



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Grand Rapids Public Utilities Commission

Audit Presentation
Exit Conference
Year Ended December 31, 2024

Agenda

- Required Communications
- Audit Results
- Financial Results
- Key Issues/Summary



Required Communications

- Our Responsibility Under Generally Accepted Auditing Standards
 - Primary responsibility is to provide our opinion on the fairness of presentation of the financial statements
 - Reviewed internal accounting controls
 - Risk based audit approach
 - Based on internal controls, determined scopes, and tests of transactions
- Planned Scope and Timing of the Audit
 - Communicated during the audit preliminary work and field work
- Significant Accounting Policies
 - Outlined in Note 1 to the financial statements
 - New Standards – GASB 101



Required Communications (Continued)

- Management Judgments and Accounting Estimates – Reasonable/Supported
- Corrected and Uncorrected Misstatements
 - Corrected adjustments – none noted
 - Uncorrected adjustments – one noted
 - Not recording immaterial OPEB liability
- Disclosures are Adequate, Clear and Complete
- Other Information in Documents Containing Audited Financial Statements
 - Required Supplementary Information – no opinion
 - Supplementary Information – in-relation to opinion – inquiries and evaluate content
 - Other Information – in-relation to opinion – inquiries and evaluate content
- Disagreements with Management
 - There have been no disagreements with management about matters that could be significant to the financial statements



Required Communications (Continued)

- Consultations with Other Accountants
 - There were no consultations with other independent accountants, other than prior year auditors
- Major Issues Discussed With Management Prior to Retention
 - No issues, other than normal planning issues, were discussed prior to our retention as auditors
- Difficulties Encountered in Performing the Audit
 - Management was most cooperative and helpful
 - Personnel were available
- Presented one-year financial statements, will update next year once numbers become more comparative due to changes implemented



Audit Results

- Unmodified Opinion
 - On the basic financial statement
- Compliance and Internal Control Over Financial Reporting
 - Material Weakness – one noted
 - Financial Reporting Process
 - Significant Deficiencies – none noted
- Minnesota Legal Compliance
 - Seven areas – none noted



Financial Results

Utility Operations



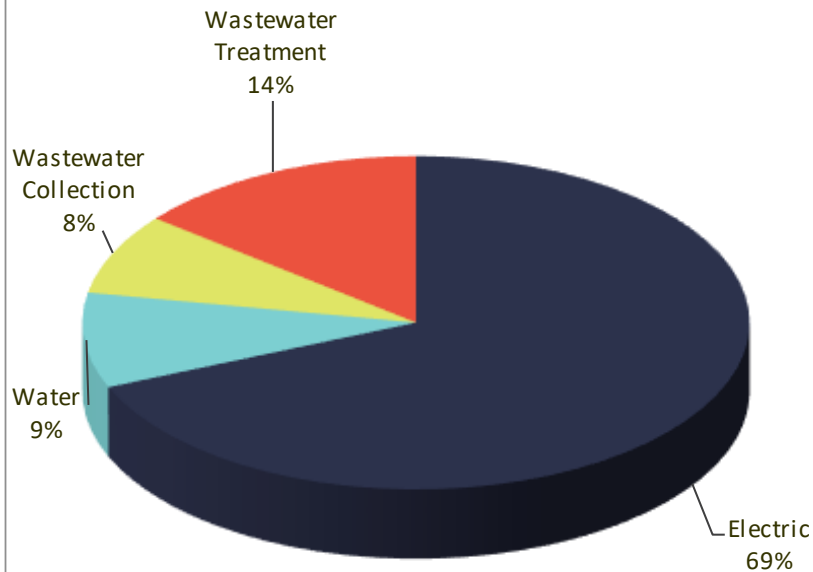
	2020	2021	2022	2023	2024
Total Revenues	\$ 23,308,491	\$ 26,027,839	\$ 27,184,680	\$ 26,571,077	\$ 28,154,094
Capital Contributions	2,509,109	1,726,729	1,753,848	4,496,465	1,956,008
Total Expenses	24,429,036	27,865,909	26,844,838	27,845,118	28,372,027
Change in Net Position	1,388,564	(111,341)	2,093,690	3,222,424	1,738,075



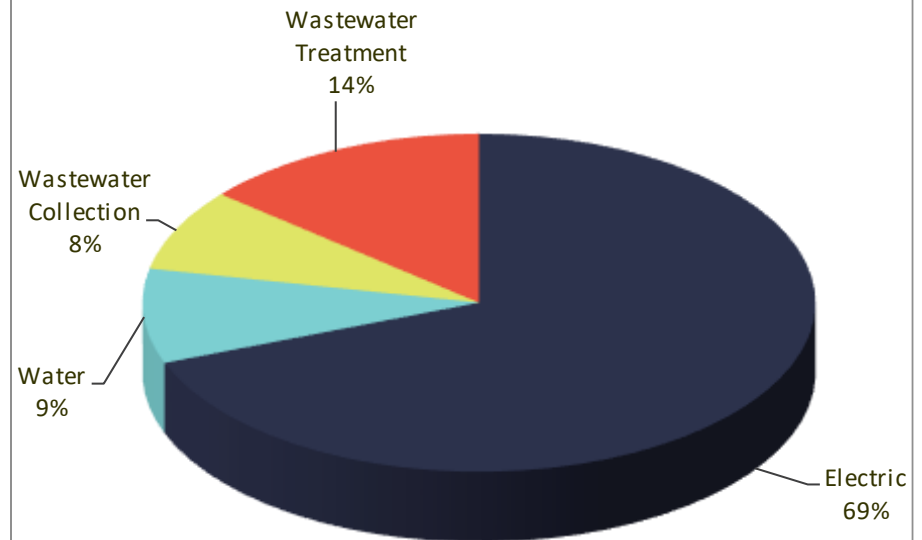
Financial Results (Continued)

