



Create Opportunities



Our purpose

CLA exists to create opportunities — for our clients, our people, and our communities.



Strategic advantages

- Deep industry specialization
- Seamless, integrated capabilities
- Premier resource for nonprofit organizations and their leaders
- Inspired careers

We are

One firm working together to advance our clients' success, create uncommon careers for our people, and do what is right for the public, our clients, and each other.



Impact culture

- Leadership
- Ownership
- Entrepreneurship



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Traverse Electric Cooperative, Inc.

Audit Exit Presentation

March 31, 2020



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Agenda

- Audit process
- Required communications
- Audit results
- Financial results

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Audit Process

- Performed audit using a risk-based audit approach
- Primary audit procedures included:
 - Analytics
 - Confirmations
 - Inquiry of employees and management
 - Board minutes
- Data extraction – revenue billings

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Required Communications

- Audit provides reasonable, but not *absolute* assurance
- Accounting policies – Revenue Recognition
 - Topic 606 – Revenue from Contracts with Customers
 - No material effect
- Significant accounting estimates
 - Depreciable lives of distribution plant and general plant
 - Allowance for uncollectible accounts receivable

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Audit Results

- Unmodified (i.e., “clean”) opinion on the financial statements
- RUS management letter – clean report
- Internal controls over financial reporting
 - Financial statement preparation
- No audit adjustments
- No disagreement or difficulties with management

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Financial Ratios

- Key Results

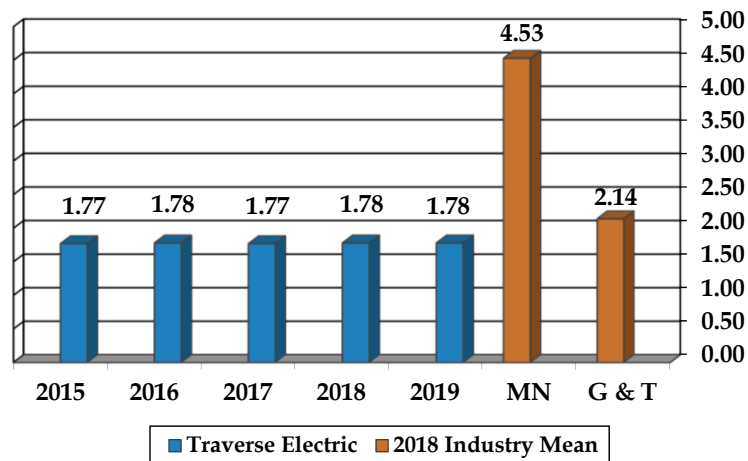
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Average Consumers per Mile

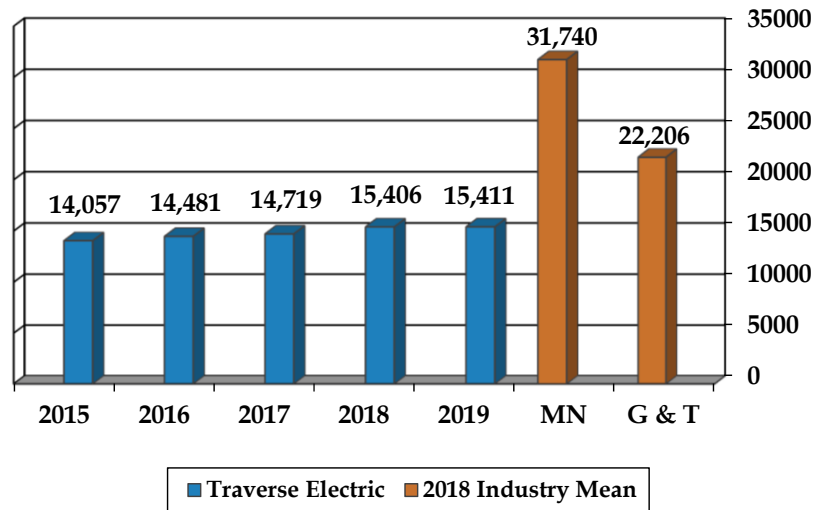
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TUP Investment per Mile of Line



