GRAND RAPIDS
PUBLIC UTILITIES
Service is Our Nature

GRAND RAPIDS
PUBLIC UTILITIES COMMISSION

A Component Unit of the
City of Grand Rapids, Minnesota

Annual Comprehensive Financial Report

As of and for the Fiscal Year Ended December 31, 2025

Prepared by:

Business Services Department

GRAND RAPIDS PUBLIC UTILITIES COMMISSION
A Component Unit of the City of Grand Rapids, Minnesota

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INTRODUCTORY SECTION

GRAND RAPIDS
PUBLIC UTILITIES
Service is Our Nature

500 SE Fourth Street • Grand Rapids, Minnesota 55744

August 4, 2026

Citizens of the Commission
Members of the Commission
Employees of the Commission
Grand Rapids Public Utilities Commission
500 SE 4th Street
Grand Rapids, Minnesota 55744

The Annual Comprehensive Financial Report of the Grand Rapids Public Utilities Commission (GRPUC) for the year ended December 31, 2025, is hereby submitted. This report was prepared by the Business Services Department, with the assistance of our independent auditing firm, CliftonLarsonAllen, (CLA) LLP. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the GRPUC. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the GRPUC. All disclosures necessary to enable the reader to gain the maximum understanding of the financial activities of the GRPUC have been included. More information regarding the financial activities of the GRPUC can be found in Management's Discussion and Analysis found in the Financial Section of this report.

The GRPUC is a component unit of the City of Grand Rapids, Minnesota. Management of the GRPUC is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

An independent audit of the GRPUC is performed each year to provide some assurance to the members of the Commission that accounting principles are correctly and consistently applied, and that assets are properly safeguarded. The certified public accounting firm of CLA, LLP conducted this year's audit. Based on the audit, CLA, LLP issued an unmodified opinion on the financial statements for the year ended December 31, 2025. The auditor's opinion accompanies this report.

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GENERAL INFORMATION

The City of Grand Rapids is situated on the banks of the Mississippi River, in north central Minnesota. The city is located approximately 175 miles north of the Minneapolis-St. Paul metropolitan area, in northcentral Minnesota, and is the county seat of Itasca County.

On March 30, 1910, the Grand Rapids Village Council adopted a resolution establishing a Water, Light, Power and Building Commission for the Village of Grand Rapids. In 1949, in accordance with state statutes, the Water, Light, Power and Building Commission was changed to a Public Utilities Commission. The Grand Rapids Public Utilities Commission is a branch of the city government charged by Section 412.321, Minnesota Statutes with full control, operation and management of the electrical power distribution system, the water production, treatment and distribution systems, and the wastewater collection and treatment systems. The area served by the GRPUC includes the Cities of Grand Rapids, LaPrairie, Cohasset and certain other outlying areas.

The GRPUC distributes electrical power to 6,049 city customers, 1,182 rural customers (including the City of LaPrairie), and 375 off-peak customers. One industrial customer is also served. Minnesota Power (MP) provides wholesale electric service under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park, which would then extend the Term of Agreement through December 31, 2034. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation capacity up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year’s average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015.

In addition, beginning in 2022, a new electric service agreement was negotiated with the 13 Northeast Minnesota Municipal Power Agency (NEMMPA) Municipal Customers. This contract expires December 31, 2029. The agreement includes a flat customer charge per month, a predetermined yearly base capacity charge, a yearly predetermined base energy charge, a yearly predetermined incremental capacity charge, and a yearly predetermined incremental energy charge.

Power is received at 115 kV and transformed to 22.9 kV for distribution to 6 major substations, 5 rural step-down stations, or directly transformed to consumer applicable voltages. The main 115 kV to 22.9 kV substation was constructed in 2005 at a cost of $2.3 million dollars and financed through reserves. The Tioga 115 kV to 22.9 kV substation was constructed in 2018 for $1.4 million dollars. The electrical distribution system consists of 157 overhead and 232 underground conductor miles. The GRPUC is responsible for all construction, operation, and maintenance of the electric distribution system.

The GRPUC provides potable water for 3,279 city customers, 6 industrial customers, the City of LaPrairie, and Itasca Community College. The source of water is five wells with a combined pumping capacity from 1,600 to over 2,500 gallons per minute. The GRPUC owns one water treatment facility capable of treating 3.24 million gallons of water per day. Water treatment consists of aeration, gravity filtration, and zeolite softening. Treated water is stored in a 0.5-million-gallon underground water reservoir and pumped to the distribution system using high service pumps. The distribution system includes three 0.5 million gallons elevated storage reservoirs and 82 miles of cast and ductile iron distribution mains consisting mostly of 6”, 8” and 12” pipe. The GRPUC is responsible for the construction, operation, and maintenance of the production and treatment facilities and the replacement of the distribution system assets.

