



# GRAND RAPIDS PUBLIC UTILITIES COMMISSION REGULAR WORK SESSION MEETING AGENDA

**Tuesday, May 24, 2022**

**8:00 AM**

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Special Meeting of the Grand Rapids Public Utilities Commission will be held on Tuesday, May 24, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street, Grand Rapids, Minnesota.

**CALL OF ROLL:**

**BUSINESS:**

1. Consider a motion to approve \$55,208.50 of verified claims for April and May 2022.
2. Presentation from Baker Tilly – 2021 audited financial statements and related auditor’s letters

**ADJOURNMENT:**

The next Regular Meeting of the Commission is scheduled for Wednesday, June 8, 2022 at 4:00 PM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.

The next Regular Work Session is scheduled for Tuesday, June 28, 2022 at 8:00 AM in the conference room of the Public Works/Public Utilities Service Center at 500 SE 4th Street.



# GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

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**AGENDA DATE:** May 24, 2022

**AGENDA ITEM:** Consider a motion to approve \$55,208.50 of verified claims for April and May 2022.

**PREPARED BY:** Jean Lane, Business Services Manager

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**BACKGROUND:**

See attached check registers: \$55,208.50

Computer check register \$55,208.50

Manual check register \$ 0

Total \$ 55,208.50

**RECOMMENDATION:**

Consider a motion to approve \$55,208.50 of verified claims for April and May 2022.

Computer check register \$55,208.50

Manual check register \$ 0

Grand Rapids Public Utilities  
 Accounts Payable  
 April/May 2022  
 (Meeting Date: 05/24/22)

Item 1.

NAME	AMOUNT	NAME	AMOUNT
Amaril Uniform	257.52	Minnesota Energy	492.57
Aramark	93.43	Napa Auto Parts	161.54
Baker Tilly	9,500.00	Nextera	621.95
Burggrafs	176.52	Northeast Technical Services	1,293.50
Car Quest	244.93	Northern Drug Screening	110.00
Central McGowan	3,193.78	Northwest Gas	1.94
City of Grand Rapids	1,020.33	Public Utilities	6,503.86
Coles	305.52	Rapids Welding	28.29
CW Technology	933.00	RMB Environmental Lab	104.00
Davis Oil	4,573.30	S E H	2,500.26
Electric Pump	2,483.84	TNT Construction	1,178.63
Fastenal	1,754.47	Treasure Bay Printing	21.50
Figgins Truck & Trailer	2,653.05	UPS	45.22
Frontier Energy	4,793.55	US Bank	315.73
Further	90.75	WUSZ-FM	420.00
Government Finance Officers Assoc	210.00	Xerox	171.58
Grainger	5,680.25		
Itasca County	1,581.94	Energy Efficiency Rebate:	
L&M	80.25	Denzel, Karen	35.00
Loren Solberg Consulting	1,551.50	Foss, James	25.00
			55,208.50



## GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

**AGENDA DATE:** May 24, 2022

**AGENDA ITEM:** Presentation from Baker Tilly – 2021 audited financial statements and related auditor’s letters

**PREPARED BY:** Jean Lane, Business Services Manager

**BACKGROUND:**

Cities over 2,500 in population must have an annual audit in accordance with GAAP. The Grand Rapids Public Utilities is a component unit of the City of Grand Rapids and therefore also required to have an annual financial audit performed.

The governing body is required to review the audit and accompanying auditor’s letters on management, internal control, and legal compliance. The primary purpose of the audit is to receive an opinion from an independent review which states the GRPU financial statements are accurately presented. The audited financial statements provide valuable information to assist the Grand Rapids Public Utilities Commission in making informed policy decisions.

Baker Tilly, US, LLC has performed the external independent audit of the GRPU for many years. Aaron Worthman, CPA Partner, and Dan La Haye, CPA Senior Manager will virtually attend the Commission meeting and present a brief PowerPoint.

Baker Tilly and GRPU, respectively, are in their final review processes. The attached are draft financial statements and draft auditor’s letters.

There will be a requested action item on the June 8, 2022, GRPU Commission meeting agenda to adopt the 2021 Annual Comprehensive Financial Statements and auditor’s letters.

**RECOMMENDATION:**

Presentation from Baker Tilly and review the draft 2021 financial statements and required auditor’s letter.

Grand Rapids Public Utilities  
Commission  
Report to the Utilities'  
Commission

May 24, 2022

Aaron Worthman, CPA, Partner  
Dan La Haye, CPA, Senior  
Manager

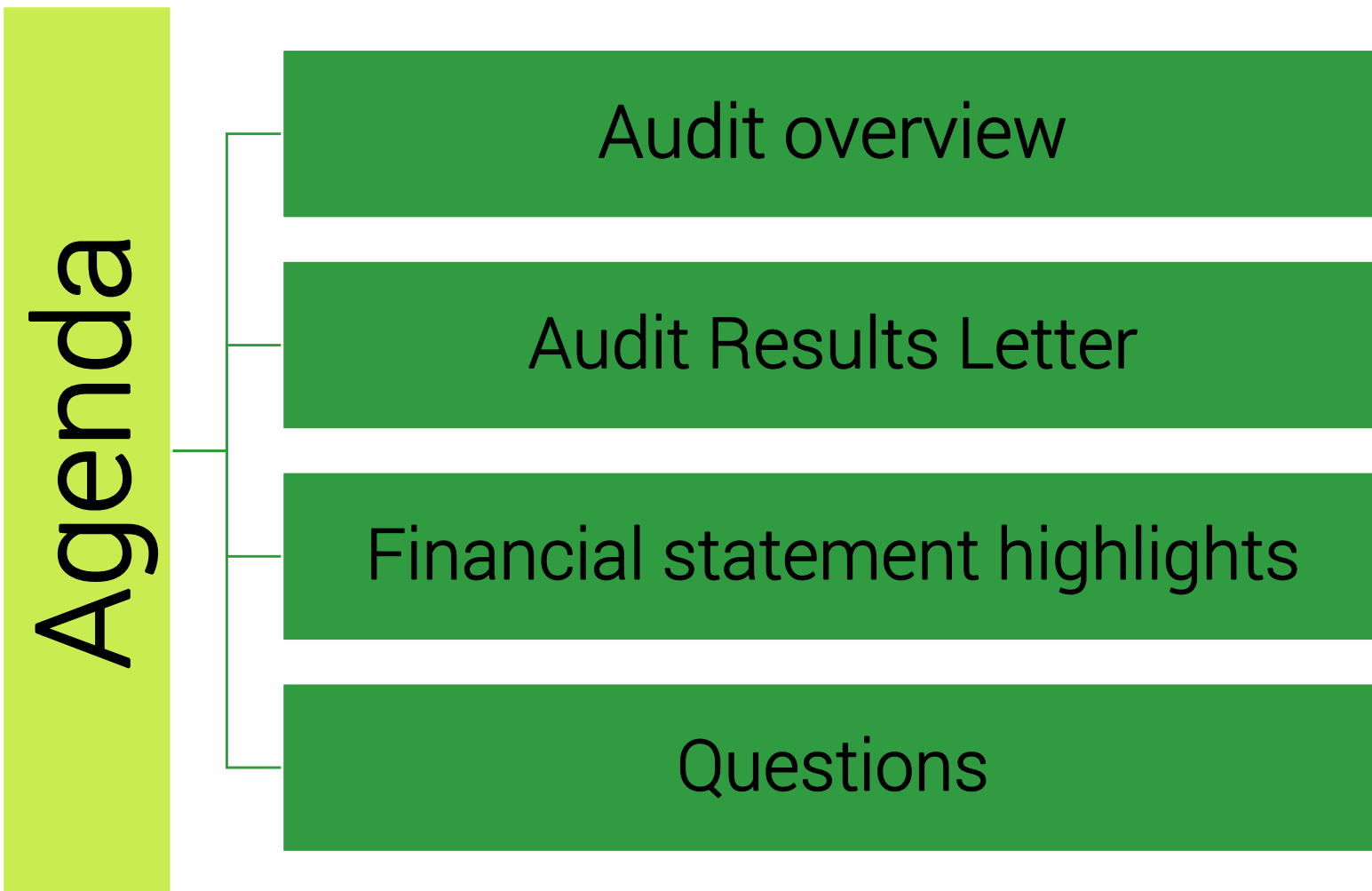


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GRPUC

Audit presentation





## GRPUC

### Audit overview

Audit performed in  
accordance with  
Generally Accepted  
Auditing Standards

Audit objective -  
reasonable assurance  
that financial statements  
are free from material  
misstatement