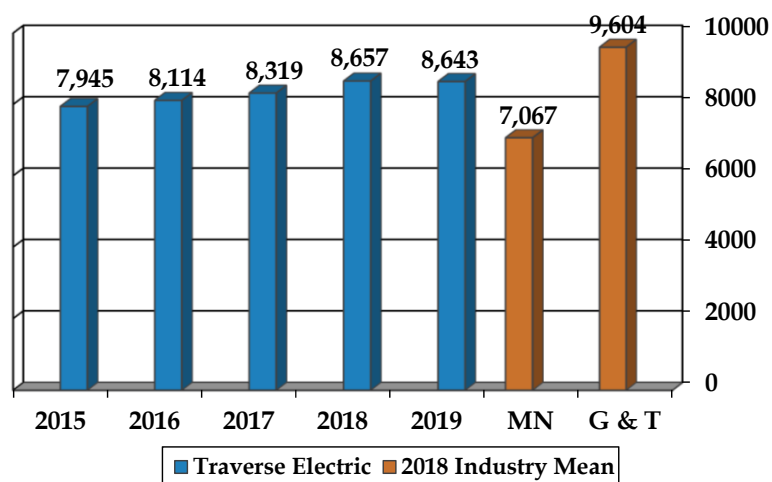
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TUP Investment per Consumer



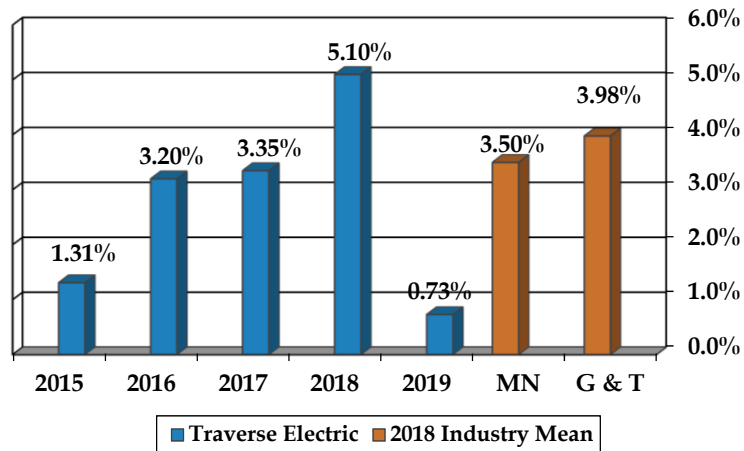
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Growth in TUP Dollars



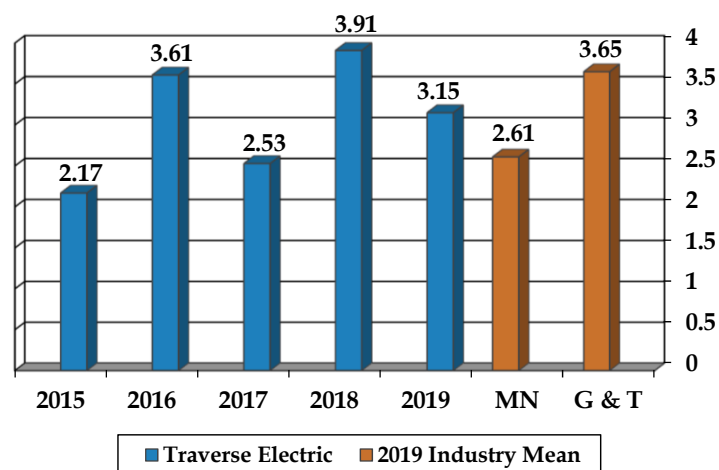
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TIER



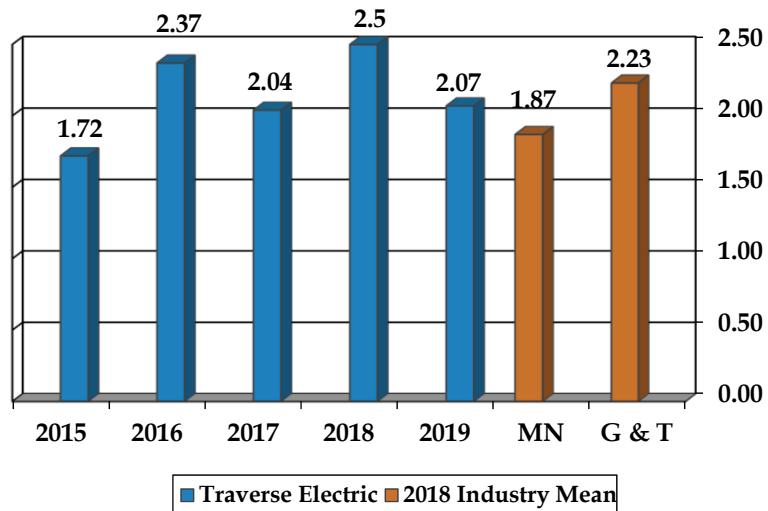
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DSC



