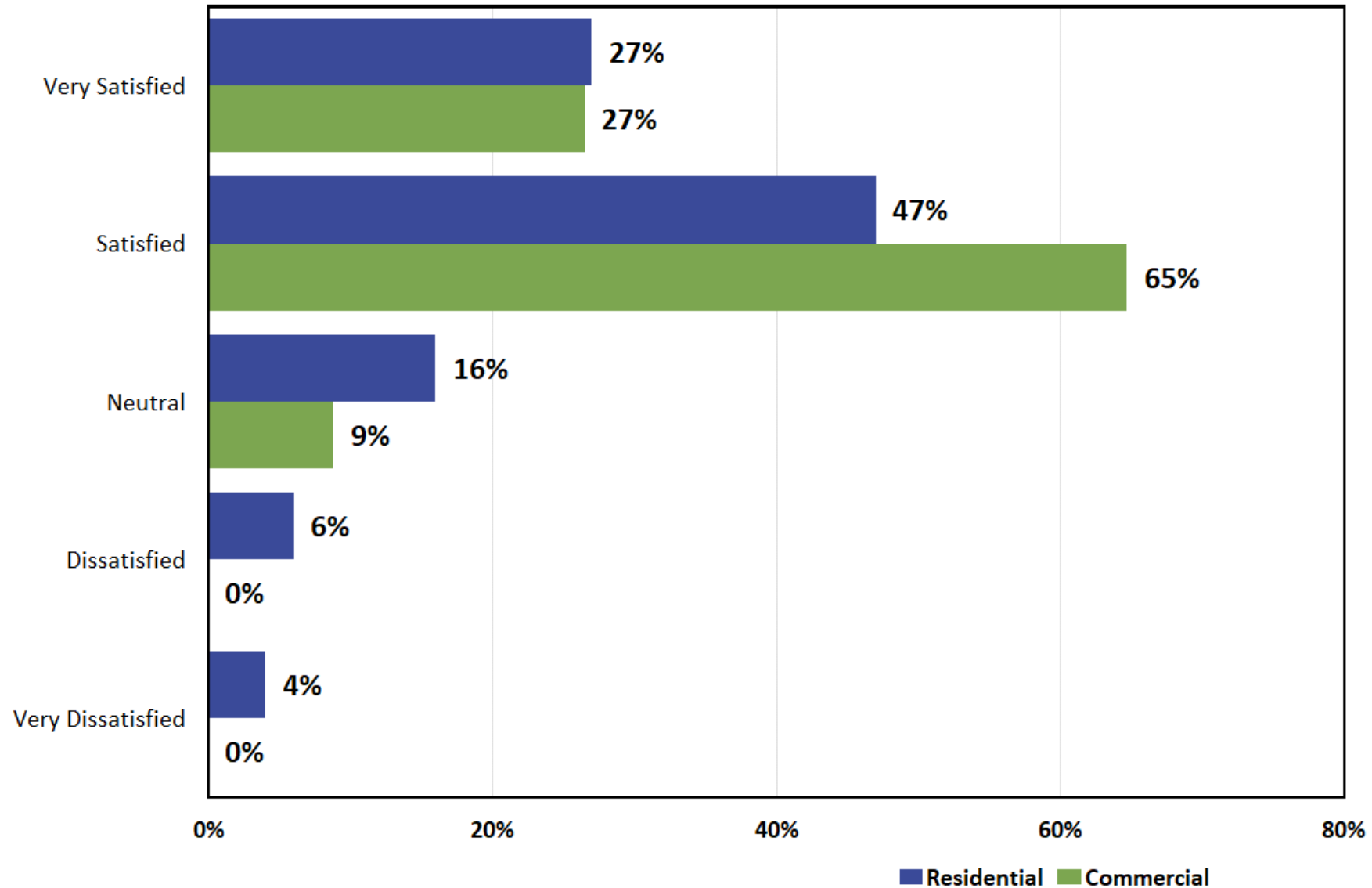


Both residential and commercial customers are both highly satisfied with the amount of time it took to restore water services