Financial statements  
received an Unmodified  
Opinion

## GRPUC

Auditor communication to those charged with governance

Auditor  
responsibility &  
independence

Commission  
responsibility

Accounting  
policies and  
estimates

Baker Tilly agrees with GRPUC's  
accounting policies and disclosures

No material  
adjustments to the  
financial  
statements

**No audit findings or concerns**





## Recommendations to management

Process improvements for work orders and capital asset accounting

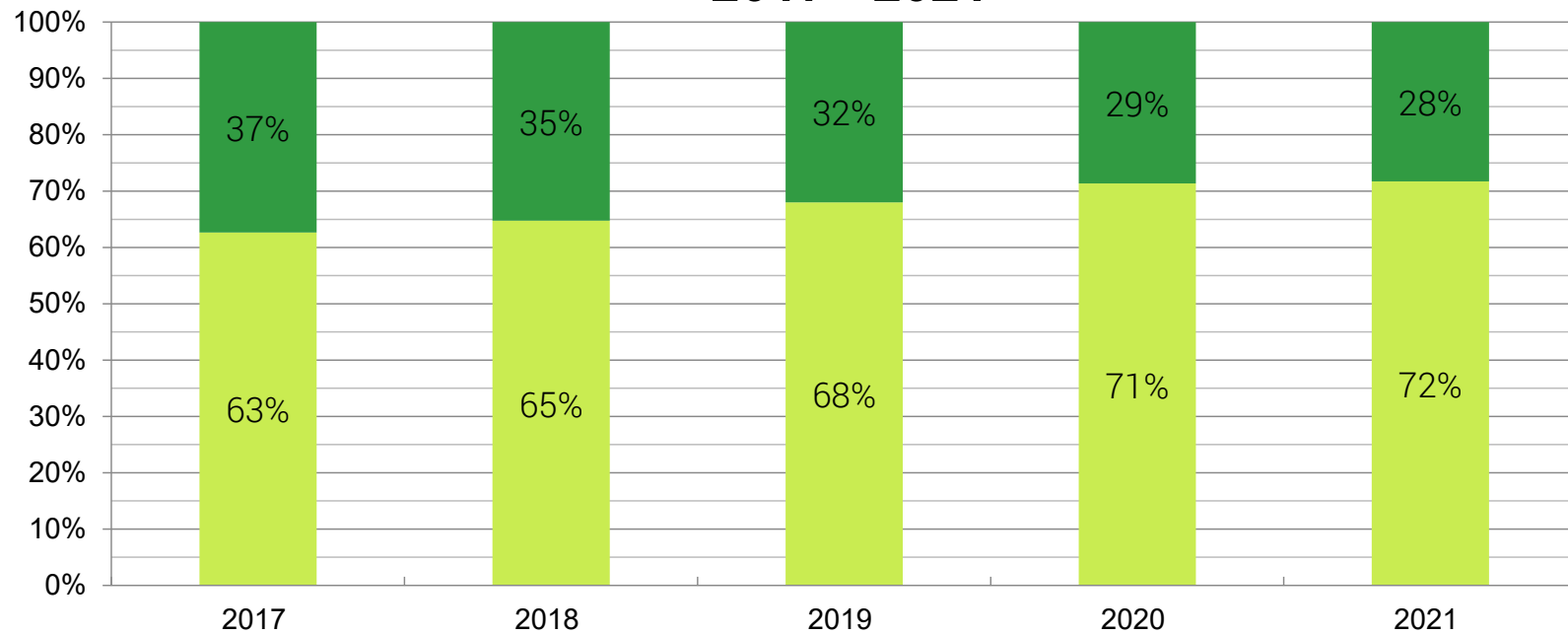
Information technology comments



# GRPUC

## Financial statement highlights

### Net Position vs. Net Plant 2017 - 2021

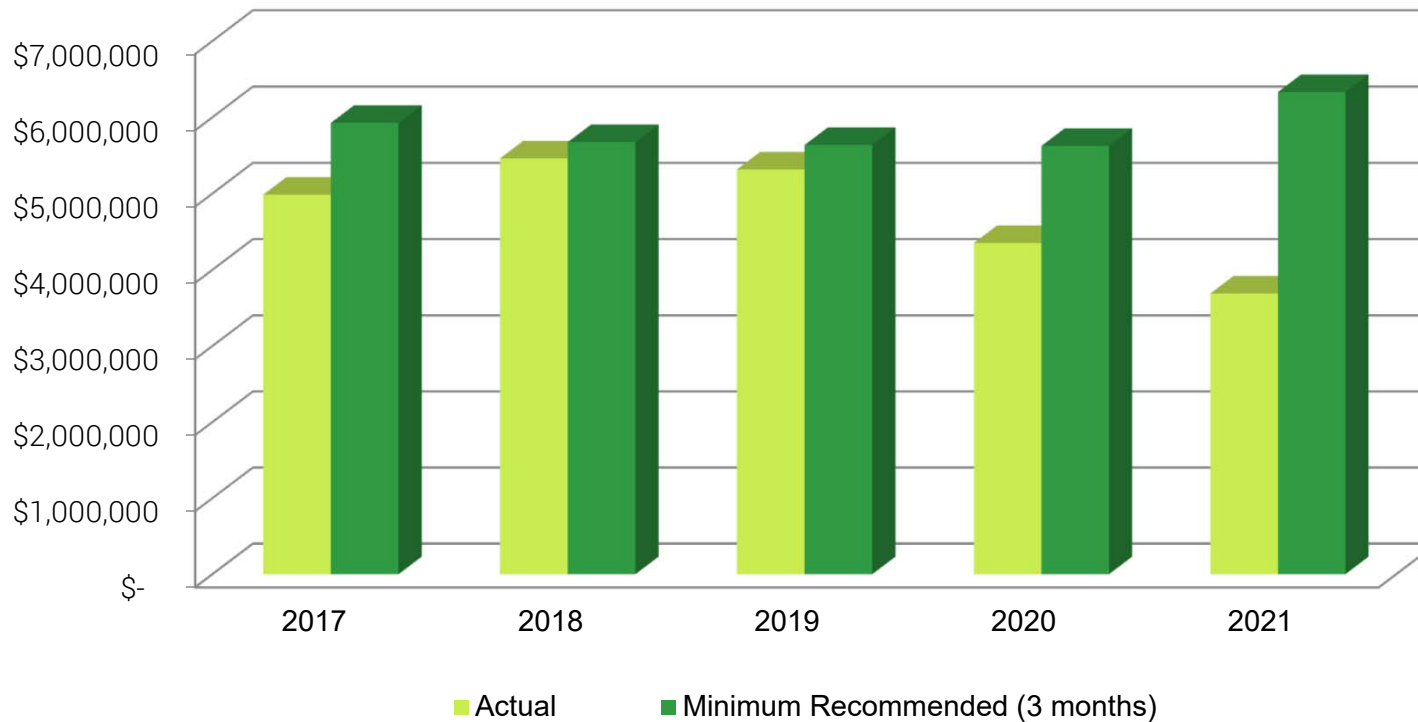




# GRPUC

## Financial statement highlights

### Unrestricted Funds on Hand 2017 - 2021

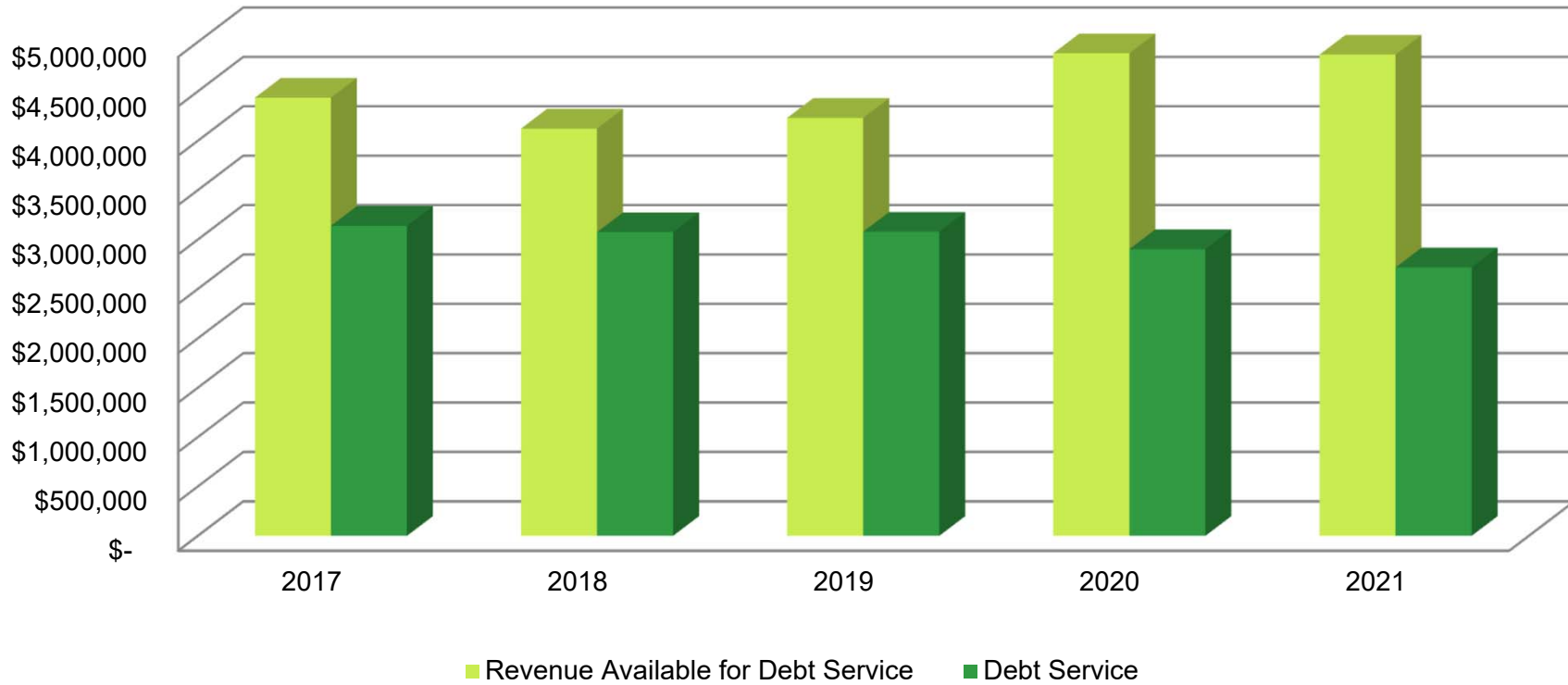




# GRPUC

## Financial statement highlights

### Debt Coverage Calculation 2017 - 2021





# GRPUC

## Audit summary

We appreciate the hospitality and work done by the Grand Rapids Public Utilities Commission staff in preparing for and assisting in the audit!

Questions.....



# Reporting and insights from the 2021 audit:

## Grand Rapids Public Utilities Commission

December 31, 2021

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# Executive summary

May \_\_, 2022

The Commissioners  
Grand Rapids Public Utilities Commission  
500 SE 4<sup>th</sup> Street  
Grand Rapids, MN 55744

We have completed our audit of the financial statements of the Grand Rapids Public Utilities Commission (GRPUC) for the year ended December 31, 2021, and have issued our report thereon dated May \_\_, 2022. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the GRPUC's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas GRPUC should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Aaron Worthman, Partner: [Aaron.Worthman@bakertilly.com](mailto:Aaron.Worthman@bakertilly.com) or +1 (512) 975 7281
- Dan La Haye, Senior Manager: [Dan.LaHaye@bakertilly.com](mailto:Dan.LaHaye@bakertilly.com) or +1 (608) 240 2534

Sincerely,

Baker Tilly US, LLP

[Insert PIC signature graphic]

Aaron Worthman, CPA

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# Responsibilities

## Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the GRPUC's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Commissioners:
  - Are free from material misstatement
  - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Commissioners of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Commissioners, including:

- Internal control matters
- Qualitative aspects of the GRPUC's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues



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# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of the GRPUC and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the GRPUC's current year results.

## Key areas of focus and significant findings

### Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

### Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Landfill post closure costs	Pension and OPEB liabilities	Long-term debt
Capital assets	Net position calculations	Financial reporting and required disclosures

## Internal control matters

We considered the GRPUC's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the GRPUC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

## Other comments and recommendations

### ***FIXED ASSET CLOSING PROCESS***

During our audit, we noted immaterial adjustments to construction costs, depreciation, and fixed assets. We also noted the fixed asset documents were not provided in a timely manner and appear to be a very cumbersome time-consuming process requiring subledgers outside the fixed asset system. To prevent these minor adjustments and help with timeliness, we noted improvements that could be done as part of the fixed asset closing process.

While fixed assets were materially accurate, we recommend adding these additional procedures to the fixed asset closing process:

- Have all plant documentation available before audit fieldwork
- Track all workorders created and capitalized during the year and reconcile to general ledger detail
- Periodically close workorders throughout the year rather than all at year end
- Reconcile construction work in progress close outs/transfers to fixed asset additions
- Reconcile detailed fixed asset listing and depreciation to general ledger detail and keep track of additions/retirements periodically throughout the year rather than all at year end
- Track detailed fixed asset listing and depreciation for all assets, not just the wastewater treatment plant

We do not consider this a material weakness or significant deficiency but point it out as a potential area for improvement.

### ***Management Response***

## Required communications

### Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the GRPUC are described in Note 1 to the financial statements. As described in Note 1 GRPUC changed accounting policies by adopting Government Accounting Standards Board Statement Number 89 – *Accounting for Interest Costs Incurred Before the End of a Construction Period*. Accordingly, the accounting change has been prospectively applied. We noted no transactions entered into by the GRPUC during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Landfill closure/post closure liabilities	Evaluation changes in assumptions, provided by management, from the closure cost study prepared by an external specialist	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by the Minnesota Public Employees Retirement Association	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

**Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for the GRPUC or that otherwise appear to be unusual due to their timing, size or nature.

**Significant difficulties encountered during the audit**

We encountered no significant difficulties in dealing with management and completing our audit.

**Disagreements with management**

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**Audit report**

There have been no departures from the auditors' standard report.

**Audit consultations outside the engagement team**

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