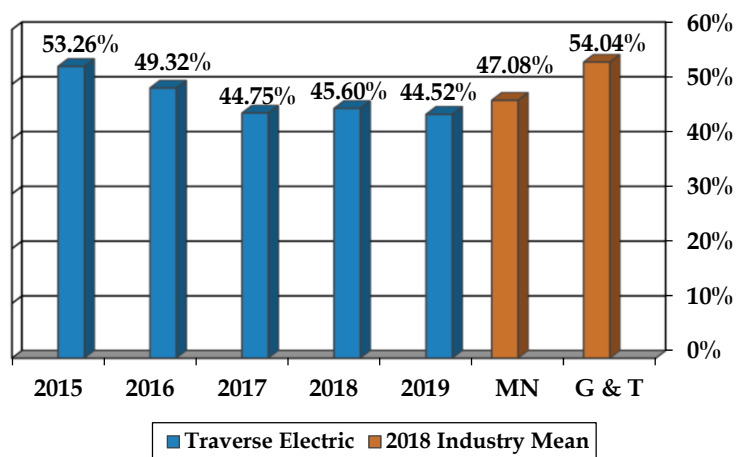
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LTD as % of Total Assets



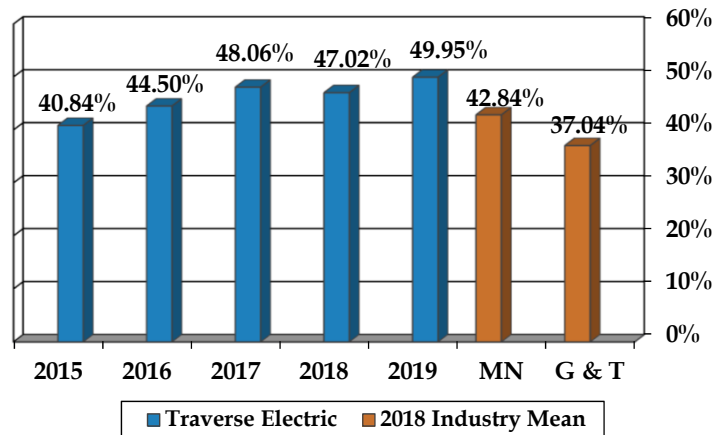
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Equity Level as a % of Assets



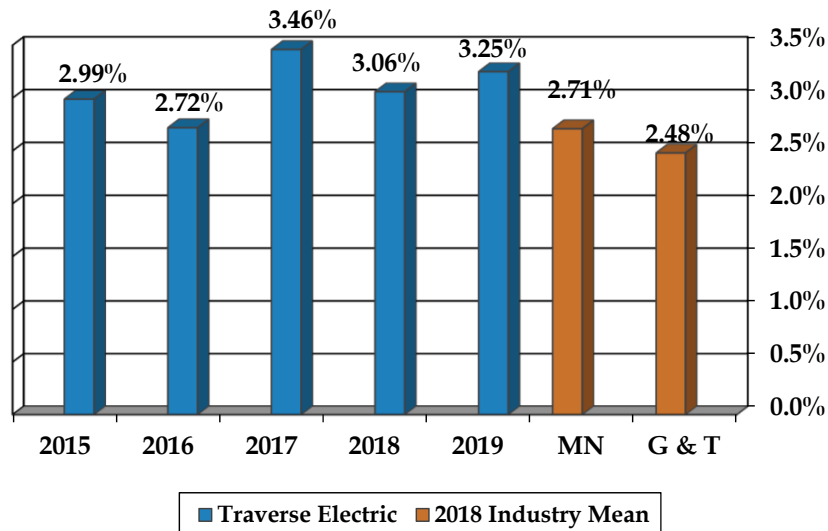
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Capital Credits Retired per Total Equity