# Satisfaction with Restoration of Electric Service Timing

## Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



Commercial customers are slightly more satisfied – but experienced disruptions at lower rates than residential customers

# Billing Services

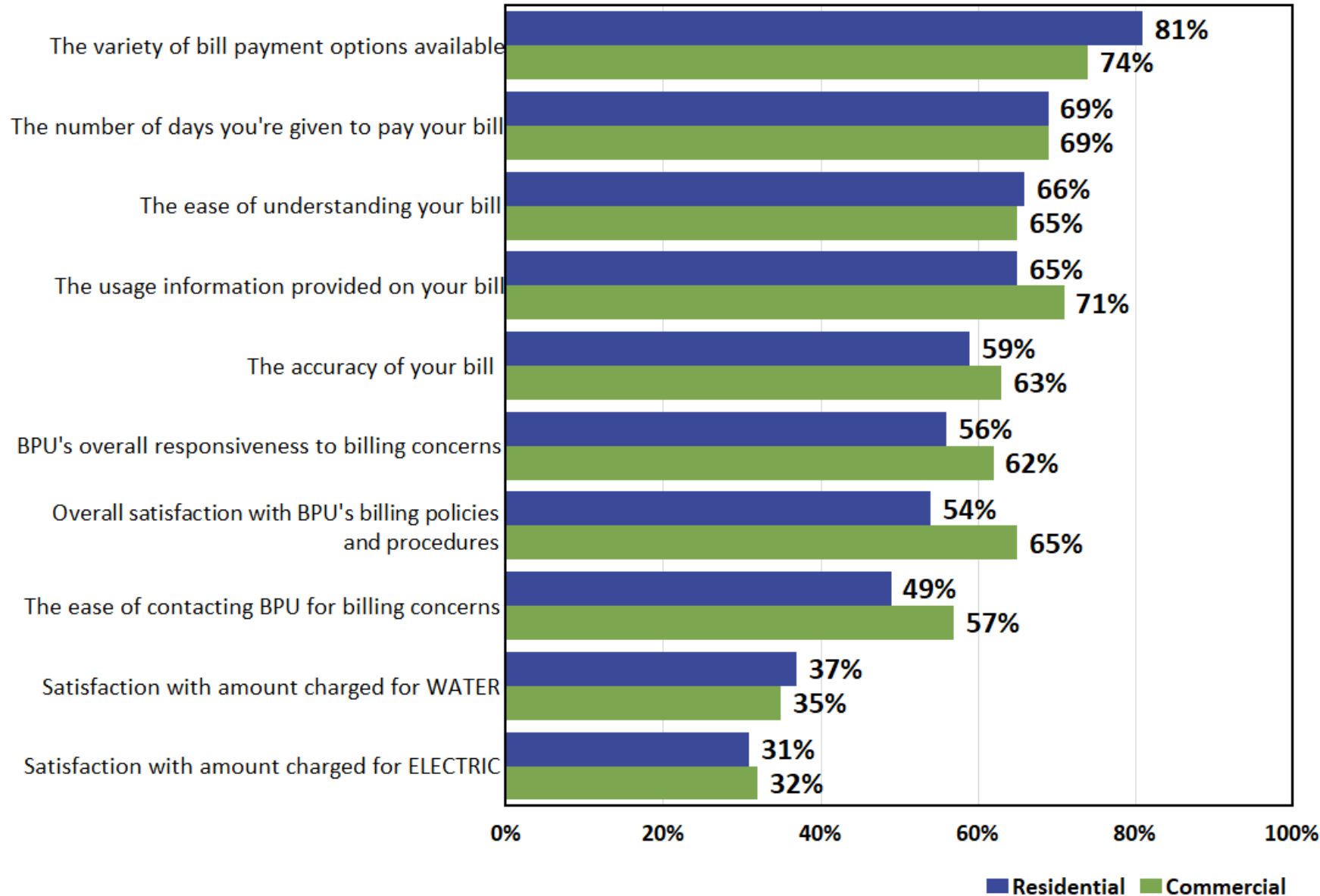
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HOW RESIDENTIAL & COMMERCIAL CUSTOMERS PERCEIVE BILLING



