



October 17, 2023

This document constitutes a statement of work ("SOW") under the master service agreement ("MSA") dated September 29, 2023, or superseding MSA, made by and between CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") and Grand Rapids Public Utilities Commission ("you," "your," or "the entity"). We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services CLA will provide for the entity as of and for the year ended December 31, 2023.

### **Objectives**

We understand that you need an assessment done regarding the Utilities use of FERC accounting versus using only GAAP/GASB accounting?. Simply stated, you have identified the following objectives for this engagement:

- a) What accounting policies differ between regular GAAP/GASB accounting and FERC accounting and are they actually fully using all FERC policies or just with regards to the meters and transformers.
- b) What would the yearly impact be if water meters and transformers were not depreciated until placed into service.
- c) What kinds of things the FERC chart of accounts requires or clearly defines that they may want to consider including in their COA in case they ever need to do any FERC reporting.

We will perform the engagement in accordance with the Statement on Standards for Consulting Services issued by the American Institute of Certified Public Accountants.

### **Approach**

Our approach emphasizes active involvement by management throughout the process. The consulting engagement will be performed with the following components:

Upon request of the entity, CLA shall make its resources available to provide additional consultative services to the entity.

### **Client information requirements**

The entity agrees it is solely responsible for the accuracy, completeness, and reliability of all of the entity's data and information that it provides CLA for our engagement. The entity agrees it will provide any requested information on or before the date we commence performance of the services.

**Management responsibilities**

For all nonattest services we may provide to you, including these consulting services, you agree to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. You have designated Jean Lane, Business Services Manager to fulfill this role. You will be solely responsible for making all decisions concerning the contents of our communications and reports, for the adoption of any plans, and for implementing any plans you may develop, including any that we may discuss with you. Management is responsible for the design, implementation, and maintenance of effective internal control over financial reporting and over compliance, including evaluating and monitoring ongoing activities, (1) relevant to the preparation and fair presentation of financial statements that are free from material misstatement, (2) to prevent and detect fraud, and (3) to ensure that the entity complies with applicable laws and regulations. Management is responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

**Deliverables**

We will maintain ongoing communication with the liaison assigned to work closely with us and will meet with management leaders, as requested, regarding the status of our progress throughout this engagement. In addition, we will deliver a final report that will summarize our findings, observations, and any recommendations that we may have.

Specific items to be included in our report are as follows:

- a) Memo on recommendation of what accounting regulations to use.

The entity agrees any reports or deliverables CLA provides to the entity are only for the internal use of the entity's management. They may not be distributed to any other person or party, for any purpose, without our prior written consent. The entity further agrees to hold any information, reports, or deliverables that CLA provides to the entity in confidence and agrees that the entity will not disclose such to any other person or party, unless CLA authorizes the entity to do so, it is published or released by us, or it becomes then publicly known or available other than through disclosure by the entity.

**Timing**

CLA is able to begin our services within November 21, 2023 following our receipt of this agreement with the entity's signature.

**Personnel**

Our firm has adopted a team approach to client service, which means that CLA will provide the entity with a team of people who have the relevant knowledge and experience to perform the work plan outlined above.

Michelle Hoffman will provide primary contact and project management.

**Scope of agreement**

This agreement applies to all aspects of our relationship and to any other or additional services CLA may render to the entity at any time, unless they are covered by a separate written agreement that the entity and

CLA both sign.

### **Fees**

Our professional fees will be billed based on the time involved and the degree of responsibility and skills required. We will also bill for expenses (including travel, internal and administrative charges) plus a technology and client support fee of five percent (5%) of all professional fees billed. Based on our preliminary estimates, the total fees and expenses for the engagement should approximate no more than \$5,000. This estimate is based on anticipated cooperation from your personnel and their assistance with locating requested documents and preparing requested schedules. If the requested items are not available on the dates required or are not accurate and complete, additional fees and expenses will likely be assessed. Our invoices, including applicable state and local taxes, will be rendered each month as work progresses and are payable on presentation.

### **Record retention**

Our working papers, including any copies of your records that we chose to make, are our property and will be retained by us in accordance with our established records retention policy. This policy states, in general, that we will retain our working papers for a period of seven years. After this period expires, our working papers and files will be destroyed. Furthermore, physical deterioration or catastrophic events may shorten the time our records are available. The working papers and files of our firm are not a substitute for the entity's records.

### **Agreement**

CLA appreciates the opportunity to assist the entity and believes that this SOW accurately summarizes the terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please contact us.

If the entity agrees with the terms of this engagement as described in this SOW, please sign and date and return it to us. By returning this SOW, the entity is authorizing us to commence our services.

Sincerely,

**CliftonLarsonAllen LLP**

**CLA**

ORG:

---

NAME: **Mary Reedy**

---

TITLE: **Principal**

---

SIGN:

*Mary Reedy*

---

DATE: **November 21, 2023**

---

**Client** **Grand Rapids Public Utilities**  
ORG: **Commission**

---

NAME: **Julie Kennedy**

---

TITLE: **General Manager**

---

SIGN:

*Julie Kennedy*

---

DATE: **11-21-2023**

---