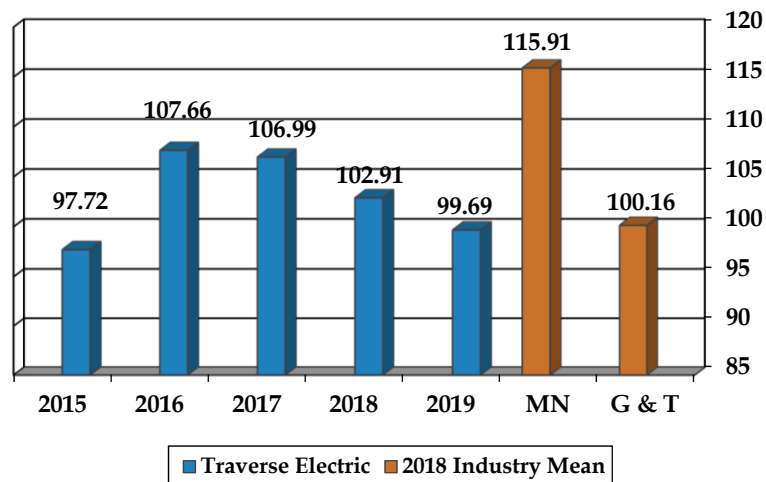
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Total Revenue per KWH Sold (Mills)



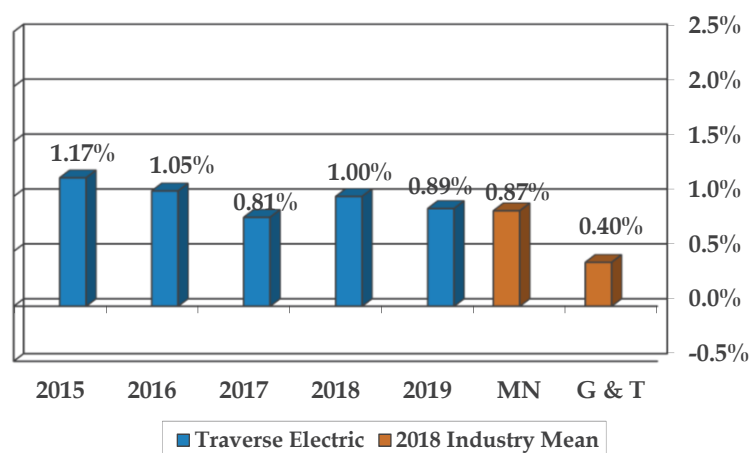
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Growth in Number of Consumers



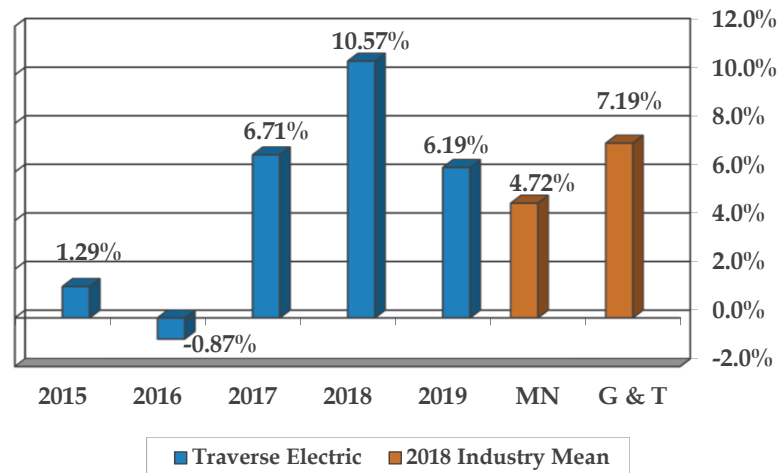
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Growth in KWH Sales



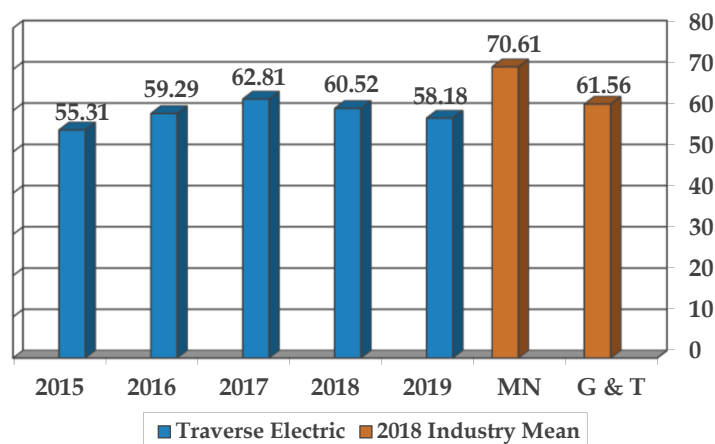
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Power Cost per KWH Purchased (Mills)