**Uncorrected misstatements and corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the Appendix summarizes the uncorrected misstatements, other than those that are clearly trivial, that we presented to management that, in our judgment, may not have been detected except through our auditing procedures. In our judgment, neither the uncorrected misstatements nor the misstatements that management corrected, either individually or in the aggregate, indicate matters that could have had a significant effect on GRPUC's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

**Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the GRPUC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other information in documents containing audited basic financial statements**

The GRPUC's audited financial statements will be included in Annual Comprehensive Financial Report (ACFR). Our responsibility for this information does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. We have read the Introductory Section and Statistical Section of the ACFR to determine whether a material inconsistency exists between the other information and the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, in the financial statements.

The GRPUC's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The GRPUC can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

### **Management's consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

### **Written communications between management and Baker Tilly**

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

### **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

### **Fraud**

We did not identify any known or suspected fraud during our audit.

## Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the GRPUC's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

## Independence

We are not aware of any relationships between Baker Tilly and the GRPUC that, in our professional judgment, may reasonably be thought to bear on our independence.

## Related parties

We did not have any significant findings or issues arise during the audit in connection with the GRPUC's related parties.

## Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the basic financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the other information, which accompanies the basic financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

## Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.



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## Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at

<https://www.bakertilly.com/insights/audit-committee-resource-page>.

May \_\_, 2022

Baker Tilly US, LLP  
P.O. Box 7398  
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of the Grand Rapids Public Utilities Commission (GRPUC) as of December 31, 2021 and 2020 and for the years then ended for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position of the GRPUC and the respective changes in financial position and cash flows in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned basic financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, other than those items have already been identified.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
9. There are no known or possible litigation claims and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

### Information Provided

10. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
14. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing the basic financial statements.
15. We have disclosed to you the names of our related parties and all the related party relationships and transactions, including any side agreements.

**Other**

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. We have a process to track the status of audit findings and recommendations.
18. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
19. The GRPUC has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.
20. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of the basic financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
21. There are no:
  - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the basic financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
  - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
  - d. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
22. In regards to the nonattest services performed by you listed below, we have 1) made all management decisions and performed all management functions; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
  - a. Financial statement preparation
  - b. Adjusting journal entries

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
23. The GRPUC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
24. The GRPUC has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
25. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
26. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

27. The GRPUC has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
28. Provisions for uncollectible receivables have been properly identified and recorded.
29. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
30. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
31. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
32. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded.
33. The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB Statement No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.
34. We have appropriately disclosed the GRPUC's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
35. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
36. With respect to the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids:
  - a. We acknowledge our responsibility for presenting the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids in accordance with accounting principles generally accepted in the United States of America, and we believe the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b. If the Combining Schedules of Revenues and Expenses, Detailed Schedules of Revenues and Expenses, Schedules of Expenses, Combined Schedule of Administrative, General and Customer Accounts Expense, Schedule of Changes in Utility Plant, Schedule of Changes in Accumulated Depreciation, and Schedule of Contributions to the City of Grand Rapids is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

37. We assume responsibility for, and agree with, the findings of specialists in evaluating the financial assurance cost estimates for the GRPUC sludge landfill and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

38. We assume responsibility for, and agree with, the information provided by the Public Employees Retirement Association of Minnesota as audited by Clifton Larsen Allen, LLP relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

39. We have evaluated our Other Post Employment Liabilities and have determined they are not material to the financial statements.