Utility Operations

2024 Operating Revenues



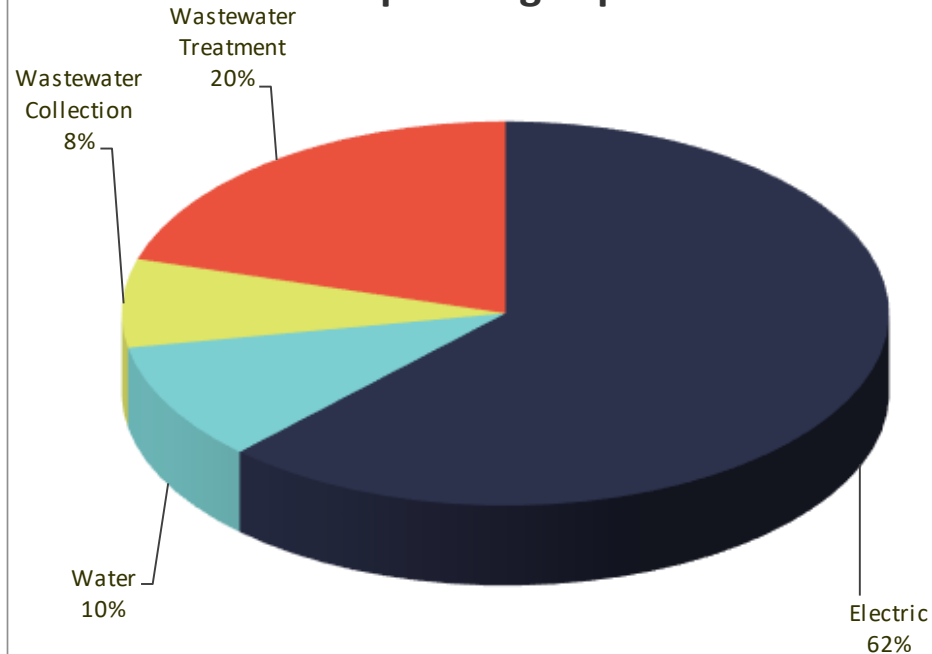
2023 Operating Revenues



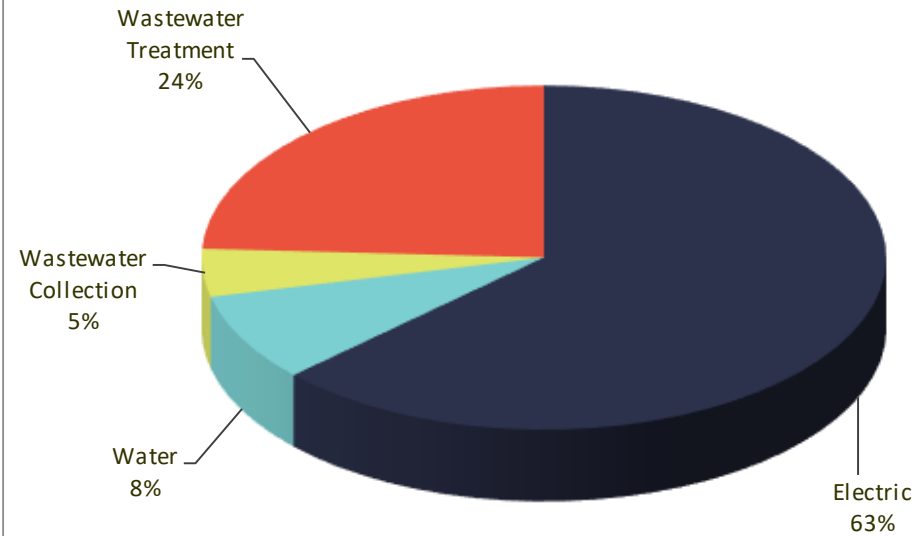
Financial Results (Continued)

Utility Operations

2024 Operating Expenses

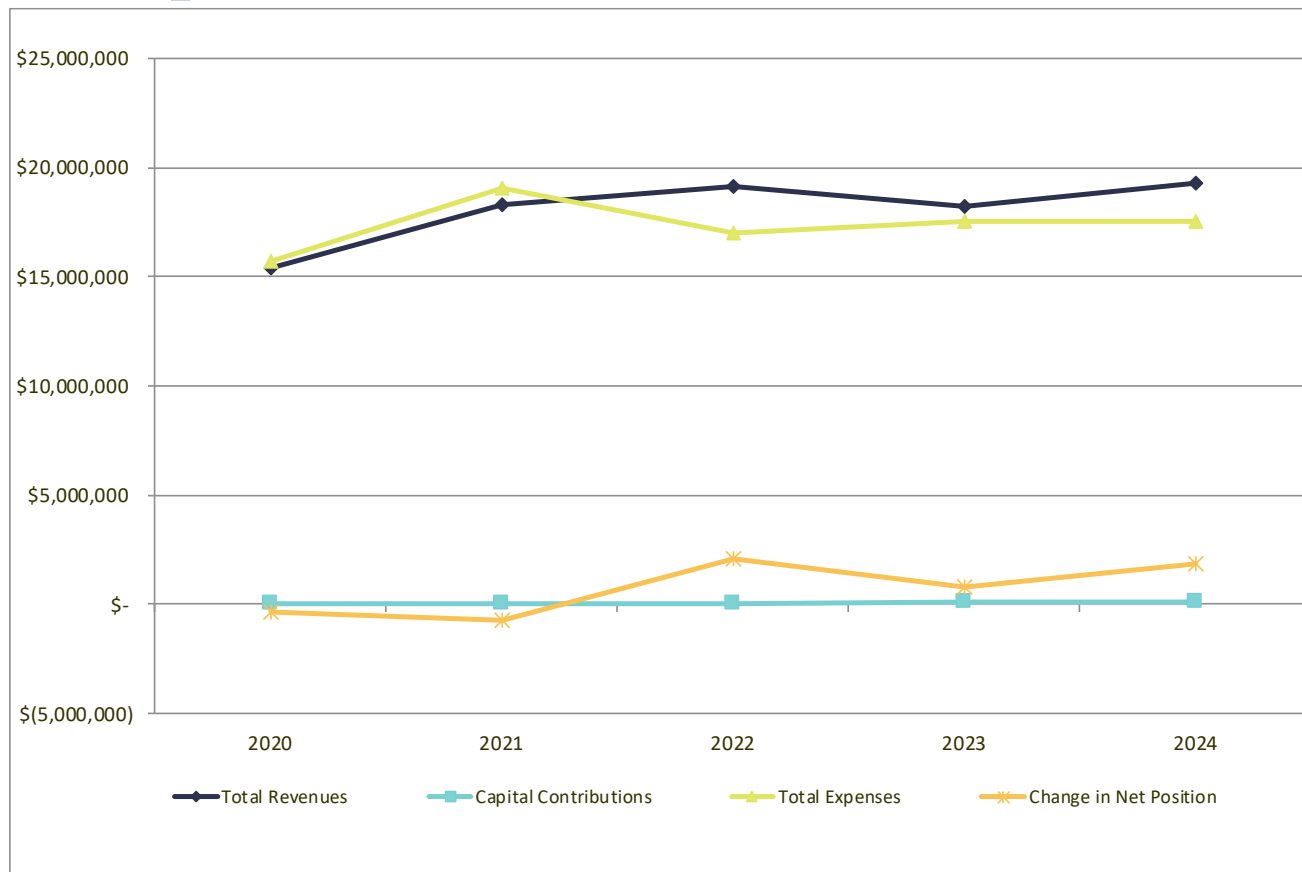


2023 Operating Expenses



Financial Results (Continued)