Wastewater collection and treatment services are provided to 3,209 city customers and 15 rural customers. The GRPUC also provides treatment for one industrial customer, the City of Cohasset, the City of LaPrairie, and Itasca Community College. Wastewater collection is provided through a 69-mile system of gravity and force mains. The system includes 16 sewage lift stations located throughout the city.

The Wastewater Treatment Facilities consist of the Industrial Screening/Pumping Station, the Industrial Primary Treatment Plant, the Secondary Treatment Plant and the Industrial Sludge Landfill. These facilities treat an average of 5.5 million gallons of waste effluent per day; 4.0 million gallons from UPM/Blandin Paper Company and 1.5 million gallons from domestic users. The GRPUC is responsible for the replacement, operation, and maintenance of the wastewater collection system and the construction, operation and maintenance of the wastewater treatment facilities.

In 1996, the Grand Rapids Public Utilities Commission constructed a new service center building to house the Utilities' business office and the Electric, Water Distribution, and Wastewater Collection Departments. The City of Grand Rapids contracts a portion of the building space that is used by the City's Public Works Department. The combined service center facility has allowed the GRPUC and the City to combine certain functions to provide better and more efficient services to our constituents.

The GRPUC adopts an annual, non-appropriated budget that includes both capital outlays and operating revenues and expenses. The budget is based on the overall financial plan for the GRPUC, taking into consideration the results of various rate studies that project anticipated revenues and required expenses over a five to seven-year period. Budget-to-actual comparisons are made on a quarterly basis with appropriate action taken at that time.

FACTORS AFFECTING FINANCIAL CONDITION

LOCAL ECONOMY

The City of Grand Rapids is in the heart of a prime resort and recreational area in north central Minnesota and is a major commercial and industrial center for the area. The tourism industry also contributes heavily to the local economy. Recent annexations have increased the City's population from 8,543 in 2005 to 11,268 in 2025.

Forestry and its related products and activities are a major element of the local economy. The UPM Kymmene Blandin Paper Company operates a large paper mill in the city and is a major employer with approximately 230 employees. Another major employer is the Grand Itasca Clinic and Hospital with over 500 employees. In 2005, Grand Itasca completed construction of a $62 million health care campus.

Independent School District #318 (ISD #318) serves over 4,000 students including the greater Grand Rapids area and has recently completed building two new elementary schools costing over $60 million. ISD #318 has over 600 employees.

The city is the regional headquarters for the Minnesota Department of Natural Resources. Other major employers are the City and County government, Northland Counseling, Arrowhead Promotion & Fulfillment, and Wal-Mart Stores, Inc. Grand Rapids is also home to All Season Vehicles (ASV) holdings, majority owned by Manitex International, an affiliate of Yanmar Holdings. Iron mining and taconite pellet processing are in nearby communities and contribute to the employment opportunities for City residents and to the area economy.

LONG-TERM FINANCIAL PLANNING

The GRPUC contracted with the Minnesota Municipal Utilities Association in 2023 to assist with an update to the 2007 strategic business plan. Input for the update came from employees, customers, stakeholders, and City of Grand Rapids. GRPUC confirmed our mission is to empower the GRPU team members to deliver safe, reliable, affordable, sustainable, and customer-focused utility services for our community. The strategic plan includes five pillars which support the mission and focus on (1) uninterrupted, high-quality utility services; (2) strategic and sustainable fiscal management; (3) engaging and educating the community; (4) use and stewardship of the natural environment; and (5) operational excellence. From the strategic plan and five pillars, annual operational plans will be set.

GRPUC has contracted with Dave Berg Consulting in 2026 to update the Cost of Service and Rate Desing Study for the electric, water, and wastewater utilities. In 2022, the GRPUC contracted with Dave Berg Consulting, Inc. to complete a Cost of Service and Rate Design Study for the electric, water, and wastewater utilities. The existing electric utility rates were based on the recommendations provided in the 2019 cost of service study without actual GRPUC AMI customer data. In 2021, GRPUC re-negotiated the wholesale power agreement, and that new agreement structure significantly changed the cost-of-service components. Also, the water and wastewater utilities rate study was over a decade old. As a result, it was prudent in 2022, to complete a Cost of Service and Rate Recommendation Study.