40. We have evaluated the requirements of GASB Statement No. 83 – *Asset Retirement Obligations* and concluded that the GRPUC does not own any assets that have an asset retirement obligation.

41. Any direct borrowings, direct placements, lines of credit or default clauses have been identified and properly disclosed.

42. The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the entity’s financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor’s report thereon. Our annual report is comprised of the following documents: Basic Financial Statements, Required Supplementary Information, Supplemental Information, Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information. We have provided you with the final version of such documents. There are no material inconsistencies between the financial statements and any other information contained within the documents that comprise the annual report.

Sincerely,

Grand Rapids Public Utilities Commission

Signed: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Signed: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Grand Rapids Public Utilities Commission  
 SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

December 31, 2021

	Financial Statements Effect - Increase (Decrease) to Financial Statement Total									
	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Total Assets/Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>	<u>Total Liabilities/Deferred Inflows</u>	<u>Total Net Position</u>	<u>Total Revenues</u>	<u>Total Expenses</u>	<u>Change in Net Position</u>
Total Net Audit Differences	\$ 159,000	\$ -	\$ 159,000	\$ -	\$ -	\$ -	\$ 159,000	\$ 143,181	\$ -	\$ 143,181

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## Client service team



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# Accounting changes relevant to Grand Rapids Public Utilities Commission

## Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases		12/31/22*
91	Conduit Debt	✓	12/31/22*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	✓	12/31/22

\*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming [GASB pronouncements](#).

### Ready or not – the new lease standard is here!

GASB's new single model for lease accounting is effective for next year's audit (fiscal years ending June 30, 2022 and later). This standard requires governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources. The standard specifies that leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated).

The implementation process can be broken down into a four-step methodology:



Now is the time to evaluate where your government is in this process and the timeline to complete implementation. The third step for lease evaluation, data extraction and review is typically the most time-consuming step; organizations should begin this process well before year end to ensure adequate lead time. A key decision that will need to be made is whether a lease administration software package is necessary. Depending on the volume and complexity of your lease activity, spreadsheets may not be sufficient to track and calculate all the required information.

We are available to discuss this further and help you develop an action plan. Baker Tilly also has complimentary resources available online including:

- GASB 87 lease identification questionnaire
- GASB 87 lease assistance tool
- Variety of GASB 87 podcasts and articles

Access tools and learn more about [GASB 87](#).

### Preparing for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The GRPUC should identify any existing debt arrangements involving third-party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

### Determining if GASB 94 applies for your organization

GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides guidance related to public-private and public-public partnerships (PPP) and availability payment arrangements (APA).

A PPP is an arrangement in which an entity contracts with an operator to provide public services by conveying control of the right to operate or use infrastructure or other capital asset. A common example of PPP is a service concession arrangement.

An APA is an arrangement in which an entity compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an asset.

The GRPUC should start to identify any contracts that could meet either definition to ensure they are reviewed for applicability and accounted for correctly when the standard is effective. Initial steps include reviewing contracts that didn't meet the definition of a lease under GASB 87 and identifying any other agreements where the organization contracts with or partners with another entity to provide services.

**Future accounting for subscription-based IT arrangements**

Subscription-based IT arrangements include contracts that convey control of the right to use another party's IT software. It would not include any licensing arrangements that provide a perpetual license, which would still be accounted for as an intangible asset. Subscription-based IT arrangements are becoming more and more popular with IT vendors. This standard mirrors the new lease standard. The GRPUC will be able to utilize the systems put into place to implement the lease standard to properly account for these contracts. Common examples of these contracts in the utility industry include:

- Leasing space in the cloud
- GIS systems
- SCADA systems
- Some work order or inventory systems as well as some general ledger or billing systems

The GRPUC should work with its IT department and department managers to determine a population listing of contracts that would fall under this standard to determine the potential future impact to financial reporting.

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## Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
  - Identify types of potential misstatements.
  - Consider factors that affect the risks of material misstatement.
  - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the GRPUC will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?

- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

## Independent Auditors' Report

To the Commission of  
Grand Rapids Public Utilities Commission

### Opinion

We have audited the accompanying financial statements of the Grand Rapids Public Utilities Commission (GRPUC), a component unit of the City of Grand Rapids, Minnesota, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the GRPUC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the GRPUC as of December 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GRPUC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GRPUC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GRPUC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GRPUC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Madison, Wisconsin  
May \_\_, 2022



## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENTS OF NET POSITION  
As of December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 3,689,146	\$ 4,340,686
Accounts receivable	3,229,994	3,135,303
Due from City of Grand Rapids	18,505	133,387
Materials and supplies	613,402	659,088
Interest receivable	4,197	4,728
Prepaid expenses	129,278	272,089
Restricted cash and investments - current portion	1,605,313	582,657
Restricted accounts receivable - current portion	1,599,161	2,035,830
Total Current Assets	<u>10,888,996</u>	<u>11,163,768</u>
<b>NONCURRENT ASSETS</b>		
Restricted cash and investments - non-current portion	2,367,505	794,549
Restricted accounts receivable - non-current portion	11,815,292	13,235,844
Capital Assets		
Plant in service	121,221,320	119,878,304
Accumulated depreciation	(61,044,276)	(57,982,508)
Construction work in progress	262,286	1,170,453
Other Assets		
Other investments	-	10,000
Other long-term receivables	12,320	98,990
Regulatory assets	159,654	99,663
Non-utility property (net of amortization)	592,157	645,588
Financial assurance landfill closure	4,526,085	3,640,225
Total Noncurrent Assets	<u>79,912,343</u>	<u>81,591,108</u>
Total Assets	<u>90,801,339</u>	<u>92,754,876</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Service territory acquisition	185,580	219,917
Loss on refunding of debt	84,480	-
Pension	1,137,052	227,785
Total Deferred Outflows of Resources	<u>1,407,112</u>	<u>447,702</u>

<b>LIABILITIES</b>		
	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,832,215	\$ 1,424,978
Due to City of La Prairie	12,930	13,399
Sales tax payable	105,664	58,216
Due to City of Grand Rapids	129,038	166,264
Accrued compensated absences	219,594	224,059
Unearned revenues	113,392	111,227
Accrued interest - lease obligation	-	6,943
Current portion of lease obligation	-	230,395
Accrued payroll	58,672	91,546
Current liabilities payable from restricted assets:		
Current portion of long-term debt	1,859,000	2,107,000
Accrued interest	170,729	187,198
Customer deposits	435,196	430,330
Total Current Liabilities	<u>4,936,430</u>	<u>5,051,555</u>
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net premium and discount	15,327,187	15,094,201
Customer advances for construction	-	2,500
Lease obligation	-	733,897
Accrued compensated absences	96,636	118,893
Net pension liability	1,580,066	2,320,242
Landfill closure/post closure costs	4,526,085	3,640,225
Total Noncurrent Liabilities	<u>21,529,974</u>	<u>21,909,958</u>
Total Liabilities	<u>26,466,404</u>	<u>26,961,513</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Demand payment deferral	12,915,642	14,681,597
Other deferred credits	34,772	37,909
Pension	1,558,185	176,770
Total Deferred Inflows of Resources	<u>14,508,599</u>	<u>14,896,276</u>
<b>NET POSITION</b>		
Net investment in capital assets	43,337,623	45,010,756
Restricted for		
Capital replacement	2,367,622	796,279
Debt service	1,170,000	-
Unrestricted	<u>4,358,203</u>	<u>5,537,754</u>
<b>TOTAL NET POSITION</b>	<u>\$ 51,233,448</u>	<u>\$ 51,344,789</u>

See accompanying notes to financial statements.