Electric Operations

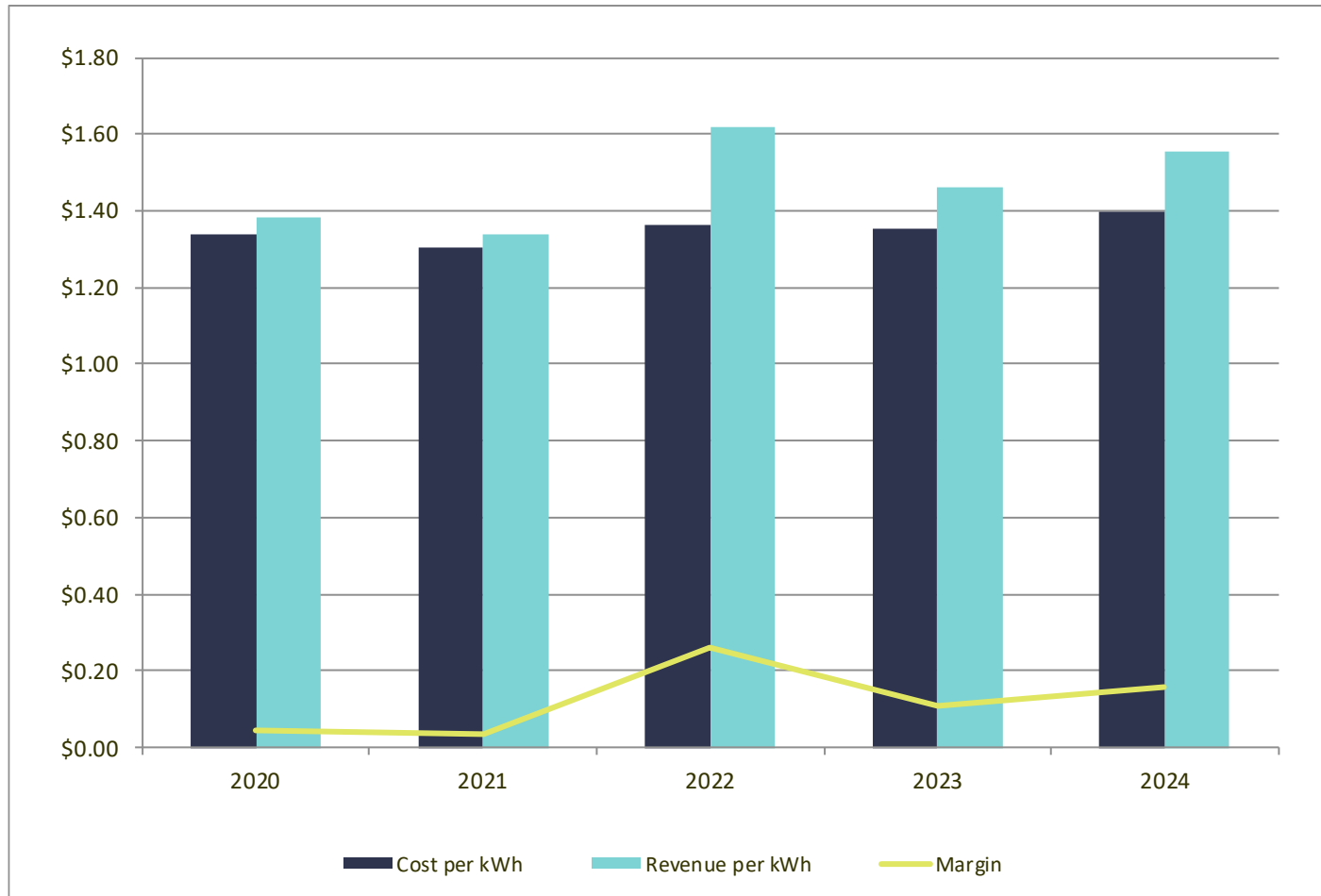


	2020	2021	2022	2023	2024
Total Revenues	\$ 15,390,731	\$ 18,331,959	\$ 19,142,761	\$ 18,224,263	\$ 19,311,214
Capital Contributions	-	-	-	93,349	88,199
Total Expenses	15,737,091	19,050,324	17,041,447	17,553,520	17,513,833
Change in Net Position	(346,360)	(718,365)	2,101,314	764,092	1,885,580



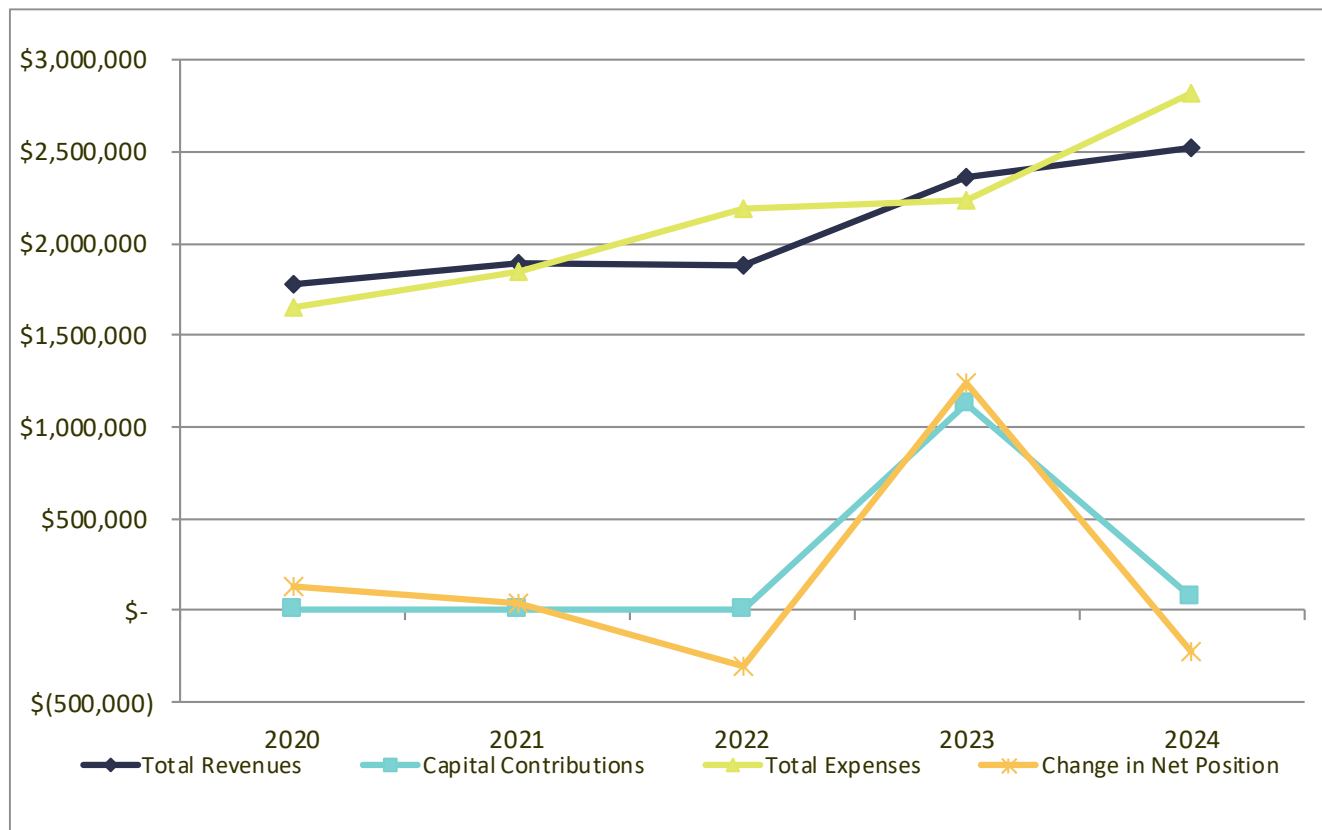
Financial Results (Continued)

Cost per kWh & Revenue per kWh



Financial Results (Continued)