SEH was hired in 2020 to complete updates to the Comprehensive Water and Wastewater System Plans. The focus of the plans was to analyze existing utility facilities and to anticipate future system needs based primarily on projected growth within the City of Grand Rapids. A general discussion on the ability to serve adjacent communities was also conducted. The Comprehensive Water and Wastewater System Plans serve as a guide for improvements required to continue to provide reliable water and wastewater system services to GRPU customers.

In 2020, Widseth, Smith, Nolting was hired to perform an electric distribution study. The scope of work included engineering work and analysis to diagnose and develop a remediation plan for electric distribution voltage issues and faults within the GRPUC service territory.

RELEVANT FINANCIAL POLICIES

Utility rates are reviewed annually and adjusted per financial plans or as needed. Cost of service and rate design studies are conducted routinely for each of the utilities. Ancillary charges and special service charges, applicable to each utility, are also reviewed and updated as needed. In 2022, David Berg Consulting conducted electric, water, and wastewater collection cost of service and rate design studies to review GRPUC retail electric, water, and wastewater collection rates. The results of the studies were presented to the GRPU Commission with a five-year financial plan and financial performance indicators. In early 2023, some ancillary charges were changed.

In 1997, the GRPUC entered into a payment-in-lieu-of-tax (PILOT) agreement with the City of Grand Rapids and amended the agreement in December 2009. The PILOT agreement provides the terms and conditions under which the GRPUC will make payments in-lieu of taxes to the City and how the City will pay for Utility supplied services. Terms of this agreement may be modified by the GRPUC after meeting and conferring with the City Council. Previously, the GRPUC transferred 4.84 mills (one mill equals one-tenth of a cent) per kilowatt-hour sold at retail to the city as an in-lieu of tax payment, with a minimum annual PILOT of $823,000. Effective January 1, 2013, the payment in-lieu of tax increased to 5.00 mills per kilowatt-hour sold, with a minimum annual payment of $868,000.

MAJOR INITIATIVES

The following major initiatives were undertaken in the 2025 Operating Plan:

Strategic Pillar: Uninterrupted, High Quality Utility Services

- Substantially operating new enterprise resource planning software and system (approximately 90% of modules functioning and collecting data).
- Substantially complete two electric undergrounding projects
- Water Treatment plan (WTP) renovation project is scoped, engineered, bids received, and contractor selected.
- Enhance public outage reporting and optimize customer account access, then public promoted.
- 100% televised wastewater collection (WWC) system.

Strategic Pillar: Strategic and Sustainable Fiscal Management

- Develop reporting metrics in the new enterprise resource planning software and system to provide timely and actionable financial insights for decision making.
- Final adoption of operating reserve policy.
- Complete cost-of-service rate studies for electric, water, and wastewater utilities.
- Focus on tracking and reporting in project management software to improve efficiencies.

Strategic Pillar: Engaging and Educating the Community

- Continue the monthly customer campaign plan including fact sheets and legal notices.
- Publish annual report summarizing projects and financial results.
- Plan and carry out website content updates.
- Enhance public outage reporting and optimize customer account access then publicly promoted.
- Present at the 2025 home show and host one open house to educate the community on rebates and utility programs.
- Participate in two joint council and commission meetings to align City of Grand Rapids and Public Utilities on collaborative opportunities.

Strategic Pillar: Use and Stewardship of the Natural Environment

- Relocate the septic hauler station from the current location to the wastewater treatment plant.
- Wastewater treatment plant landfill cover reconstruction is substantially complete and new sludge demand agreements are initiated.

Strategic Pillar: Operations Excellence

- Design and host quarterly all employee meetings to improve clear communication process and lead to improved NPS per annual survey.
- Implement employee resource portal in new enterprise resource planning software and Laserfiche.
- Complete succession planning for business services manager transition.
- Implement comprehensive employee training and development program.
- Implement employee success sharing program.
- Finalize electronic documents retention conversion.

FACTORS AFFECTING FINANCIAL CONDITION (cont.)

MAJOR INITIATIVES (cont.)

The following major initiatives are included in the adopted annual work plan for 2026:

Strategic Pillar: Uninterrupted, High Quality Utility Services

- Finalize the engineering, bidding, and funding for the Water Treatment Plant (WTP) renovation project.
- Refine the five-year capital asset and infrastructure replacement plan.
- Complete the engineering for a project to increase the Tioga substation capacity.
- Establish electric, water, and wastewater reliability goals, assess current performance, and develop action plans to address any needed improvements.

