



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: November 27, 2024

AGENDA ITEM: 2025 Preliminary Budget Presentation

PREPARED BY: Julie Kennedy, General Manager and GRPU Management Team

BACKGROUND:

The preparation of the 2025 operations and capital budget has been a very different process from any other year. To recall, earlier this year the Commission approved the recommendation to cease using Federal Energy Regulatory Commission (FERC) regulatory accounting and move to General Accepted Accounting Principles of Governmental Accounting Standards Board (GASB) for our accounting and reporting. The change to GASB has been beneficial as we work with the City on the collaborative effort of our new ERP system. That said, because we're in the middle of this accounting system change, our general ledger (GL) is in transition between old and new, making it difficult and very time-consuming to try and show comparative financial reports. Our former reports are not useful and our new 2025 reports are still being developed.

Consequently, our work session presentation will include the draft 2025 Annual Operating Plan and an overview of the 2025 preliminary utilities' operations budgets. Though the presentation format will be different, we continue to use our same team approach of managers, directors, and key team members creating a zero-based budget by looking at the historical and forecasted financial information, our current rates studies, and present supply chain pricing and availability. One benefit of the change in the GL system has been an improved ability to bring to light GRPU's complex allocations across the utilities' budgets so we can more easily review and update them based on the proposed year's annual operating plan. The 2025 preliminary operations budgets we'll review at the work session are conservative and currently include all the labor costs, though a portion of these costs will be re-classified into our capital projects budgets. It is our intention to have reports prepared for each utilities' operations and capital budgets for the final budget agenda item at our December meeting.

RECOMMENDATION:

Review and discussion only – action to be taken at December meeting.