# Satisfaction with Billing Services - Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)



## Items Residential Customers Believe Should Receive the Most Emphasis

- Ease of contacting BPU with concerns
- Accuracy of your bill
- BPU's overall responsiveness to billing concerns
- Usage information

## Items Commercial Customers Believe Should Receive the Most Emphasis

- Ease of contacting BPU with concerns
- Ease of understanding your bill
- BPU's overall responsiveness to billing concerns
- Accuracy of your bill

Residential and commercial customers have similar perceptions of KCBPU's billing services and procedures – including costs

# Perceptions

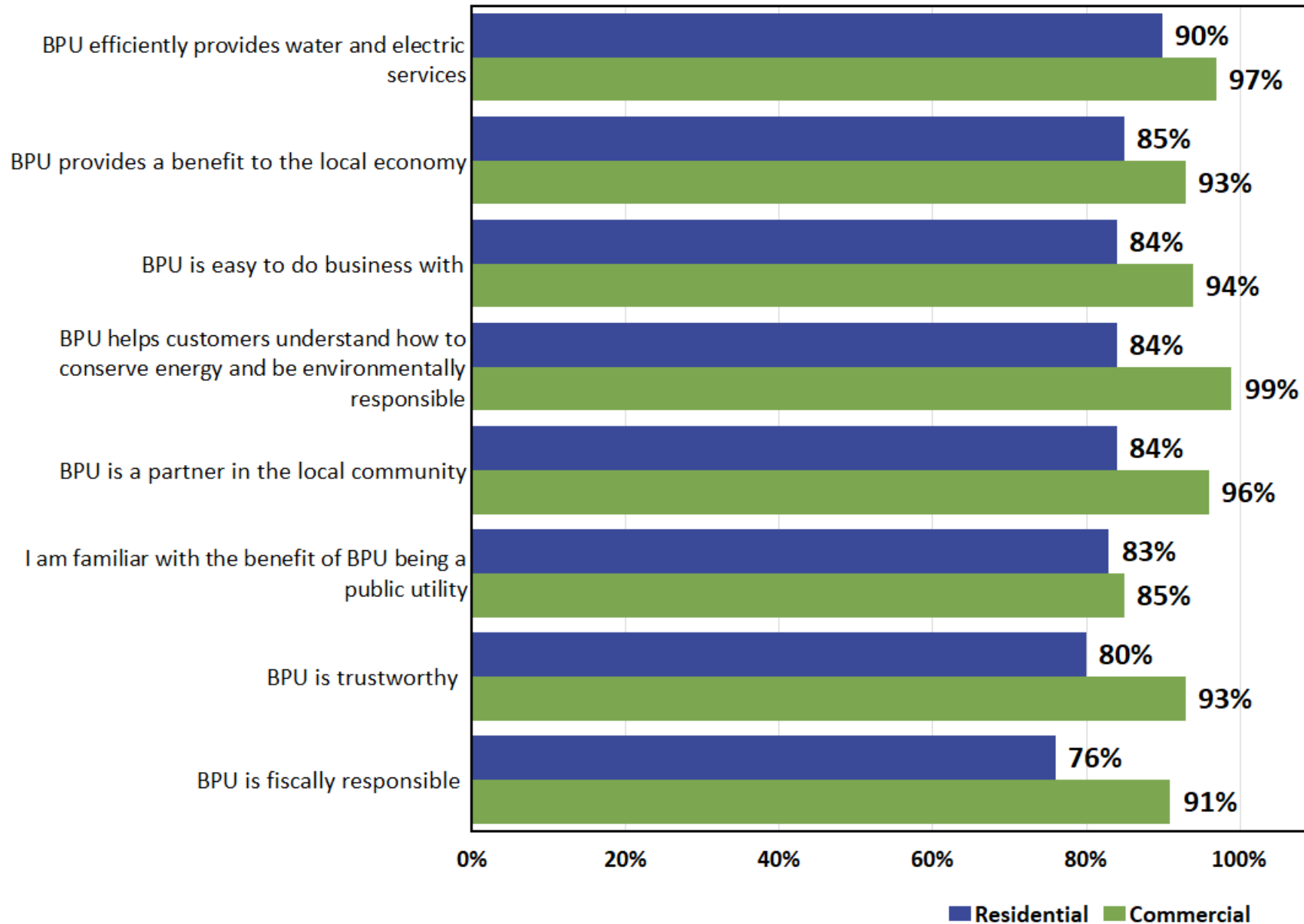
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HOW CUSTOMERS PERCEIVE KCBPU