Strategic Pillar: Strategic and Sustainable Fiscal Management

- Design and implement ERP metrics, dashboards and reports to support data driven decision making.
- Finalize the financial reserve policy.
- Complete and implement electric, water and wastewater rates studies.
- Assess current WTP operations and develop the plan to optimize efficiency through improved technology and process enhancements.
- Successfully complete labor negotiations.

Strategic Pillar: Engaging and Educating the Community

- Develop and publish material on the shared-responsibility materials, the CIP program, and the SpryEngage portal.
- Continue incentives for customers to enroll in paperless billing.
- Publish a popular report summarizing 2025 projects and financial results.
- Hold two joint Council-Commission meetings.
- Participate in ItasCAP, GERACC Government Affairs, and Tall Timber Days.

Strategic Pillar: Use and Stewardship of the Natural Environment

- Remain 100% compliant with all environmental regulations.
- Complete the engineering and bidding documents for the Septic Hauler Relocation Project.
- Assess and report on the long-term benefits and ROI of the revised sanitary sewer televising program.
- Complete the Landfill 1-4, Kettle D Cover Reconstruction Project.

Strategic Pillar: Operations Excellence

- Finalize personnel policy/employee handbook update.
- Complete the projects in the 2026 approved capital budget.
- Continue to develop and utilize project management tools (Cityworks, Teams, ERP) for improved tracking and reporting.
- Complete the workflow for the Laserfiche Report Section and get documents uploaded.
- Evaluate IS/IT resources to ensure long-term optimization and continued protection against cyber threats.
- Evaluate and streamline existing software and technology platforms to align with organization needs and long-term value.
- Develop and begin reporting on an employee safety metric.
- Engage in legislative activities at the local, state, and federal level.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Grand Rapids Public Utilities Commission for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. This was the twenty-fifth year that GRPUC has received this prestigious award. To be awarded a Certificate of Achievement, the utility must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the business services and administration team members of the GRPUC. We would also like to extend our appreciation to the independent auditors who contributed to the preparation of this report and to thank the members of the Commission for their interest and support in planning and conducting the financial operations of the GRPUC in a responsible and progressive manner.

Respectfully submitted,

Jean M. Lane

Jean M. Lane
Business Services Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Grand Rapids Public Utilities Commission
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill
Executive Director/CEO

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ORGANIZATION
December 31, 2025

The Grand Rapids Public Utilities Commission, Grand Rapids, Minnesota was established in 1910 by City Council resolution. The members of the Commission are appointed to three-year terms by the City Council. The Commission manages and controls the electric, water, and wastewater collection and treatment of the City.