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>OPERATING REVENUES</b>		
Electric	18,212,360	\$ 15,331,223
Water	1,886,511	1,778,042
Wastewater collection	1,866,283	1,796,436
Wastewater treatment	3,354,423	3,591,588
Total Operating Revenues	<u>25,319,577</u>	<u>22,497,289</u>
<b>OPERATING EXPENSES</b>		
Production	591,648	543,700
Purchased power	13,611,143	11,069,792
Distribution/collection	1,996,952	1,440,341
Customer accounts	655,130	451,528
Administrative and general	1,724,030	1,675,285
Service center	164,112	144,214
Domestic wastewater treatment	553,020	514,032
Industrial wastewater treatment	3,406,594	3,640,009
Depreciation and amortization	3,321,732	3,461,853
Total Operating Expenses	<u>26,024,361</u>	<u>22,940,754</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(704,784)</u>	<u>(443,465)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	15,677	30,745
Demand interest payments	445,886	486,434
Landfill contribution	110,000	110,000
Gain (loss) on property disposition	26,246	(547)
Interest expense	(538,572)	(589,496)
Bond fees	(3,750)	(4,995)
Amortization of debt premiums and discounts	(2,641)	(2,883)
Amortization of regulatory asset	(20,657)	(16,824)
Combined service center lease revenues	26,124	38,351
Grant revenue	84,329	145,672
City land improvements	(393,640)	-
Payment in lieu of taxes	(882,288)	(873,537)
Total Nonoperating Revenues (Expenses)	<u>(1,133,286)</u>	<u>(677,080)</u>
Income (Loss) Before Contributions	(1,838,070)	(1,120,545)
<b>CAPITAL CONTRIBUTIONS - CONNECTION FEES</b>	89,307	36,383
<b>CAPITAL CONTRIBUTIONS - MUNICIPALITY</b>	-	75,000
<b>CAPITAL CONTRIBUTIONS</b>	<u>1,637,422</u>	<u>2,397,726</u>
<b>CHANGES IN NET POSITION</b>	(111,341)	1,388,564
NET POSITION - Beginning of Year	<u>51,344,789</u>	<u>49,956,225</u>
<b>NET POSITION - END OF YEAR</b>	<u>51,233,448</u>	<u>\$ 51,344,789</u>

See accompanying notes to financial statements.

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 25,556,707	\$ 22,404,242
Combined service center lease revenues	26,124	38,351
Paid to suppliers for goods and services	(19,504,454)	(16,608,792)
Paid to employees for services	(2,866,516)	(2,690,366)
Net Cash Flows From Operating Activities	<u>3,211,861</u>	<u>3,143,435</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Demand interest payments	445,886	486,434
Landfill contributions	110,000	110,000
Principal payments on long-term debt - landfill	(110,000)	(110,000)
Non-capital grant received	84,329	145,672
Interest paid on long-term debt - landfill	(3,850)	(7,480)
City land improvements	(393,640)	-
Payment in lieu of taxes to City of Grand Rapids	(882,288)	(873,537)
Net Cash Flows From Noncapital and Related Financing Activities	<u>(749,563)</u>	<u>(248,911)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(634,230)	(3,322,387)
Capital contributions received	1,685,370	1,789,463
Capital lease payments	(964,292)	(256,747)
Principal payments on long-term debt	(2,104,415)	(1,929,001)
Proceeds from debt issue	2,031,632	-
Interest paid on long-term debt and lease payments	(558,499)	(605,447)
Net Cash Flows From Capital and Related Financing Activities	<u>(544,434)</u>	<u>(4,324,119)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	16,208	37,256
Sale of investments	1,384,000	1,629,000
Purchase of investments	(1,417,000)	(1,629,000)
Net Cash Flows From Investing Activities	<u>(16,792)</u>	<u>37,256</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,901,072	(1,392,339)
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>3,608,892</u>	<u>5,001,231</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 5,509,964</u>	<u>\$ 3,608,892</u>

	2021	2020
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>		
<b>FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (704,784)	\$ (443,465)
Adjustments to reconcile operating income (loss) to cash from operating activities		
Nonoperating revenue	22,374	33,356
Depreciation and amortization	3,321,732	3,461,853
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	236,986	(77,266)
Other current assets	188,497	(125,568)
Other assets	(832,429)	221,783
Accounts payable	406,768	341,181
Other current liabilities	10,474	5,372
Other liabilities	(54,617)	9,058
Deferred inflows of resources	884,888	(170,090)
Pension related deferrals and liabilities	(268,028)	(112,779)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 3,211,861</b>	<b>\$ 3,143,435</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
<b>TO STATEMENTS OF NET POSITION</b>		
Cash and investments	\$ 3,689,146	\$ 4,340,686
Restricted cash and investments - current portion	1,605,313	582,657
Restricted cash and investments	2,367,505	794,549
Other investments	-	10,000
Sub-totals	7,661,964	5,727,892
Less: Noncash equivalents	(2,152,000)	(2,119,000)
<b>CASH AND CASH EQUIVALENTS</b>	<b>\$ 5,509,964</b>	<b>\$ 3,608,892</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Deposits to escrow for bond refunding	\$ 1,170,368	\$ -
Debt issuance costs paid by bond refunding	\$ 91,314	\$ -
Capital contributions - municipality	\$ -	\$ 75,000
Capital receivable from grant and customers	\$ 84,939	\$ 707,308

See accompanying notes to financial statements.

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

## COMBINING SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended December 31, 2021

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
<b>OPERATING REVENUES</b>					
Utility revenues - city	\$ 13,722,670	\$ 1,633,096	\$ 1,552,917	\$ 3,354,423	\$ 20,263,106
Utility revenues - rural	1,840,226	37,877	293,596	-	2,171,699
Security lighting	61,567	-	-	-	61,567
Total Retail Sales	15,624,463	1,670,973	1,846,513	3,354,423	22,496,372
Purchased power adjustment pass-through	2,401,457	-	-	-	2,401,457
Total Utility Revenues	18,025,920	1,670,973	1,846,513	3,354,423	24,897,829
Other Operating Revenue					
Pole rentals	23,577	-	-	-	23,577
Other	148,569	213,862	18,094	-	380,525
Penalties	14,294	1,676	1,676	-	17,646
Total Operating Revenues	18,212,360	1,886,511	1,866,283	3,354,423	25,319,577
<b>OPERATING EXPENSES</b>					
Production	-	591,648	-	-	591,648
Purchased power	13,611,143	-	-	-	13,611,143
Distribution/collection	1,326,562	389,495	280,895	-	1,996,952
Customer accounts	436,018	122,931	96,181	-	655,130
Administrative and general	1,125,105	335,912	263,013	-	1,724,030
Service center	123,085	20,513	20,514	-	164,112
Domestic wastewater treatment	-	-	553,020	-	553,020
Industrial wastewater treatment	-	-	-	3,406,594	3,406,594
Depreciation and amortization	1,119,626	353,922	259,292	1,588,892	3,321,732
Total Operating Expenses	17,741,539	1,814,421	1,472,915	4,995,486	26,024,361
<b>OPERATING INCOME (LOSS)</b>	<u>470,821</u>	<u>72,090</u>	<u>393,368</u>	<u>(1,641,063)</u>	<u>(704,784)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	15,677	-	-	-	15,677
Demand interest payments	-	-	-	445,886	445,886
Landfill contribution	-	-	-	110,000	110,000
Gain (loss) on property disposition	-	-	27,500	(1,254)	26,246
Interest expense	(29,861)	(28,643)	(17,471)	(462,597)	(538,572)
Bond fees	-	(992)	(233)	(2,525)	(3,750)
Amortization of debt premiums and discounts	-	(974)	(146)	(1,521)	(2,641)
Amortization of regulatory asset	(2,996)	(642)	(1,016)	(16,003)	(20,657)
Combined service center lease revenues	19,593	3,265	3,266	-	26,124
Grant revenue	84,329	-	-	-	84,329
City land improvements	(393,640)	-	-	-	(393,640)
Payment in lieu of taxes	(882,288)	-	-	-	(882,288)
Total Nonoperating Revenues (Expenses)	(1,189,186)	(27,986)	11,900	71,986	(1,133,286)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>\$ (718,365)</u>	<u>\$ 44,104</u>	<u>\$ 405,268</u>	<u>\$ (1,569,077)</u>	<u>\$ (1,838,070)</u>

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENSES  
For the Year Ended December 31, 2020