Water Operations

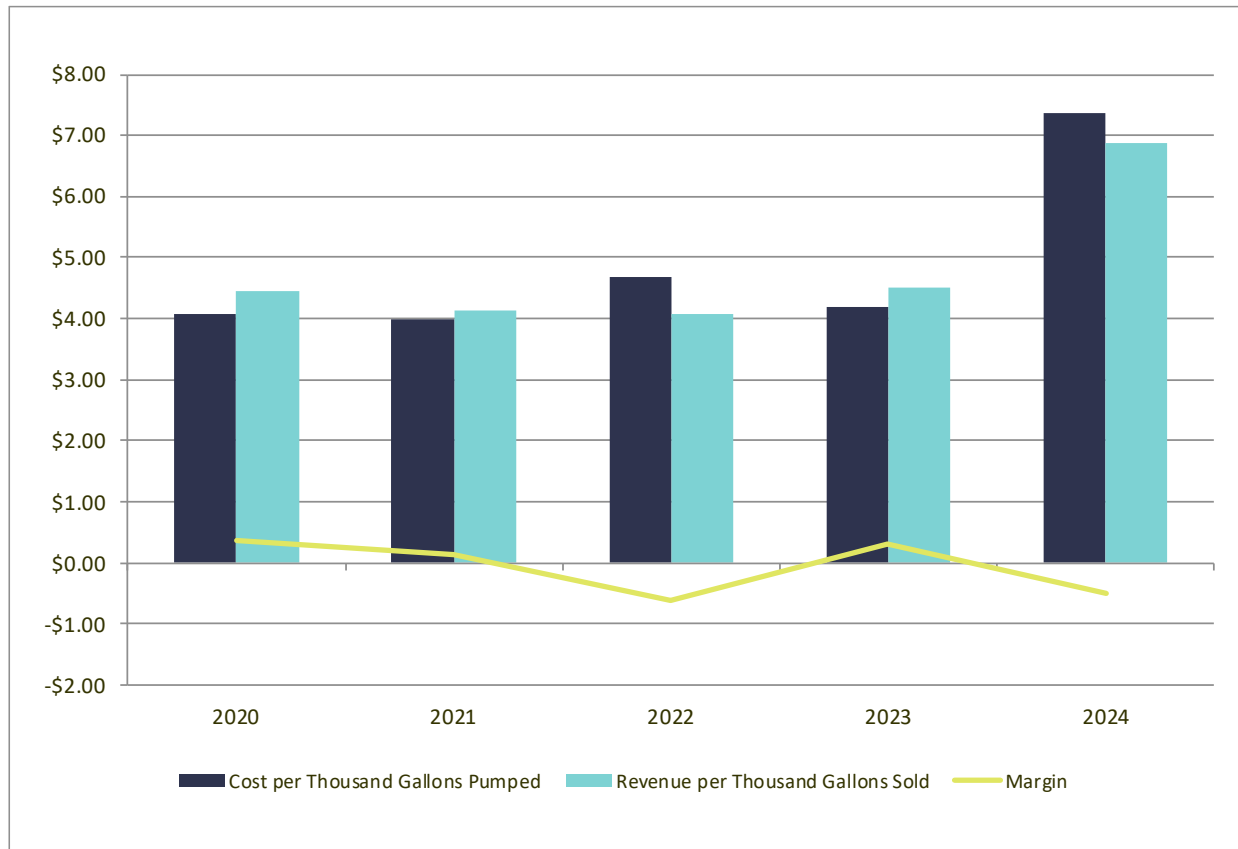


	2020	2021	2022	2023	2024
Total Revenues	\$ 1,783,961	\$ 1,889,776	\$ 1,888,315	\$ 2,365,371	\$ 2,526,564
Capital Contributions	-	-	-	1,124,494	72,268
Total Expenses	1,656,001	1,845,672	2,195,748	2,242,716	2,827,368
Change in Net Position	127,960	44,104	(307,433)	1,247,149	(228,536)

Financial Results (Continued)

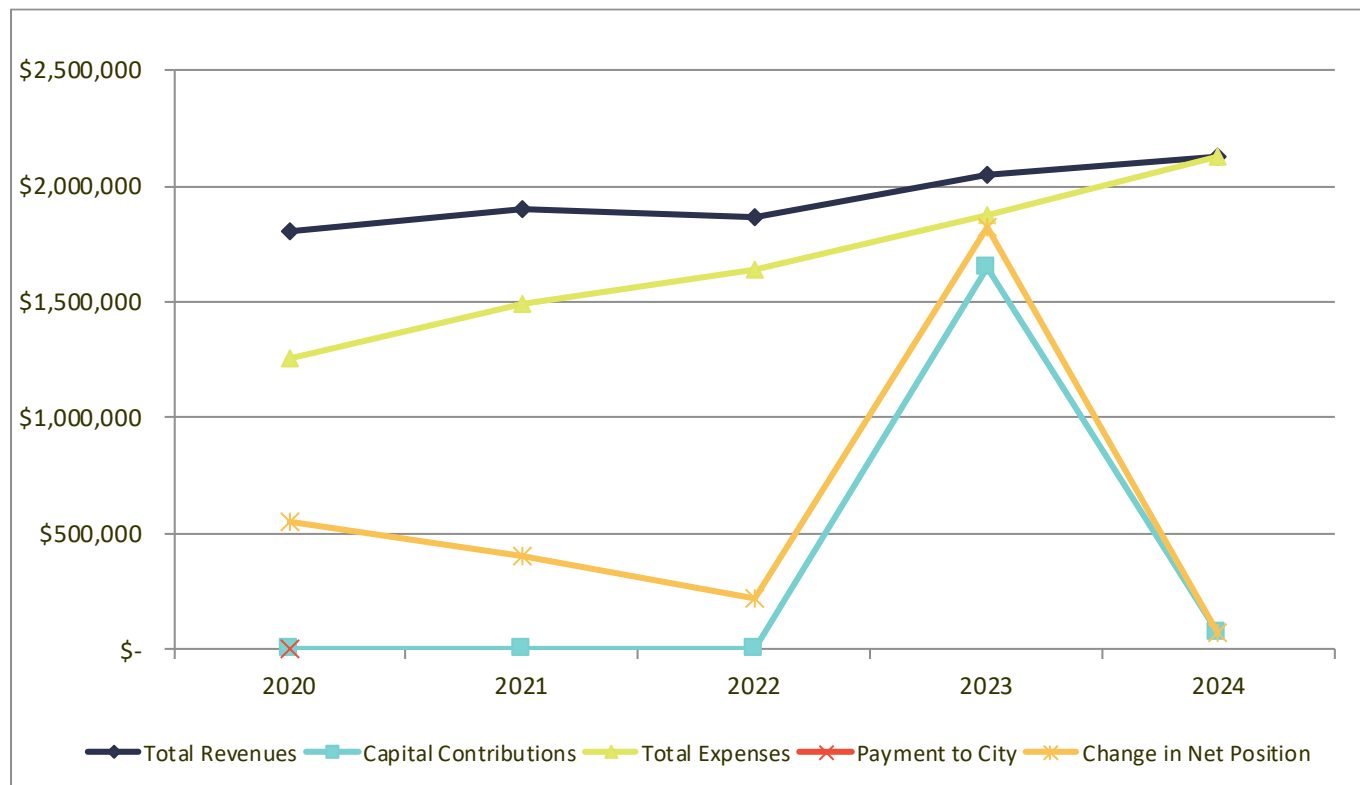
Cost per Thousand Gallons Pumped

Revenue per Thousand Gallons Sold



Financial Results (Continued)