# Agreement with Statements - Residential vs. Commercial Customers

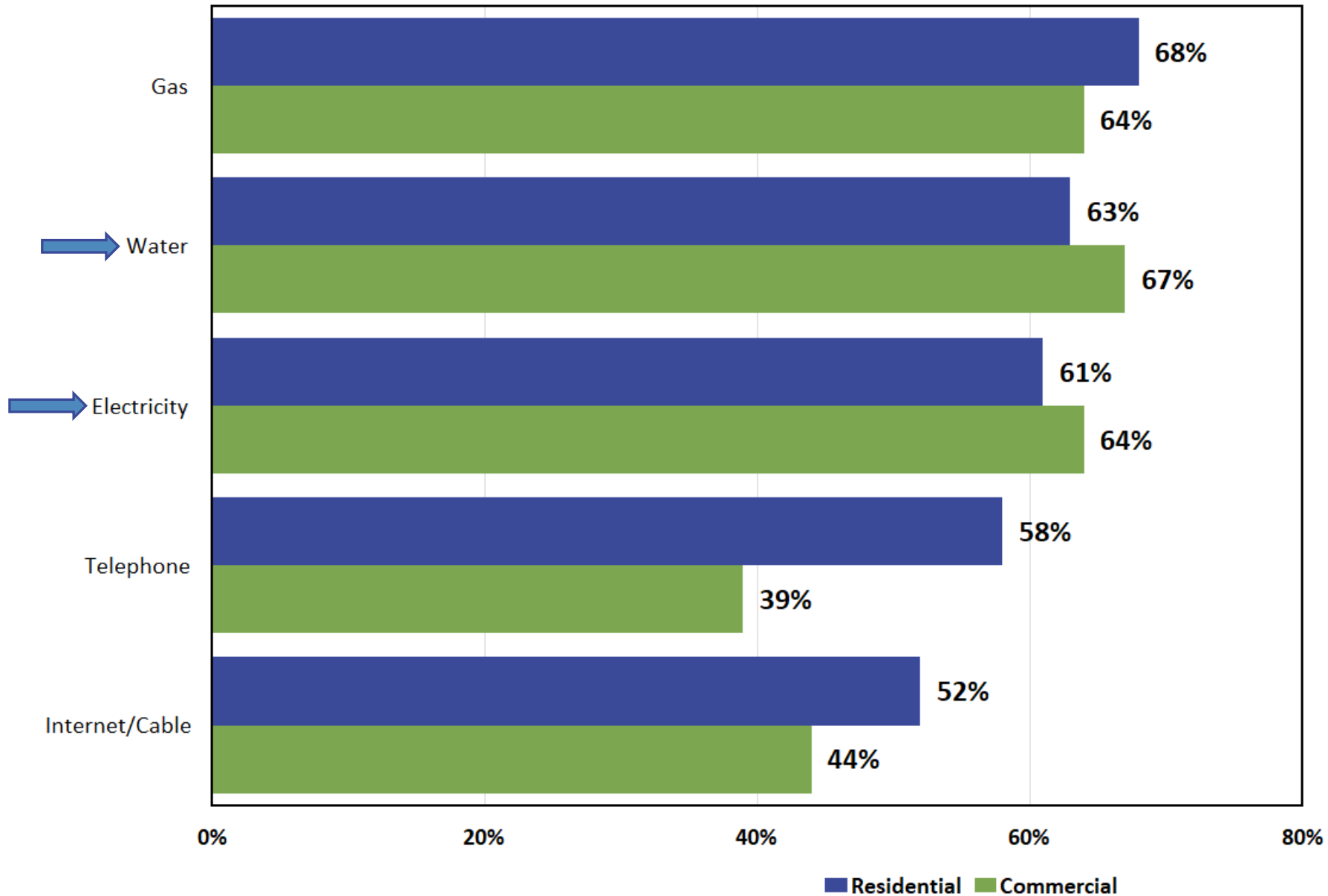
by percentage of respondents who "strongly agree," "agree," or are "neutral" with the item (excluding "don't know" responses)