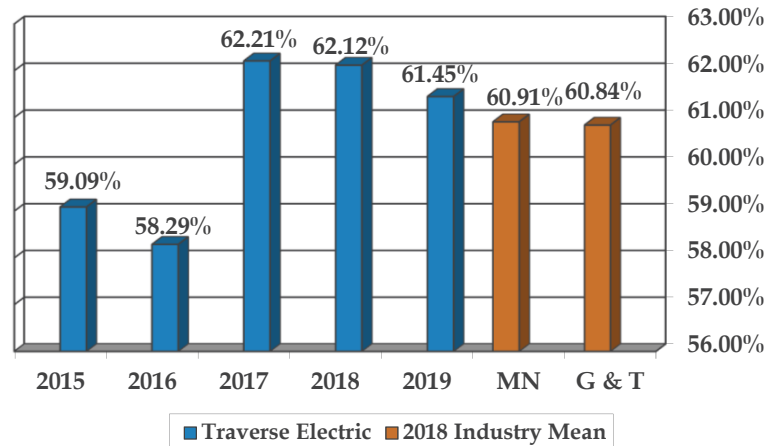
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Power Cost as a % of Revenue



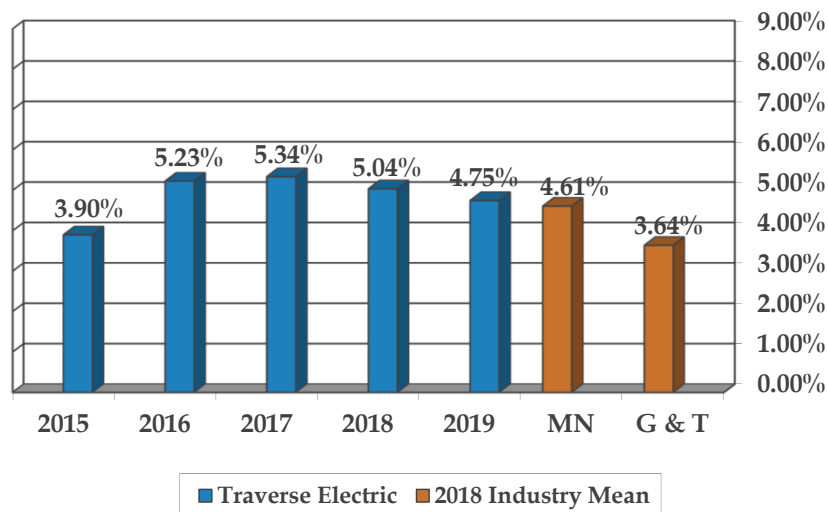
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Line Loss %



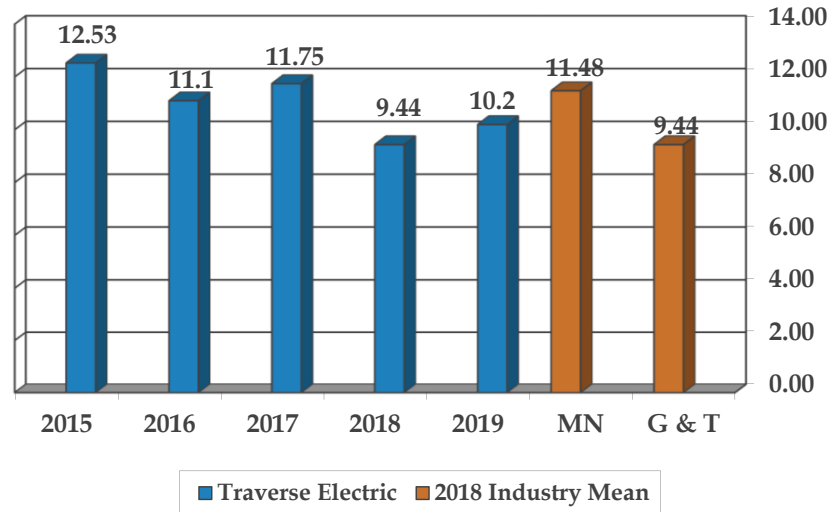
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O & M Expenses (Mills/KWH Sold)