Wastewater Collection

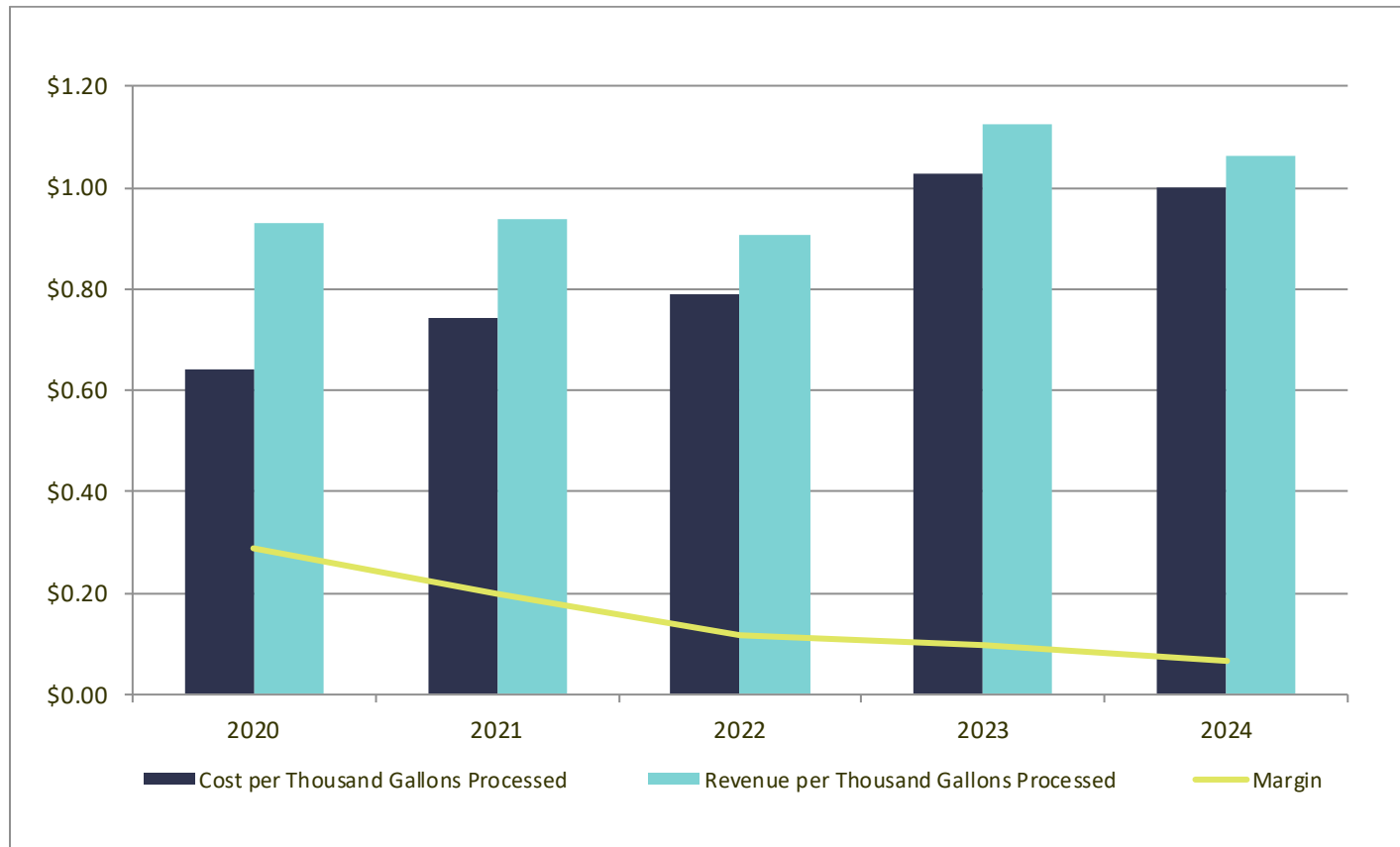


	2020	2021	2022	2023	2024
Total Revenues	\$ 1,801,230	\$ 1,897,049	\$ 1,862,796	\$ 2,051,103	\$ 2,124,814
Capital Contributions	-	-	-	1,643,770	70,334
Total Expenses	1,253,881	1,491,781	1,640,941	1,876,381	2,123,631
Change in Net Position	547,349	405,268	221,855	1,818,492	71,517

Financial Results (Continued)

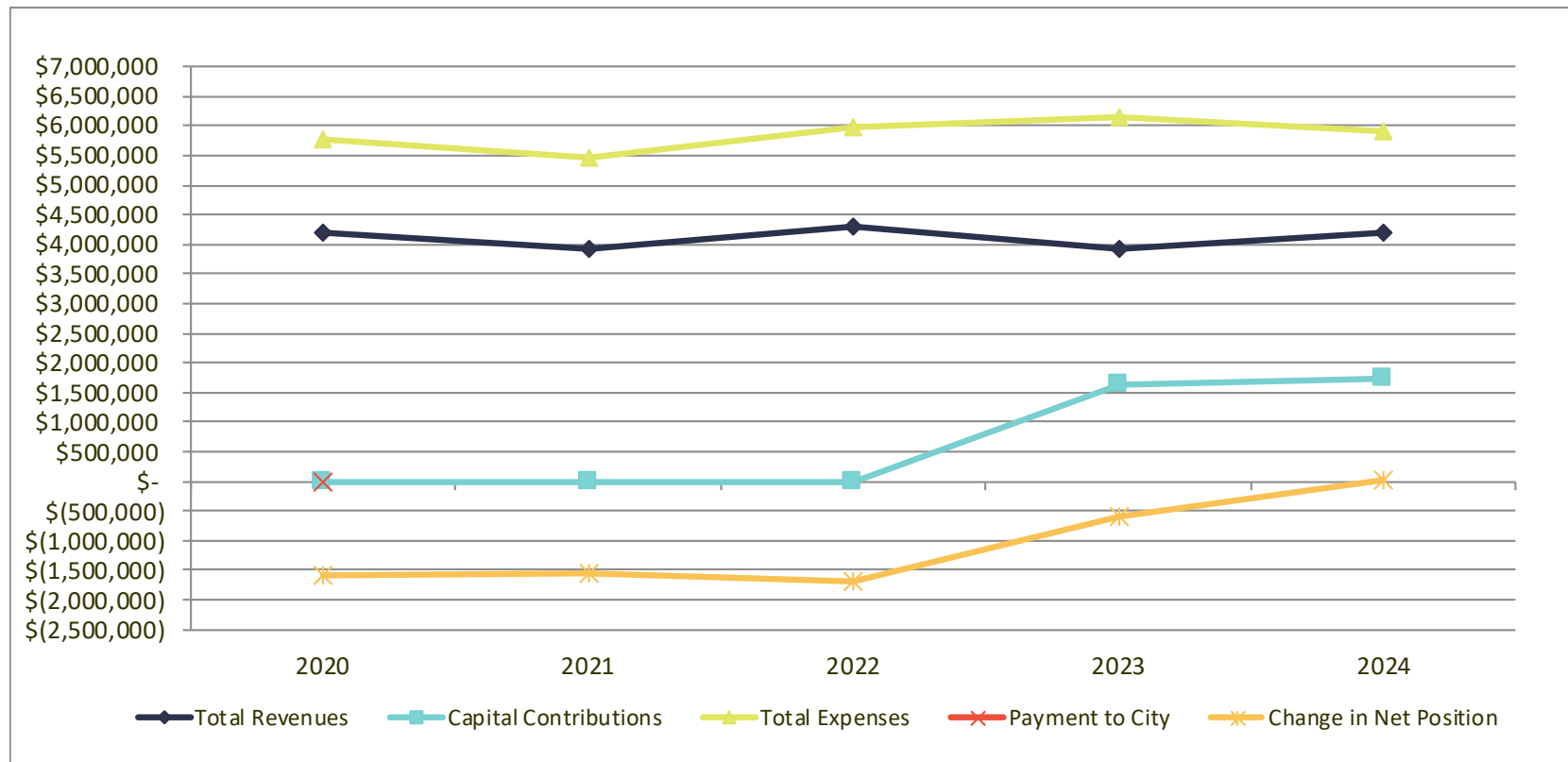
Cost per Thousand Gallons Collected

Revenue per Thousand Gallons Collected



Financial Results (Continued)