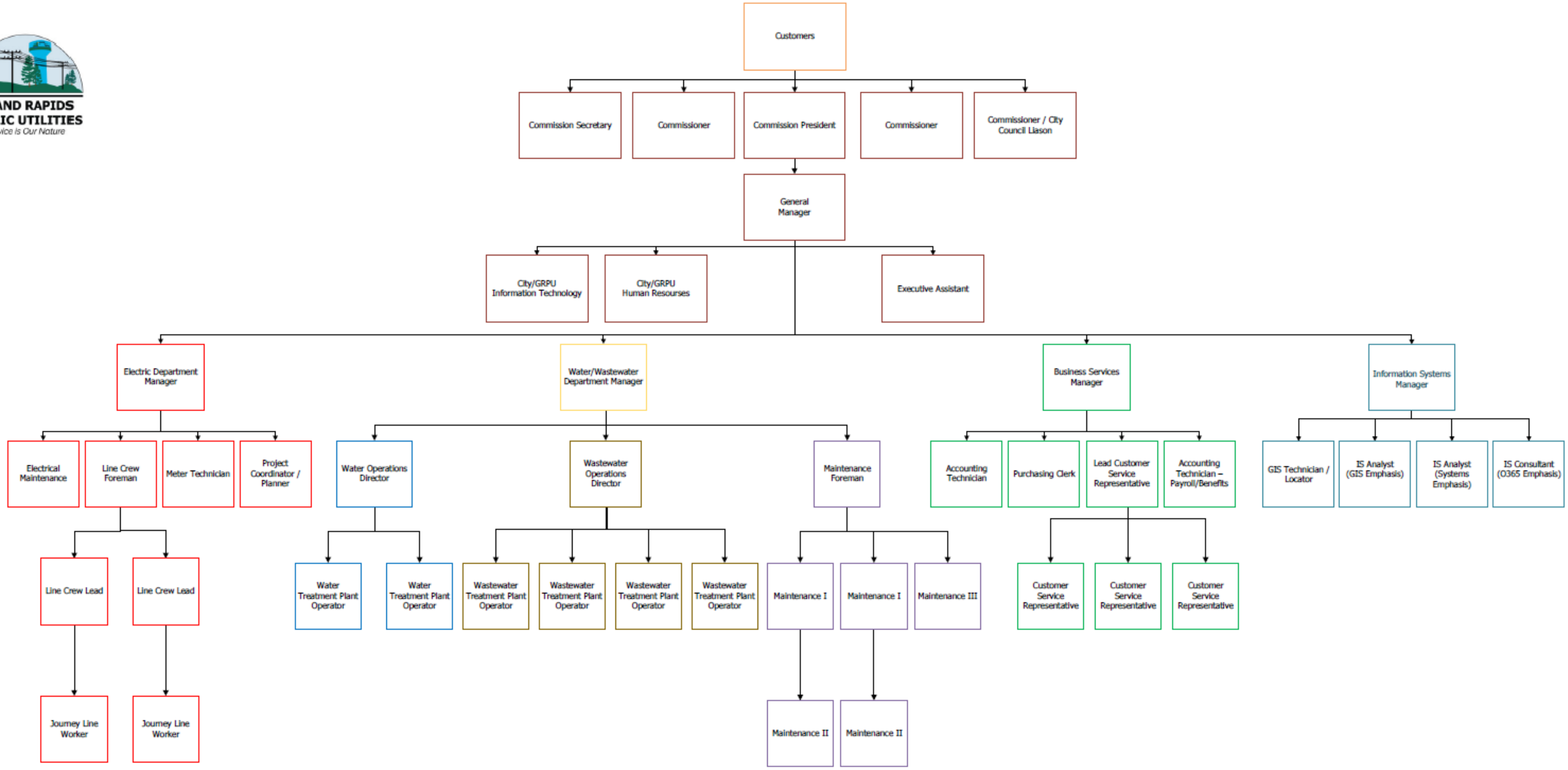
COMMISSION

Position	Name	Expires
President	Tom Stanley	3/1/2028
Secretary	Luke Francisco	3/1/2027
Commission Member	Nancy Saxhaug	3/1/2026
Commission Member	Rick Smith	3/1/2028
Commission Member	Rick Blake	12/31/2025

ADMINISTRATION

General Manager	Julie A. Kennedy
Business Services Manager	Jean M. Lane
Electric Distribution Manager	Chad M. Troumbly
Water/Wastewater Manager	Steven R. Mattson

GRAND RAPIDS PUBLIC UTILITIES
Service is Our Nature



Updated 12/08/2023

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Grand Rapids Public Utilities Commission
Grand Rapids, Minnesota

Opinion

We have audited the 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 year ended December 31, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the GRPUC, as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the GRPUC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 management's discussion and analysis, the schedule of proportionate share of net pension liability, and the schedule of contributions – pension 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 GAAS, 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 for the year ended December 31, 2025 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the GRPUC's basic financial statements. The combining schedules of revenues and expenses, schedule of changes in utility plant, schedule of changes in accumulated depreciation, and schedule of contributions to the City of Grand Rapids for the year ended December 31, 2025 are presented for purposes of additional analysis and are 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 for the year ended December 31, 2025 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 GAAS. In our opinion, the combining schedules of revenues and expenses, schedule of changes in utility plant, schedule of changes in accumulated depreciation, and schedule of contributions to the City of Grand Rapids are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the yar ended December 31, 2025.

We also previously audited, in accordance with GAAS, the basic financial statements of the GRPUC as of and for the year ended December 31, 2024, (not presented herein), and have issued our report thereon dated May 1, 2025 which contained unmodified opinions on the respective financial statements of the GRPUC. The combining schedules of revenues and expenses, schedule of changes in utility plant, schedule of changes in accumulated depreciation, and schedule of contributions to the City of Grand Rapids for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules of revenues and expenses, schedule of changes in utility plant, schedule of changes in accumulated depreciation, and schedule of contributions to the City of Grand Rapids is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2024.