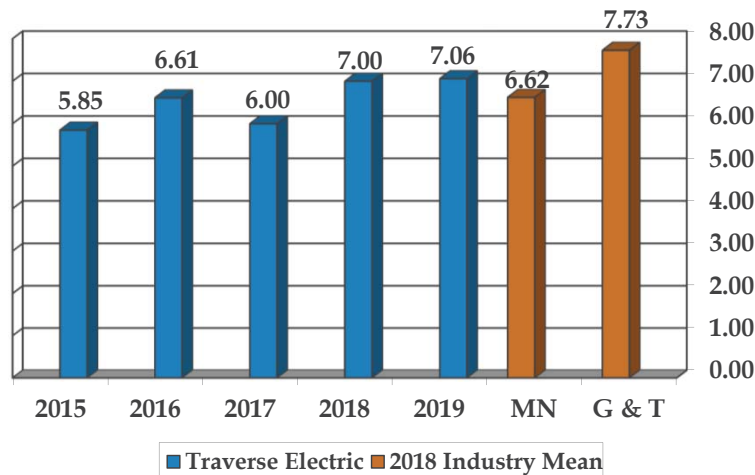
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A & G Expenses (Mills/KWH Sold)



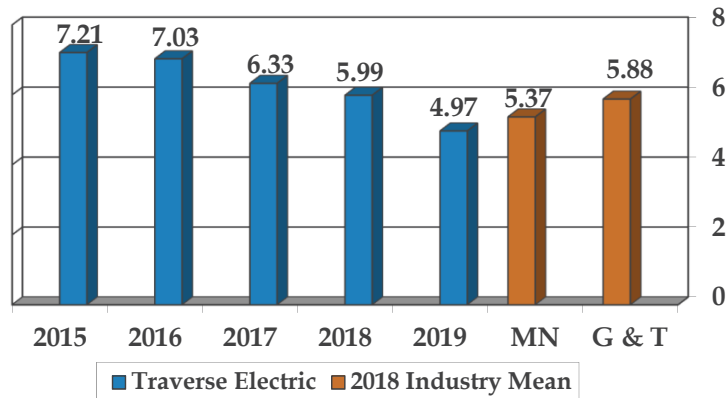
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LTD Interest Expense (Mills/KWH Sold)



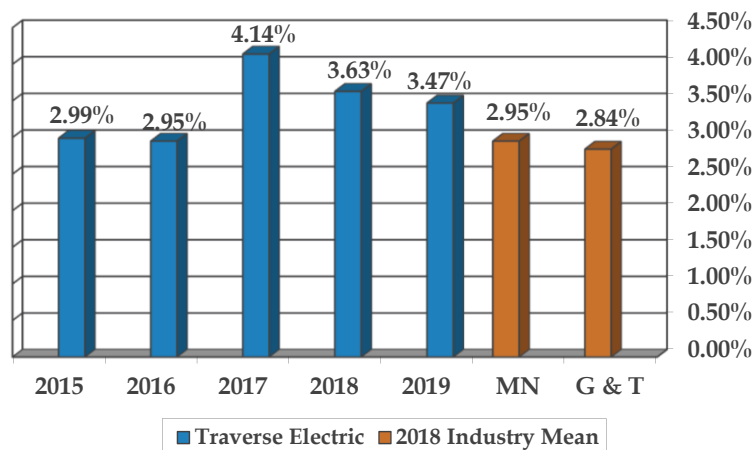
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Depreciation Expense as a % of TUP



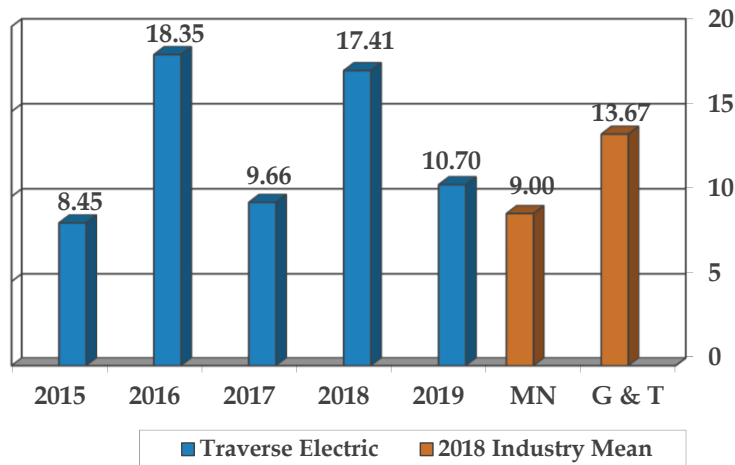
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Total Margins (Mills/KWH Sold)



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Questions and Feedback

Thank you!

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