Wastewater Treatment

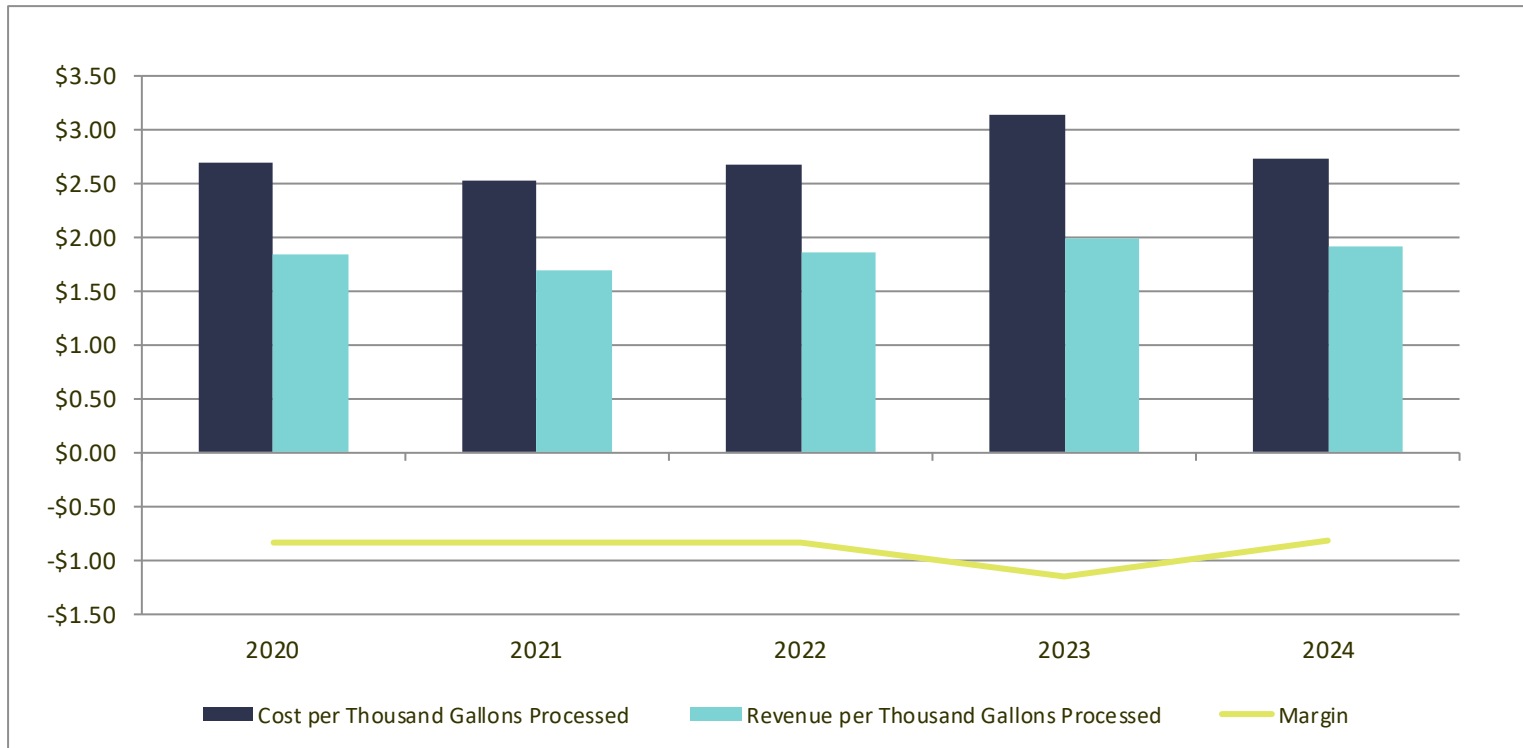


	2020	2021	2022	2023	2024
Total Revenues	\$ 4,188,022	\$ 3,910,309	\$ 4,302,974	\$ 3,926,372	\$ 4,191,502
Capital Contributions	-	-	-	1,634,852	1,725,207
Total Expenses	5,783,188	5,479,386	5,978,850	6,152,536	5,907,195
Change in Net Position	(1,595,166)	(1,569,077)	(1,675,876)	(591,312)	9,514

Financial Results (Continued)

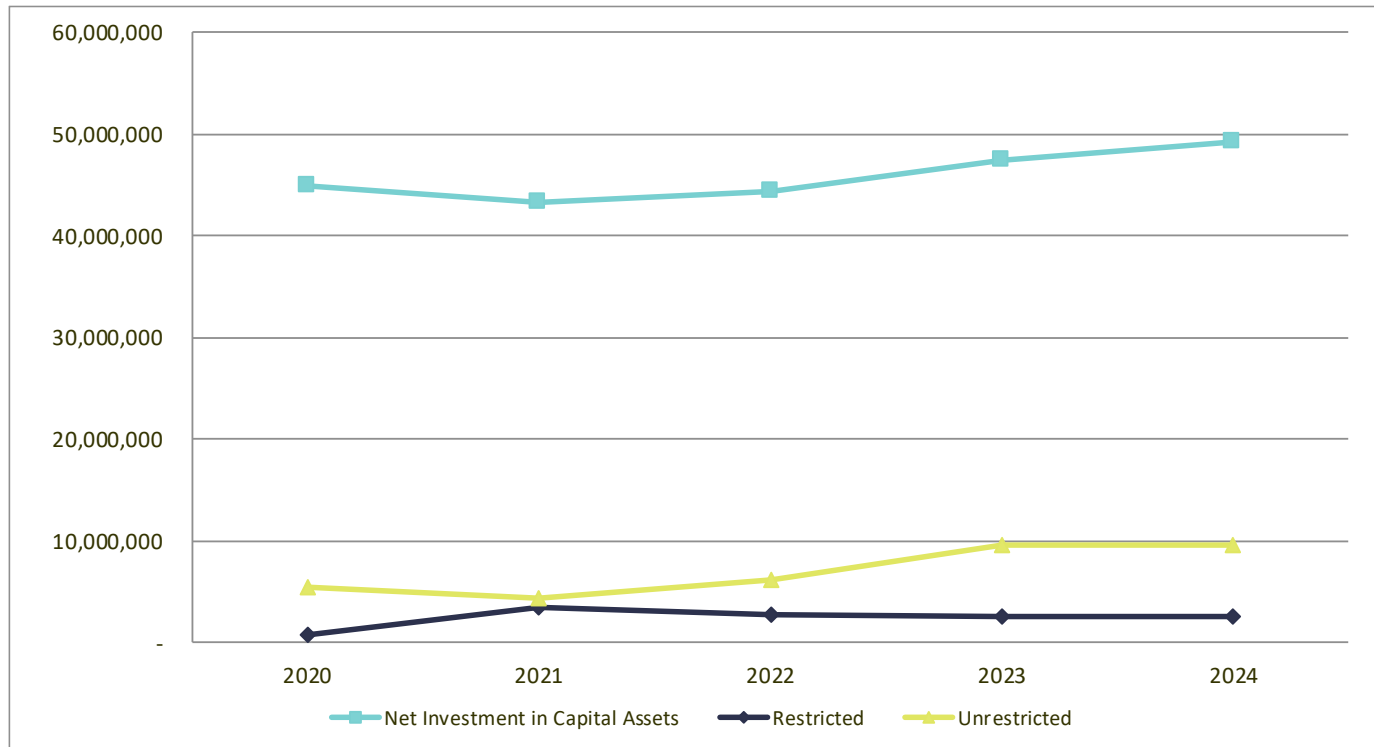
Cost per Thousand Gallons Treated

Revenue per Thousand Gallons Treated



Financial Results (Continued)