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
<b>OPERATING REVENUES</b>					
Utility revenues - city	\$ 13,017,390	\$ 1,531,862	\$ 1,470,730	\$ 3,591,588	\$ 19,611,570
Utility revenues - rural	1,745,715	35,249	300,251	-	2,081,215
Security lighting	60,075	-	-	-	60,075
Total Retail Sales	14,823,180	1,567,111	1,770,981	3,591,588	21,752,860
Purchased power adjustment pass-through	400,954	-	-	-	400,954
Total Utility Revenues	15,224,134	1,567,111	1,770,981	3,591,588	22,153,814
Other Operating Revenue					
Pole rentals	21,416	-	-	-	21,416
Other	75,804	209,774	24,298	-	309,876
Penalties	9,869	1,157	1,157	-	12,183
Total Operating Revenues	15,331,223	1,778,042	1,796,436	3,591,588	22,497,289
<b>OPERATING EXPENSES</b>					
Production	-	543,700	-	-	543,700
Purchased power	11,069,792	-	-	-	11,069,792
Distribution/collection	915,991	306,344	218,006	-	1,440,341
Customer accounts	297,957	88,418	65,153	-	451,528
Administrative and general	1,145,209	320,734	209,342	-	1,675,285
Service center	108,160	18,027	18,027	-	144,214
Domestic wastewater treatment	-	-	514,032	-	514,032
Industrial wastewater treatment	-	-	-	3,640,009	3,640,009
Depreciation and amortization	1,305,094	347,901	212,089	1,596,769	3,461,853
Total Operating Expenses	14,842,203	1,625,124	1,236,649	5,236,778	22,940,754
<b>OPERATING INCOME (LOSS)</b>	<u>489,020</u>	<u>152,918</u>	<u>559,787</u>	<u>(1,645,190)</u>	<u>(443,465)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	30,745	-	-	-	30,745
Demand interest payments	-	-	-	486,434	486,434
Landfill contribution	-	-	-	110,000	110,000
Grant revenues	145,672	-	-	-	145,672
Gain (loss) on property disposition	-	1,125	-	(1,672)	(547)
Interest expense	(21,351)	(28,771)	(16,107)	(523,267)	(589,496)
Bond fees	-	(1,132)	(605)	(3,258)	(4,995)
Amortization of debt premiums and discounts	-	(974)	(146)	(1,763)	(2,883)
Amortization of regulatory asset	-	-	(374)	(16,450)	(16,824)
Combined service center lease revenues	28,763	4,794	4,794	-	38,351
Payment in lieu of taxes	(873,537)	-	-	-	(873,537)
Total Nonoperating Revenues (Expenses)	(689,708)	(24,958)	(12,438)	50,024	(677,080)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>\$ (200,688)</u>	<u>\$ 127,960</u>	<u>\$ 547,349</u>	<u>\$ (1,595,166)</u>	<u>\$ (1,120,545)</u>

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES  
 For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>OPERATING REVENUES</b>		
Utility Revenues		
City residential	\$ 4,311,259	\$ 4,142,608
City commercial and light and power	9,411,411	8,874,782
Rural residential	1,213,463	1,182,228
Rural commercial and light and power	626,763	563,487
Security lighting	61,567	60,075
Total Retail Sales	15,624,463	14,823,180
Purchased power adjustment pass-through	2,401,457	400,954
Total Utility Revenues	18,025,920	15,224,134
Other Operating Revenues		
Pole rentals	23,577	21,416
Other	148,569	75,804
Penalties	14,294	9,869
Total Operating Revenues	18,212,360	15,331,223
<b>OPERATING EXPENSES</b>		
Purchased Power	13,611,143	11,069,792
Distribution Operations		
Supervision and engineering	88,820	89,308
Substations	6,334	5,580
Overhead and underground lines	366,055	91,108
Meters	75,208	79,910
Customer installations	22,802	13,129
Mapping	47,363	34,139
Small tools	30,801	17,833
Safety	30,613	29,396
Seminar/training	11,401	11,590
Stores and other	155,224	95,509
Distribution Maintenance		
Supervision and engineering	88,780	89,128
Locating expense	37,924	15,769
Substations	52,509	55,319
Overhead lines	236,987	174,777
Underground lines	22,259	98,188
Line transformers	-	778
Security lighting	5,047	1,173
Street lighting	-	2,158
Meters	42,513	4,168
Other	5,922	7,031
Total Distribution Expenses	1,326,562	915,991
Other Operating Expenses		
Customer accounts expense	436,018	297,957
Administrative and general	1,125,105	1,145,209
Depreciation - electric	933,748	1,123,497
Depreciation - other	106,360	103,727
Amortization - intangibles	45,181	43,533
Amortization - other	34,337	34,337
Service center	123,085	108,160
Total Other Operating Expenses	2,803,834	2,856,420
Total Operating Expenses	17,741,539	14,842,203
<b>OPERATING INCOME</b>	470,821	489,020



## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES (cont.)  
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	\$ 15,677	\$ 30,745
Interest expense	(29,861)	(21,351)
Amortization of regulatory asset	(2,996)	-
Lease revenues combined service center	19,593	28,763
Grant revenue	84,329	145,672
City land improvements	(393,640)	-
Payment in lieu of taxes	<u>(882,288)</u>	<u>(873,537)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,189,186)</u>	<u>(689,708)</u>
 INCOME (LOSS) BEFORE CONTRIBUTIONS	 <u>\$ (718,365)</u>	 <u>\$ (200,688)</u>

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER DEPARTMENT  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES  
 For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>OPERATING REVENUES</b>		
Utility Revenues		
City sales	\$ 1,633,096	\$ 1,531,862
Rural sales	37,877	35,249
Total Utility Revenues	1,670,973	1,567,111
Other Operating Revenues		
Miscellaneous service	213,862	209,774
Penalties	1,676	1,157
Total Operating Revenues	1,886,511	1,778,042
<b>OPERATING EXPENSES</b>		
Production		
Operations		
Operators wages	161,855	158,636
Water treatment expense	114,019	111,014
Power purchased	195,190	168,760
Other	26,250	18,573
Maintenance		
WTP buildings and grounds	17,906	6,761
Wells, pumps, mains	14,353	6,009
WTP equipment	51,511	62,363
DCS	8,183	6,954
Inspections	2,381	4,630
Total Production Expenses	591,648	543,700
Distribution		
Operations		
Supervision and engineering	43,108	29,361
Records	1,275	10,527
Inspections	11,359	6,325
Thaw and flush hydrants, etc.	8,054	4,932
Locating expense	13,630	21,105
Service on customer premises	46,238	7,372
Mapping	30,810	30,799
Small tools	3,465	3,412
Safety	14,826	9,000
Seminar/training	20,365	14,211
Other	378	57
Stores	24,983	15,074
Maintenance		
Towers and tanks	16,669	8,573
Booster station	2,563	303
Mains and hydrants	93,945	138,680
Services	43,923	9,019
Meters	8,584	(2,553)
Other	5,320	147
Total Distribution Expenses	389,495	306,344

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION**

WATER DEPARTMENT  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES (cont.)  
 For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>OTHER OPERATING EXPENSES</b>		
Customer accounts expense	\$ 122,931	\$ 88,418
Administrative and general	335,912	320,734
Depreciation - water	331,343	325,827
Depreciation - other	17,727	17,288
Amortization - intangibles	4,852	4,786
Service center	20,513	18,027
Total Other Operating Expenses	<u>833,278</u>	<u>775,080</u>
Total Operating Expenses	<u>1,814,421</u>	<u>1,625,124</u>
<b>OPERATING INCOME</b>	<u>72,090</u>	<u>152,918</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on property disposition	-	1,125
Bond fees	(992)	(1,132)
Amortization of debt premiums and discounts	(974)	(974)
Amortization of regulatory asset	(642)	-
Interest expense - other	(28,643)	(28,771)
Lease revenues combined service center	3,265	4,794
Total Nonoperating Revenues (Expenses)	<u>(27,986)</u>	<u>(24,958)</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<u>\$ 44,104</u>	<u>\$ 127,960</u>

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION DEPARTMENT  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES  
 For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>OPERATING REVENUES</b>		
Utility Revenues		
City	\$ 1,552,917	\$ 1,470,730
Rural	137,664	145,720
Septage haulers	155,932	154,531
Total Utility Revenues	1,846,513	1,770,981
Other Operating Revenues		
Other	18,094	24,298
Penalties	1,676	1,157
Total Operating Revenues	1,866,283	1,796,436
<b>OPERATING EXPENSES</b>		
Collection		
Operations		
Supervision and engineering	25,032	26,143
Inspections	1,012	330
Locating expense	10,100	9,877
Service on customer premises	556	424
Mapping	30,810	30,779
Small tools	2,059	919
Safety	4,076	3,467
Seminar/training	5,659	1,262
Other	95	87
Stores	5,400	3,056
Power purchased	15,439	14,327
Maintenance		
Lift stations	94,555	38,225
Mains	74,472	81,457
Services	4,733	7,323
Other	6,897	330
Total Collection Expenses	280,895	218,006
Domestic Wastewater Treatment		
Domestic plant	88,786	80,610
Domestic portion of secondary plant and service center	464,234	433,422
Total Domestic Treatment Expenses	553,020	514,032
Other Operating Expenses		
Customer accounts expense	96,181	65,153
Administrative and general	263,013	209,342
Depreciation - wastewater collection	236,713	190,015
Depreciation - other	17,727	17,288
Amortization - intangibles	4,852	4,786
Service center	20,514	18,027
Total Other Operating Expenses	639,000	504,611
Total Operating Expenses	1,472,915	1,236,649
<b>OPERATING INCOME</b>	393,368	559,787