Other Information

Management is responsible for the other information included in the Annual 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
August 4, 2026

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2025
(UNAUDITED)

The management of the Grand Rapids Public Utilities Commission (GRPUC) offers readers of the GRPUC's financial statements this narrative overview and analysis of the financial activities of the GRPUC for the year ended December 31, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page – i - ix of this report. The GRPUC implemented Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* – for the first time in 2003.

FINANCIAL HIGHLIGHTS

- The GRPUC's net position increased by $933,059, or 1.5%, from 2024 to 2025. An increase in total net position is based mainly on an increase in current assets and decreases in deferred inflows of resources.
- Total operating revenues increased by $2,155,415 or 8.0% between 2024 and 2025. Electric revenues were $868,611, or 4.7%, higher than the previous year due to an increase in commercial and industrial customer sales. Overall, kWh sales were up 4.0% from 2024. Water operating revenues increased by $312,627, or 12.60%, due to an increase in city and rural rates. The number of water gallons sold decreased overall by 4.0%. Wastewater collection revenues were up $73,183, or 3.5%, from 2024, primarily due to an increase in wastewater collection rates. Wastewater treatment revenues were $900,994, or 23.52%, higher than in 2024, due to increased demand costs to treat a major customer wastewater by the GRPUC.
- Total operating expenses increased by $2,300,595, or 8.61%, over the previous year. Higher purchased power and industrial wastewater treatment costs were the main cause of the 2025 increase. The customer accounts and administrative costs decreased by $1,067,264 from 2024.
- Total electric department operating expenses increased by $856,804, or 5.16%. The increase in the purchased power expense of $1,221,746, or 10.3% is the main cause of the increase. Water department operating expenses increased $60,627, or 2.3%, with increases in production costs of $298,525, or 33.7%, being the main cause of the increase. Wastewater collection and treatment departments combined operating expenses increased $1,383,164 or 18.6%. Increases in industrial treatment expenses of $1,198,280, or 30.5% and the increase in the domestic wastewater treatment accounts of $308,846, or 37.5% account for the total increase in the wastewater collection and treatment.
- Non-operating revenues decreased $634,379 or 50.3%, in 2025, due to a decrease in demand interest payments, intergovernmental and miscellaneous revenues. Overall, non-operating expenses were down by $194,532 or 11.7%, mainly due to a decrease in interest expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

The GRPUC provides electric distribution, water production, treatment and distribution and wastewater collection and treatment services to the City of Grand Rapids and certain outlying areas. The GRPUC is a component unit of the City of Grand Rapids. The GRPUC's financial information is presented like enterprise funds, which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

An analysis of the GRPUC's financial position begins with a review of the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report the GRPUC's net position and changes therein. The net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is key to measuring the financial health of the GRPUC. Over time, increases or decreases in the net position value are an indication of whether the financial position is improving or deteriorating. However, it should be noted that the financial position might also be affected by other non-financial factors, including economic conditions, customer growth, weather conditions, and changing regulations.

FINANCIAL ANALYSIS

The Statement of Net Position includes information on all the GRPUC's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the GRPUC.

Table 1
Condensed Statement of Net Position

	2025	2024	Change
Net Capital Assets	$ 65,225,887	$ 65,290,940	$ (65,053)
Current Assets	18,608,975	17,389,214	1,219,761
Other Assets	11,432,179	13,281,707	(1,849,528)
Total Assets	95,267,041	95,961,861	(694,820)
Deferred Outflows of Resources	650,278	430,675	219,603
Total Assets and Deferred Outflows	$ 95,917,319	$ 96,392,536	$ (475,217)
Current Liabilities	6,766,539	6,595,635	170,904
Long-Term Liabilities	17,819,626	17,551,373	268,253
Total Liabilities	24,586,165	24,147,008	439,157
Deferred Inflows of Resources	8,939,658	10,787,091	(1,847,433)
Net Position			
Net Investment in Capital Assets	49,856,836	49,340,422	516,414
Restricted Net Position	1,769,299	2,506,132	(736,833)
Unrestricted Net Position	10,765,361	9,611,883	1,153,478
Total Net Position	62,391,496	61,458,437	933,059
Total Liabilities, Net Postion and Deferred Inflows	$ 95,917,319	$ 96,392,536	$ (475,217)

FINANCIAL ANALYSIS (cont.)

As shown in the above table, net position increased by $933,059 or 1.5%, to $62,391,496 in 2025. The change was due to an increase in current assets and decreases in deferred inflows of resources.