Overall agreement with the statements is high when incorporating "neutral" responses into the results

# Satisfaction in Terms of Value - Residential vs. Commercial Customers

by percentage of respondents who were "very satisfied" or "satisfied" with the item (excluding "don't know" responses)

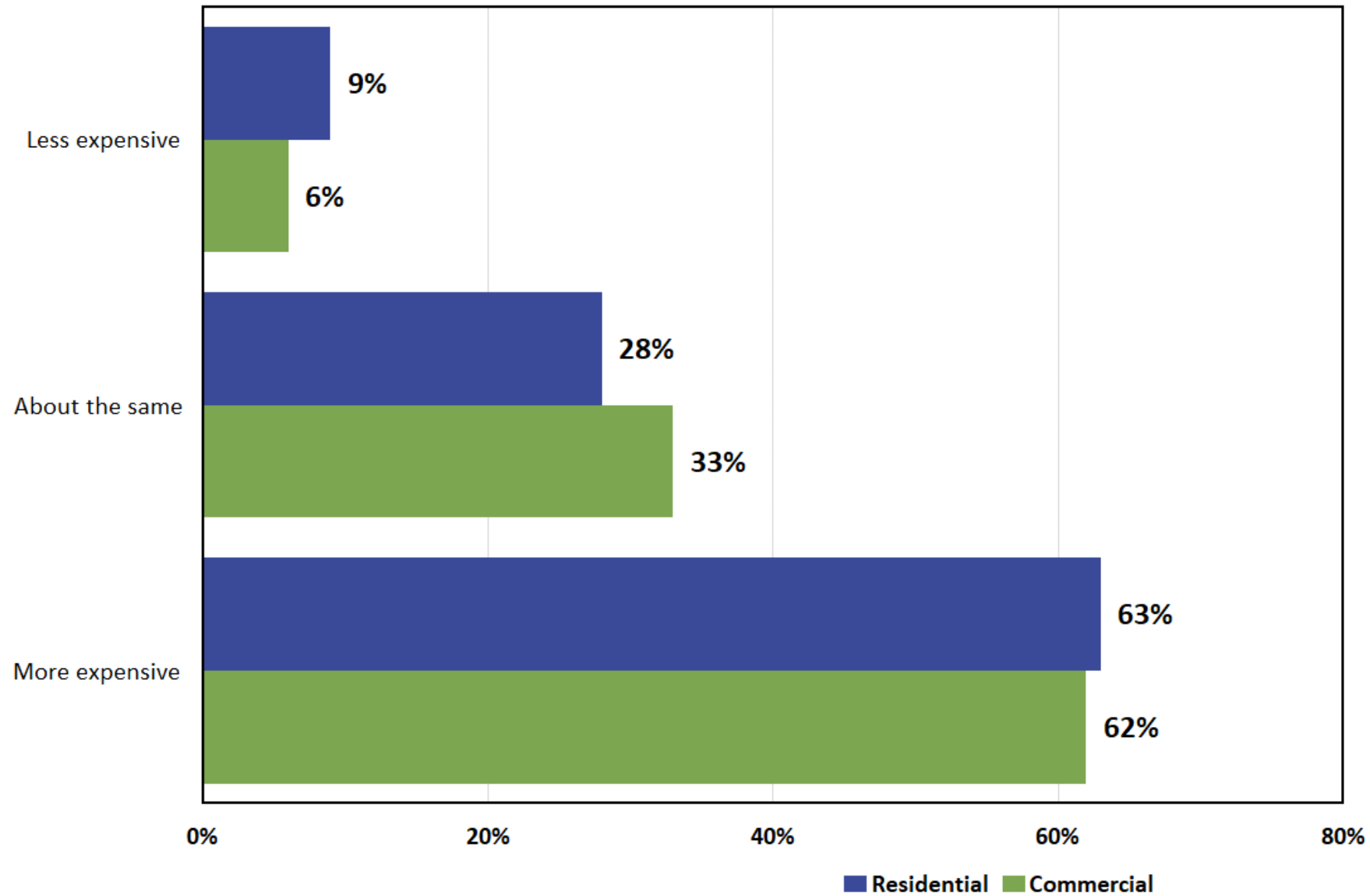


BPU's services are well aligned with other utility services in value, but gas bills were likely lower during administration

# Comparing Water and Electric Charges to Other in KC Metro

## Residential vs. Commercial Customers

by percentage of respondents (excluding "don't know" responses)



# Questions?

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THANK YOU!

# 2023 Audited Financial Results

May 15, 2024

## Revenues – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 300.314	\$ 332.255		\$ 310.487	\$ 300.314	
Water	55.033	52.824		53.249	55.033	
<b>Combined</b>	<b>\$ 355.347</b>	<b>\$ 385.079</b>	<b>-7.7%</b>	<b>\$ 363.736</b>	<b>\$ 355.347</b>	<b>-2.3%</b>

\*\*Dollars in millions

Variance – YTD comparing 2022 Actual to 2023 Actual

Electric:

Residential \$1.3M  
Commercial \$3.9M  
Industrial **(\$783K)**

Water:

Residential \$1.0M  
Commercial \$851K  
Industrial \$43K

\*\*Recognized ERC Over Collection for 2023 3<sup>rd</sup> & 4<sup>th</sup> Quarter of \$4.1M. Recognized in Jan-June of 2024

# Financial Results

## Operating Expenses – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD		Budget 2023 YTD	(CY) 2023 YTD	
Electric	\$ 226.313	\$ 244.131		\$ 241.239	\$ 226.313	
Water	37.731	35.645		40.872	37.731	
<b>Combined</b>	<b>\$ 264.044</b>	<b>\$ 279.776</b>	<b>-5.6%</b>	<b>\$ 282.111</b>	<b>\$ 264.044</b>	<b>-6.4%</b>

\*\*Dollars in millions

Variance – YTD comparing 2022 Actual to 2023 Actual

Electric:

Purchased Power	(\$11.8M)
Fuel	(\$23.1M)
Production	\$4.1M
T&D	(\$236K)
G&A	\$10.4M

Water:

Production	\$170K
T&D	(\$605K)
G&A	\$2.4M



# Financial Results

## Change in Net Position – 2023 YTD

	(CY) 2023 YTD	(PY) 2022 YTD	Budget 2023 YTD	(CY) 2023 YTD
Electric	\$ 25.533	\$ 38.006	\$ 21.315	\$ 25.533
Water	11.244	11.344	6.067	11.244
<b>Combined</b>	<b>\$ 36.777</b>	<b>\$ 49.350</b>	<b>\$ 27.382</b>	<b>\$ 36.777</b>