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION DEPARTMENT  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES (cont.)  
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on property disposition	\$ 27,500	\$ -
Interest expense	(17,471)	(16,107)
Bond fees	(233)	(605)
Amortization of debt premiums and discounts	(146)	(146)
Amortization of regulatory asset	(1,016)	(374)
Lease revenues combined service center	<u>3,266</u>	<u>4,794</u>
Total Nonoperating Revenues (Expenses)	<u>11,900</u>	<u>(12,438)</u>
 INCOME BEFORE CONTRIBUTIONS	 <u>\$ 405,268</u>	 <u>\$ 547,349</u>

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION**

WASTEWATER TREATMENT FACILITY  
 DETAILED SCHEDULE OF REVENUES AND EXPENSES  
 For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Utility revenues	\$ 3,354,423	\$ 3,591,588
Total Operating Revenues	<u>3,354,423</u>	<u>3,591,588</u>
<b>OPERATING EXPENSES</b>		
Waste treatment service center	114,300	132,752
Wastewater treatment plant primary plant II	1,274,016	1,778,806
Screen house	253,188	265,116
Sludge disposal	557,333	429,248
Secondary treatment facility	1,207,757	1,034,087
Depreciation	<u>1,588,892</u>	<u>1,596,769</u>
Total Operating Expenses	<u>4,995,486</u>	<u>5,236,778</u>
<b>OPERATING LOSS</b>	<u>(1,641,063)</u>	<u>(1,645,190)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on property disposition	(1,254)	(1,672)
Interest expense	(462,597)	(523,267)
Demand interest payments	445,886	486,434
Landfill contribution	110,000	110,000
Bond fees	(2,525)	(3,258)
Amortization of regulatory asset	(16,003)	(16,450)
Amortization of debt premiums and discounts	<u>(1,521)</u>	<u>(1,763)</u>
Total Nonoperating Revenues (Expenses)	<u>71,986</u>	<u>50,024</u>
<b>LOSS BEFORE CONTRIBUTIONS</b>	<u>\$ (1,569,077)</u>	<u>\$ (1,595,166)</u>

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION**

WASTE TREATMENT SERVICE CENTER  
SCHEDULE OF EXPENSES  
For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>WASTE TREATMENT SERVICE CENTER BUILDING</b>		
Supplies and tools	\$ 4,994	\$ 6,634
Administrative and engineering	15,266	32,301
Safety	176	3,032
Insurance	2,895	1,946
Telephone	4,221	3,911
Plant vehicles	14,689	13,340
Buildings and grounds	27,737	35,210
Maintenance	2,281	155
Wastewater collection services	264	307
Power purchased	50,048	45,491
Water purchased	<u>387</u>	<u>416</u>
<b>TOTAL WASTE TREATMENT SERVICE CENTER EXPENSE</b>	<u>\$ 122,958</u>	<u>\$ 142,743</u>
Industrial Portion	<u>\$ 114,300</u>	<u>\$ 132,752</u>
Domestic Portion	<u>\$ 8,658</u>	<u>\$ 9,991</u>

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

### WASTEWATER TREATMENT PLANT PRIMARY PLANT II SCHEDULE OF EXPENSES

For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>WASTEWATER TREATMENT PLANT PRIMARY PLANT II</b>		
Supervision	\$ 22,136	\$ 25,893
Operating labor	164,667	305,894
Group insurance	54,934	122,286
Life insurance	964	965
Dental insurance	2,902	3,897
Health savings account funding	13,375	14,352
Third party administrative cost	349	399
Other fringe costs	34,611	61,140
Legal	3,591	4,378
Long-term disability payments	2,823	2,887
Uniforms	24	362
Supplies and tools	5,428	3,666
Fuel	9	16
Administrative expense	124,065	146,898
Safety	9,077	11,083
Insurance	32,298	26,644
Seminars	2,463	2,644
Telephone expense	1,129	1,271
Permits and legal fees	828	802
Outside testing	29	1,750
Chemicals	420,336	664,585
Plant equipment/supplies	106,074	152,487
Maintenance inspections	903	1,694
Power purchased	264,485	218,528
Water purchased	6,516	4,285
<b>TOTAL WASTEWATER TREATMENT PLANT PRIMARY PLANT II EXPENSE</b>	<b>\$ 1,274,016</b>	<b>\$ 1,778,806</b>



## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCREEN HOUSE  
 SCHEDULE OF EXPENSES  
 For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>SCREEN HOUSE</b>		
Supervision	\$ 6,147	\$ 7,105
Operating labor	25,687	25,416
Group insurance	11,093	17,058
Life insurance	154	154
Dental insurance	577	532
Health savings account funding	2,750	2,028
Other fringe costs	8,055	9,928
Supplies	823	278
Fuel	4,670	3,039
Administrative	17,719	24,527
Safety	1,492	1,796
Seminars	458	485
Insurance	3,963	4,882
Legal	735	876
DCS support contract	2,356	3,523
Screens - conv - spray water	4,177	12,007
Sewage pumps	9,108	3,926
Electric motors and controls	4,275	4,305
Instrumentation	2,938	3,011
Buildings and grounds	12,596	32,707
Maintenance inspection	556	1,171
Force main and manholes	739	3,152
Power purchased	118,448	94,791
Water purchased	13,672	8,419
 TOTAL SCREEN HOUSE EXPENSE	 \$ 253,188	 \$ 265,116

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SLUDGE DISPOSAL  
SCHEDULE OF EXPENSES  
For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>SLUDGE DISPOSAL</b>		
Supervision	\$ 15,884	\$ 9,630
Truck driver labor	175,775	70,190
Group insurance	41,802	49,435
Life insurance	508	509
Dental insurance	2,314	1,615
Health savings account funding	9,625	5,954
Other fringe costs	21,139	3,545
Engineering-sludge landfill	14,604	3,620
Administrative	2,508	3,487
Seminars	1,777	-
Insurance	16,181	9,195
Permits and legal fees	400	400
Sludge placement	63,474	48,862
Miscellaneous landfill operations	45,172	54,071
Leachate collection	11,812	39,945
Solid waste tax	317	245
Sludge landfill amortization	53,430	53,430
Well monitoring	54,026	53,007
Purchased power	2,190	2,397
Sludge hauling trucks	24,395	19,711
 TOTAL SLUDGE DISPOSAL EXPENSE	 \$ 557,333	 \$ 429,248

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

### SECONDARY TREATMENT FACILITY SCHEDULE OF EXPENSES

For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>SECONDARY TREATMENT FACILITY</b>		
Supervision	\$ 24,588	\$ 28,419
Operating labor	63,892	101,660
Group insurance	36,682	60,779
Life insurance	439	439
Dental insurance	1,877	1,903
Health savings account funding	9,250	7,306
Other fringe costs	25,235	32,424
Long-term disability insurance	1,976	2,020
Supplies	1,691	608
Administrative	40,986	53,319
Safety	5,911	4,790
Seminars	2,665	1,431
Insurance	28,569	29,180
Permits	14,350	14,350
Outside testing	12,593	15,257
Legal	2,447	1,939
Telephone	1,129	1,265
Laboratory supplies	7,714	7,931
Chemicals	38,711	19,628
DCS support contract	2,356	3,196
Blowers - air system	7,835	23,245
Aerators	20,407	18,810
Secondary clarifiers	3,242	3,360
Waste activated sludge thickeners	1,581	4,505
Pumps	8,866	8,072
Chlorination system	7,191	2,182
Additive systems	-	76
Laboratory equipment	1,235	1,912
Plant vehicles	427	939
Electric motors and controls	12,091	3,750
Instrumentation	2,198	695
Buildings and grounds	25,930	39,440
Maintenance inspection	764	1,889
Power purchased	1,197,045	932,063
Water purchased	51,460	28,736
	<u>\$ 1,663,333</u>	<u>\$ 1,457,518</u>
 TOTAL SECONDARY TREATMENT FACILITY EXPENSE		
Industrial Portion	<u>\$ 1,207,757</u>	<u>\$ 1,034,087</u>
Domestic Portion	<u>\$ 455,576</u>	<u>\$ 423,431</u>

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION**COMBINED SCHEDULE OF ADMINISTRATIVE, GENERAL AND  
CUSTOMER ACCOUNTS EXPENSE