In 2024, net position increased by $1,738,075 or 2.9%, to $61,458,437 in 2024. The change was due to increases in total assets and a decrease in deferred inflows of resources.

The specific nature or source of these changes becomes more evident in the Statement of Revenues, Expenses, and Changes in Net Position as shown in Table 2.

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the GRPUC's financial.

FINANCIAL ANALYSIS (cont.)

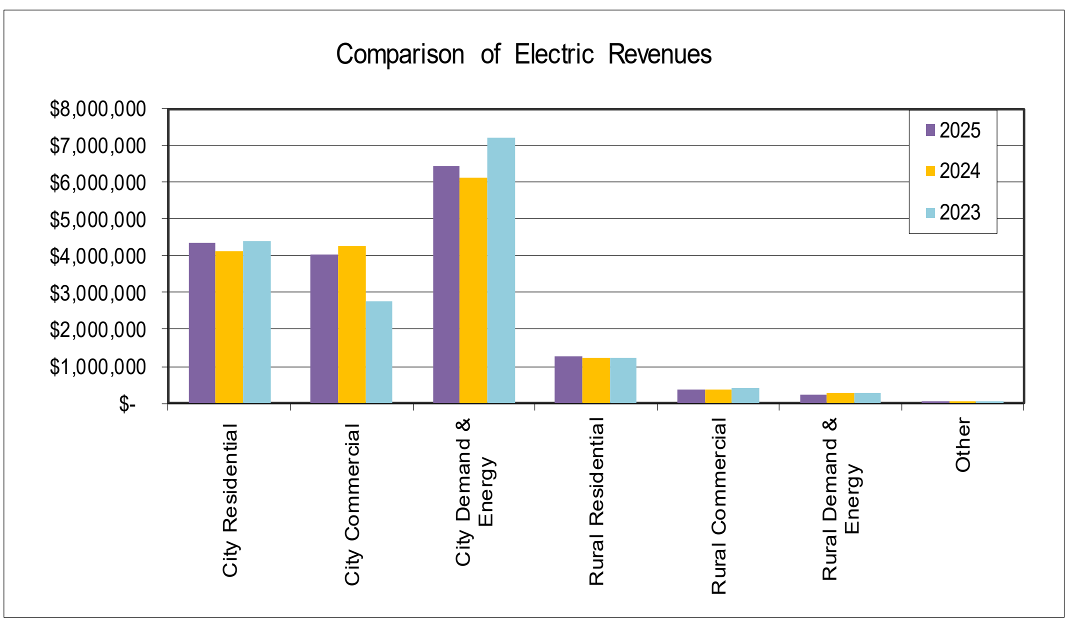
Table 2
Condensed Statement of Revenues
Expenses, and Changes in Net Position

	2025	2024	Change
Operating Revenues			
Electric	$ 19,333,855	$ 18,465,244	$ 868,611
Water	2,794,050	2,481,423	312,627
Wastewater collection	2,189,997	2,116,814	73,183
Wastewater treatment	4,731,523	3,830,529	900,994
Total Operating Revenues	29,049,425	26,894,010	
Operating Expenses			
Production	1,184,070	885,545	298,525
Purchased Power	13,109,725	11,887,979	1,221,746
Distribution/collection	2,632,435	2,348,081	284,354
Customer accounts	256,530	611,309	(354,779)
Administrative and general	1,873,958	2,586,443	(712,485)
Service center	255,764	178,863	76,901
Domestic wastewater treatment	1,130,916	822,070	308,846
Industrial wastewater treatment	5,126,093	3,927,813	1,198,280
Depreciation and amortization	3,447,204	3,467,997	(20,793)
Total Operating Expenses	29,016,695	26,716,100	
Non-Operating Revenues (Expenses)			
Interest income (loss)	316,957	354,785	(37,828)
Demand interest payments	211,410	360,973	(149,563)
Intergovernmental Revenue	-	391,397	(391,397)
Gain (loss) on property disposition	69,738	3,500	66,238
Interest expense	(589,821)	(705,950)	116,129
Bond fees	(3,574)	(3,770)	196
Amortization fees	-	(78,207)	78,207
Combined service center contract revenues	27,600	24,000	3,600
Miscellaneous revenue	-	125,429	(125,429)
Payment in lieu of taxes	(868,000)	(868,000)	-
Total Non-Operating Revenues (Expenses)	(835,690)	(395,843)	
Income (Loss) Before Contributions	(802,960)	(217,933)	(585,027)
Capital Contributions	1,736,019	1,956,008	(219,989)
Changes in Net Position	933,059	1,738,075	(805,016)
Beginning Net Position	61,458,437	59,720,362	
Total Net Position - Ending	$ 62,391,496	$ 61,458,437	

FINANCIAL ANALYSIS (cont.)