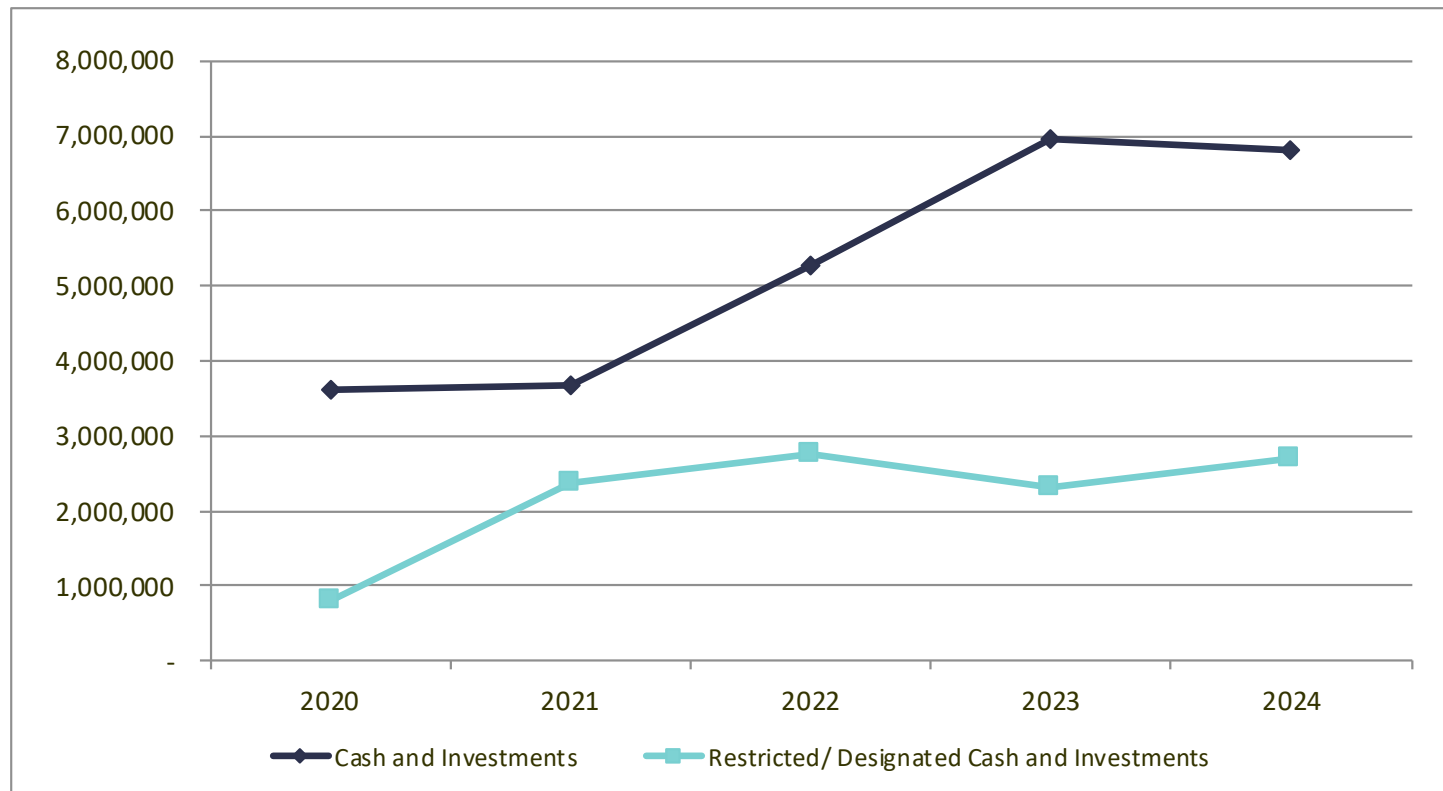
Net Position



Year	Net Investment in Capital Assets	Restricted	Unrestricted
2020	45,010,756	796,279	5,537,754
2021	43,337,623	3,537,622	4,358,203
2022	44,370,092	2,768,460	6,188,604
2023	47,512,259	2,574,040	9,634,063
2024	49,340,422	2,506,132	9,611,883

Financial Results (Continued)

Cash and Investments

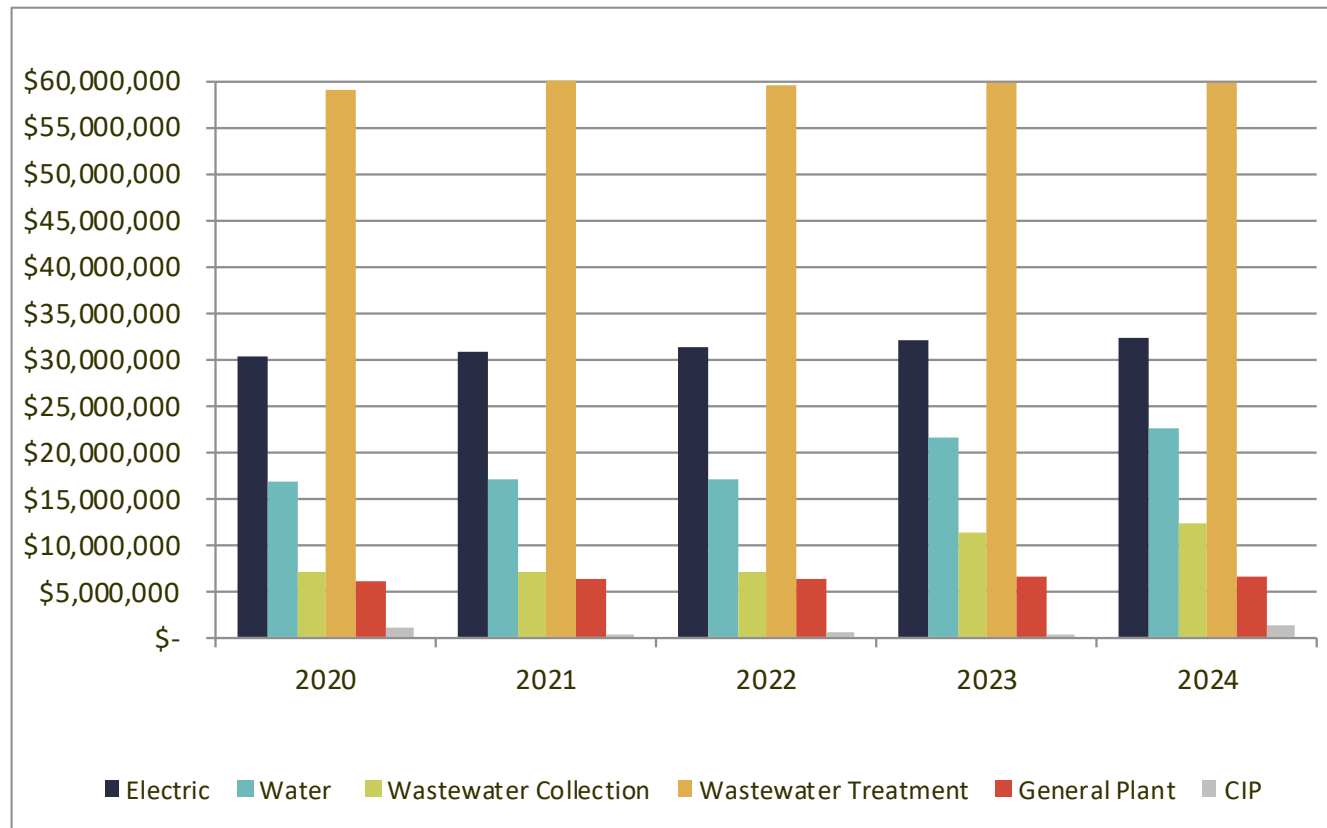


Year	Restricted/ Designated Cash and Investments	
	Cash and Investments	
2020	3,606,455	794,549
2021	3,689,146	2,367,505
2022	5,279,834	2,768,460
2023	6,947,782	2,309,721
2024	6,819,353	2,686,775