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CUSTOMER ACCOUNTS EXPENSE</b>		
Meter reading	\$ 12,339	\$ 5,653
Customer records and collection expense	611,763	430,646
Other	<u>31,028</u>	<u>15,229</u>
Total Customer Accounts Expense	<u>\$ 655,130</u>	<u>\$ 451,528</u>
<b>ALLOCATION OF CUSTOMER ACCOUNTS EXPENSE</b>		
Electric	\$ 436,018	\$ 297,957
Water	122,931	88,418
Wastewater collection	<u>96,181</u>	<u>65,153</u>
Total Allocation of Customer Accounts Expense	<u>\$ 655,130</u>	<u>\$ 451,528</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSE</b>		
Administrative and general salaries	\$ 299,659	\$ 235,413
Office supplies and expense	43,412	31,355
Outside services employed	166,247	188,469
Property and liability insurance	171,064	106,479
Employees' pensions and benefits	833,272	894,895
Maintenance of general plant	15,861	15,275
Conservation improvement program	186,314	150,961
Other	<u>8,201</u>	<u>52,438</u>
Total Administrative and General Expense	<u>\$ 1,724,030</u>	<u>\$ 1,675,285</u>
<b>ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSE</b>		
Electric	\$ 1,125,105	\$ 1,145,209
Water	335,912	320,734
Wastewater collection	<u>263,013</u>	<u>209,342</u>
Total Allocation of Administrative and General Expense	<u>\$ 1,724,030</u>	<u>\$ 1,675,285</u>

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN UTILITY PLANT  
As of December 31, 2021

	Balance 1-1-21	Increases	Decreases	Adjustments	Balance 12-31-21
<b>ELECTRIC DEPARTMENT</b>					
Distribution					
Land and land improvements	\$ 263,320	\$ -	\$ -	\$ -	\$ 263,320
Intangibles	26,570	62,789	-	-	89,359
Structures and improvements	411,762	-	-	-	411,762
Distribution system	27,585,611	428,089	63	-	28,013,637
Street and security lighting system	179,194	6,823	93	-	185,924
Machinery and equipment	1,974,605	23,003	-	-	1,997,608
Total Electric Department	30,441,062	520,704	156	-	30,961,610
<b>WATER DEPARTMENT</b>					
Production					
Land and land improvements	255,508	-	-	-	255,508
Structures and improvements	1,691,894	-	-	-	1,691,894
Wells, pumps and accessories	471,050	-	-	-	471,050
Water treatment plant equipment	2,156,261	29,083	9,230	-	2,176,114
Total Production	4,574,713	29,083	9,230	-	4,594,566
Distribution					
Distribution system	12,128,666	50,578	36,761	-	12,142,483
Intangibles	1,467	-	-	-	1,467
Machinery and equipment	244,957	4,200	-	-	249,157
Total Distribution	12,375,090	54,778	36,761	-	12,393,107
Total Water Department	16,949,803	83,861	45,991	-	16,987,673
<b>WASTEWATER COLLECTION DEPARTMENT</b>					
Distribution					
Land	75,041	-	-	-	75,041
Treatment plant	460,479	-	-	-	460,479
Collection system	5,805,071	38,409	-	-	5,843,480
Intangibles	2,804	-	-	-	2,804
Machinery and equipment	832,961	14,415	158,570	-	688,806
Total Wastewater Collection Department	7,176,356	52,824	158,570	-	7,070,610
<b>WASTEWATER TREATMENT DEPARTMENT</b>					
Land	773,038	-	-	-	773,038
Domestic treatment facility	2,308,506	-	-	(14,534)	2,293,972
Screen house	4,825,111	810,497	-	-	5,635,608
Industrial treatment facility	6,906,222	-	-	(195,784)	6,710,438
Industrial primary plant II	25,669,769	12,907	-	31,245	25,713,921
Sludge disposal	1,037,859	-	-	51,610	1,089,469
Service center building	3,020,956	2,790	-	38,110	3,061,856
Secondary treatment facility	14,553,236	35,249	8,359	89,353	14,669,479
Total Wastewater Treatment Department	59,094,697	861,443	8,359	-	59,947,781
<b>GENERAL PLANT</b>					
Land and improvements	597,924	-	-	-	597,924
Intangibles	505,340	7,178	-	-	512,518
Service center	4,669,451	-	-	-	4,669,451
Communications equipment	80,608	30,082	-	-	110,690
Automated meter read equipment	363,063	-	-	-	363,063
Total General Plant	6,216,386	37,260	-	-	6,253,646
Total Utility Plant in Service	119,878,304	1,556,092	213,076	-	121,221,320
Construction Work in Progress	1,170,453	785,897	1,694,064	-	262,286
TOTAL INVESTMENT IN UTILITY PLANT	\$ 121,048,757	\$ 2,341,989	\$ 1,907,140	\$ -	\$ 121,483,606

## GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION  
As of December 31, 2021

	Composite Depreciation Rates	Balance 1-1-21	Increases	Decreases	Adjustments	Balance 12-31-21	Percent of Plant Balance
<b>ELECTRIC DEPARTMENT</b>							
Distribution							
Intangibles		\$ 14,016	\$ 4,338	\$ -	\$ 8,856	\$ 27,210	
Structures and improvements		149,130	9,453	-	1	158,584	
Distribution system		11,618,688	817,257	63	(6,173)	12,429,709	
Street and security lighting system		47,536	6,599	93	1	54,043	
Machinery and equipment		1,696,556	77,785	-	(2,686)	1,771,655	
Total Electric Department	3.0%	13,525,926	915,432	156	(1)	14,441,201	46.6%
<b>WATER DEPARTMENT</b>							
Production							
Structures and improvements		1,134,434	32,570	-	-	1,167,004	
Wells, pumps and accessories		391,375	6,135	-	-	397,510	
Water treatment plant equipment		2,004,132	31,600	9,230	-	2,026,502	
Total Production		3,529,941	70,305	9,230	-	3,591,016	
Distribution							
Distribution system		4,856,926	247,029	36,761	(13,804)	5,053,390	
Intangibles		1,467	-	-	-	1,467	
Machinery and equipment		183,031	14,010	-	-	197,041	
Total Distribution		5,041,424	261,039	36,761	(13,804)	5,251,898	
Total Water Department	2.0%	8,571,365	331,344	45,991	(13,804)	8,842,914	52.1%
<b>WASTEWATER COLLECTION DEPARTMENT</b>							
Distribution							
Treatment plant		260,600	11,757	-	-	272,357	
Collection system		1,920,384	134,026	-	-	2,054,410	
Intangibles		2,804	-	-	-	2,804	
Machinery and equipment		253,687	90,932	158,570	-	186,049	
Total Wastewater Collection Department	3.3%	2,437,475	236,715	158,570	-	2,515,620	35.6%
<b>WASTEWATER TREATMENT DEPARTMENT</b>							
Domestic treatment facility		930,000	93,758	-	405,912	1,429,670	
Screen house		2,267,480	99,415	-	(278,962)	2,087,933	
Industrial treatment facility		6,873,182	42,679	-	(626,781)	6,289,080	
Industrial primary plant II		5,289,285	914,554	-	3,604,144	9,807,983	
Sludge disposal		250,112	60,315	-	220,680	531,107	
Service center building		223,945	112,971	-	655,081	991,997	
Secondary treatment facility		14,402,700	265,200	7,105	(3,980,074)	10,680,721	
Total Wastewater Treatment Department	2.7%	30,236,704	1,588,892	7,105	-	31,818,491	53.1%
<b>GENERAL PLANT</b>							
Intangibles		387,915	50,547	-	-	438,462	
Service center		2,636,263	135,589	-	-	2,771,852	
Communications equipment		68,621	6,222	-	-	74,843	
Automated meter read equipment		118,239	22,654	-	-	140,893	
Total General Plant	3.4%	3,211,038	215,012	-	-	3,426,050	54.8%
TOTAL ACCUMULATED DEPRECIATION	2.7%	\$ 57,982,508	\$ 3,287,395	\$ 211,822	\$ (13,805)	\$ 61,044,276	50.4%

**GRAND RAPIDS PUBLIC UTILITIES COMMISSION**SCHEDULE OF CONTRIBUTIONS TO THE CITY OF GRAND RAPIDS  
For the Years Ended December 31, 2021 and 2020

	<u>2021 Payment in Lieu of Taxes</u>	<u>2020 Payment in Lieu of Taxes</u>
<b>CASH</b>		
Annual cash payment	\$ 868,000	\$ 868,000
<b>LABOR AND MATERIALS PROVIDED</b>		
Miscellaneous city services	<u>14,288</u>	<u>5,537</u>
<b>TOTAL CONTRIBUTIONS</b>	<u>\$ 882,288</u>	<u>\$ 873,537</u>

This schedule does not include:

1. Administrative costs
2. Employee benefits
3. Water used for City purposes
4. Improvements to City land made by the utility