\*\*Dollars in millions





# Financial Results

## Cash Position & Debt Coverage

	(CY) 2023 December	(PY) 2022 December	2023 November
Combined (E&W)	\$ 58.20	\$ 44.56	\$ 58.03
Days Cash-on-Hand	97	68	96

1 Day = Approximately \$600K-\$625K  
 (Based on 12 month rolling average of expenses)

### Debt Coverage with PILOT

	(CY) 2023 December	(PY) 2022 December
Electric	2.52	2.73
Water	2.26	2.19
Combined	2.67	2.83

### Debt Coverage w/o PILOT

	(CY) 2023 December	(PY) 2022 December
Electric	1.80	2.03
Water	1.77	1.72
Combined	1.94	2.12



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**Report to the Board of Directors, Audit Committee, and  
Management**

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

**Results of the 2023 Financial Statement Audit, Including Required Communications**

December 31, 2023

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# Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Matter	Discussion
<b>Scope of Our Audit</b>	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none"><li>• As of and for the year ended December 31, 2023</li><li>• Conducted in accordance with our contract dated December 7, 2023</li></ul>
<b>Our Responsibilities</b>	<p>FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
<b>Audit Scope and Inherent Limitations to Reasonable Assurance</b>	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>



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Matter	Discussion
<b>Extent of Our Communication</b>	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
<b>Independence</b>	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
<b>Your Responsibilities</b>	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
<b>Distribution Restriction</b>	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> <li>• Board of Directors, Audit Committee, and Management</li> <li>• Others within the Board of Public Utilities (BPU)</li> </ul>



## Government Auditing Standards

Matter	Discussion
<b>Additional GAGAS Reporting</b>	We also provided reports as of December 31, 2023, on the following as required by GAGAS: <ul style="list-style-type: none"><li data-bbox="468 451 1974 537">• Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS</li></ul>
<b>Reporting Limitations</b>	Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.

5/8/2024

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## Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's Annual Comprehensive Financial Report (ACFR). Management, or those charged with governance, is responsible for preparing the ACFR.

We were not engaged to audit the information contained in the ACFR, and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

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## Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
  - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
  - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency.
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained.



## Qualitative Aspects of Significant Accounting Policies and Practices

### Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)*
- GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

### Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

### Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable





## Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Allowance for doubtful accounts
- Regulatory assets and regulatory deferred inflows
- Accrued liabilities
- Composite rate depreciation methods
- Net pension liability and related deferred inflows and outflows of resources
- Other post-employment benefits

## Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Note 13: Subscription-Based Information Technology Arrangements



## Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- Adoption of GASB 96, SBITA

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*5/8/2024*

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## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

## Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

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## Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their effect is not currently considered material. We request that all identified misstatements be corrected.

Uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-period financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

### ***Current-Period Uncorrected Misstatements***

- Decrease in accruals related to certain self-insurance liabilities
- Reclass PILOT from non-operating expense to transfer
- Increase in capital assets related to FEMA reimbursements
- Risk management footnote impact of health insurance accrual on rollforward

### ***Prior-Period Uncorrected Misstatements***

- Additional accrual for self-insured healthcare expenses



## Other Required Communications

### Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

### Consultation with Individuals Outside of the Engagement Team

During our audit, we encountered the following matters, for which we consulted the views of individuals outside of the engagement team:

- No matters are reportable

### Consultation with Other Accountants

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable



## Significant Issues Discussed with Management

### *Prior to Retention*

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

### *During the Audit Process*

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Adoption of GASB 96, SBITA

## Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable



## Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

5/8/2024

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## Attachments

### **Management Representation Letter (Attachment A)**

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

### **Schedule of Uncorrected Misstatements (Attachment B)**

The detail of uncorrected misstatements identified as a result of our engagement are included herein.

5/8/2024

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**Attachment A**

**Management Representation Letter**

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Board of Public Utilities of Kansas City, Kansas (BPU)

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**Attachment B**

**Schedule of Uncorrected Misstatements**

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Board of Public Utilities of Kansas City, Kansas (BPU)