Financial Results (Continued)

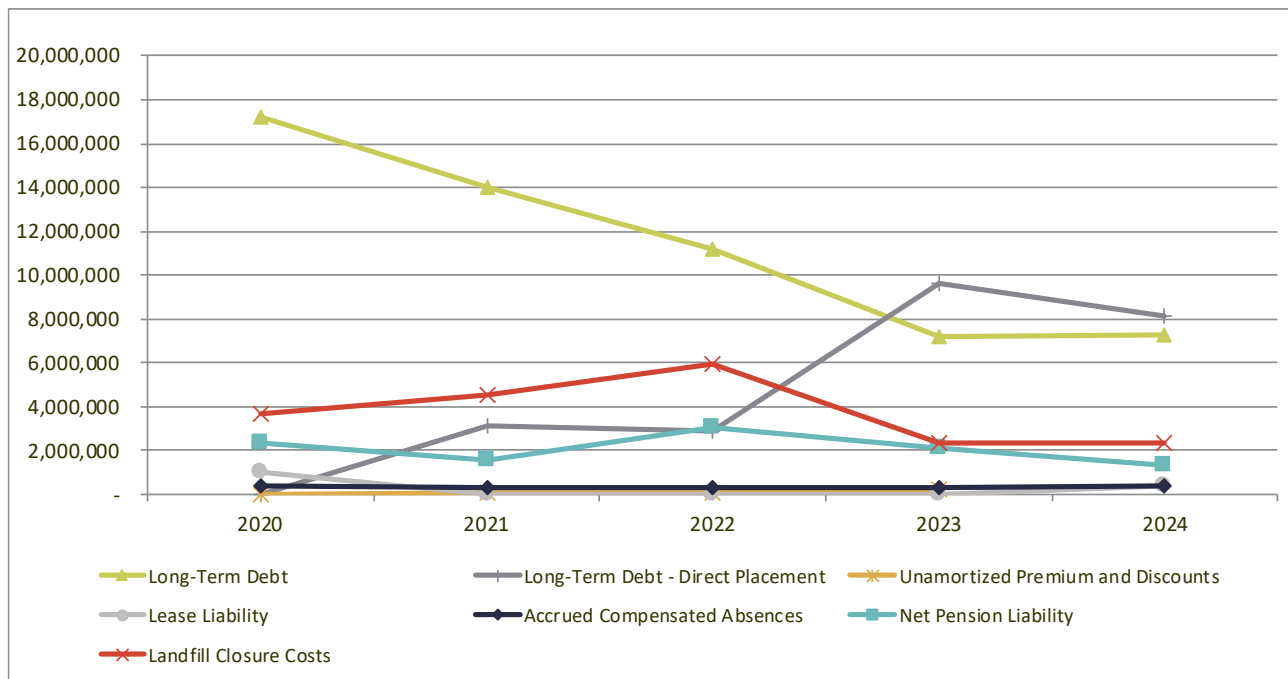
Total Capital Assets



	2020	2021	2022	2023	2024
Electric	\$ 30,441,062	\$ 30,961,610	\$ 31,436,713	\$ 32,136,198	\$ 32,436,717
Water	16,949,803	16,987,673	17,144,948	21,535,017	22,688,880
Wastewater Collection	7,176,356	7,070,610	7,193,385	11,322,865	12,364,204
Wastewater Treatment	59,094,697	59,947,781	59,653,350	59,895,677	59,895,677
General Plant	6,216,386	6,253,646	6,387,319	6,527,197	6,734,764

Financial Results (Continued)

Total Long-Term Debt



	2020	2021	2022	2023	2024
Long-Term Debt	17,201,000	13,994,000	11,172,000	7,149,000	7,295,000
Long-Term Debt - Direct Placement	-	3,105,500	2,897,500	9,575,000	8,091,000
Unamortized Premium and Discounts	201	86,687	83,705	228,831	254,040
Lease Liability	964,292	-	-	-	363,278
Accrued Compensated Absences	342,952	316,230	280,634	312,821	393,374
Net Pension Liability	2,320,242	1,580,066	3,017,533	2,108,142	1,345,636
Landfill Closure Costs	3,640,225	4,526,085	5,892,858	2,342,354	2,345,195

Financial Results (Continued)

- Other Financial Highlights
 - Electric revenues increased due to the purchased power adjustment being higher in 2024 compared to 2023 by \$334,500. City utility revenues were also up in 2024 compared to 2023 by \$145,700 due to increased amount being distributed and collected in 2024. In 2024 there was also intergovernmental revenue received for a generator purchase of \$391,397. Purchase Power decreased In 2024 by \$422,000. Change in net position of \$1,885,600.
 - Water revenues increased slightly compared to the increase in expenses. Expenses increased significantly, the production increase by \$190,000 in 2024 and administrative and general expenses increased by \$163,000, resulting in a negative change in net position of \$228,500
 - Wastewater collection revenues increased, while operating expenses increased as well, still producing a positive change in net position of \$71,000
 - Wastewater treatment revenues increase slightly, while operating expenses increased slightly as well, producing a positive change in net position of \$9,500



Key Issues/Summary

- Slight increase in cash due to increase in amount due to the City
 - Designated for capital outlay - \$2,686,775
- Overall asset additions were lower than the prior year
 - \$3,968,252 in the current year compared to \$9,295,497 in the prior year
- Overall positive cash flow from operations
 - \$2,417,595 in the current year compared to \$3,468,590 in the prior year
- GASB 101 was implemented with minimal impact on the financial statements

Key Issues/Summary (Continued)

- Electric had higher change in net position than prior year
 - Change in net position of \$1,885,6000 compared to \$764,100 in the prior year
- Water department had lower change in net position than prior year
 - Change in net position of net loss \$228,500 compared to a change in positive net position of \$1,231,000 in the prior year
- Wastewater collection had lower change in net position than prior year
 - Change in net position of \$72,000 compared to \$1,818,000 in the prior year
- Wastewater treatment had higher change in net position than prior year
 - Change in net position of \$9,500 compared to net loss \$591,000 in the prior year
- Overall there was a net loss of \$217,900 in the current year before capital contributions
- We advise the margins for each department be consistent from year to year
- Continue to monitor the rates and assess each department individually

Insights/Observations

- Open lines of communication with the City and PUC
 - Constant communication about joint projects
 - Need to understand the full cost of the projects
 - What grants did the City receive for the project and how does that impact the costs for the PUC
 - Asset needs to be recorded at cost, including any grant funding
 - Once the assets is being used, it needs to be transferred to the PUC
 - Understand when projects are being considered to ensure funding is available
 - Consider creating a policy that each entity can follow

*Thank you to all for helping to get this
audit completed timely and for
allowing us to serve you!*

Contact Information:

*Mary Reedy, CPA, CGFM
Principal*

320-203-5534

mary.reedy@CLAconnect.com

Contact Information:

*Eric Smedsrud, CPA
Manager*

218-825-2984

Eric.smedsrud@CLAconnect.com



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2024 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAGlobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.