Total operating revenues in 2025 increased $2,155,415, or 8.0% from 2024. Electric revenues increased $868,611 or 4.7%, an increase in the residential, commercial customer, and security lighting sales of $947,879 or 5.25% was the main cause of the increase. Water revenues increased by $312,627, or 12.6%, due to a 10% rate increase and increase in sales for city and rural residential and commercial sales. Wastewater collection revenues increased by $73,183, or 3.5% primarily attributable to a 5% rate increase and increase in city residential and commercial sales. Wastewater Treatment operating revenues increased by $900,994, or 23.5%, due to increased costs covered by a major industrial customer. Total operating expenses increased $2,300,595 or 8.6%, over the prior year. All expenses were higher, except customer accounts and administrative which were lower. The largest increases in expenses were $1,221,746 for purchased power 10.3% higher and industrial wastewater treatment $1,198,280 or 30.5% higher. Non-operating revenues decreased $634,379, or 50.3%, in 2025, due to a decrease in demand interest payments, intergovernmental and miscellaneous revenues. Overall, non-operating expenses were down by $194,532, or 11.7%, mainly due to a decrease in interest expense.

In 2024, total operating revenues increased $889,135, or 3.4% from 2023. Electric revenues increased $473,675 or 2.6%, an increase in the purchased power adjustment pass-through of $334,460 or 26.3% was the main cause of the increase. Water revenues increased by $128,712, or 5.5%, due to a 10% rate increase and increase in sales for city and rural residential and commercial sales. Wastewater collection revenues increased by $75,170, or 3.7% primarily attributable to a 5% rate increase and increase in city residential and commercial sales. Wastewater Treatment operating revenues increased by $211,578, or 5.9%, due to increased costs covered by a major industrial customer. Total operating expenses increased $286,880 or 1.1%, over the prior year. All expenses were higher, except purchased power which was lower. The largest increase in expenses was $482,987 for administrative and general or 23.0% higher. Non-operating revenues increased $720,830, or 133.7%, in 2024, due to an increase in investment income and intergovernmental revenues. Overall, non-operating expenses were up by $266,977, or 19.2%, mainly due to an increase in interest expense.

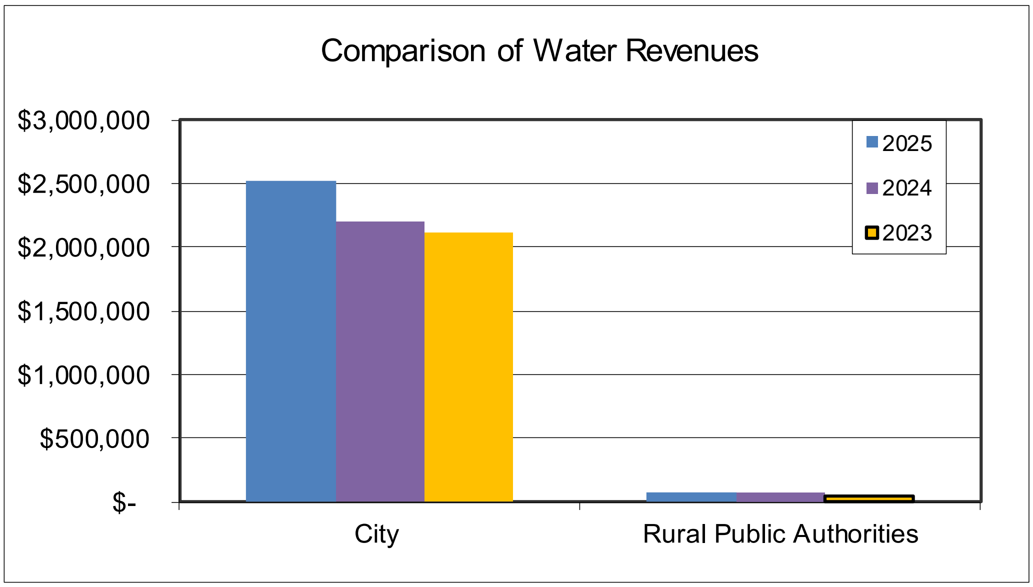


GRAND RAPIDS PUBLIC UTILITIES COMMISSION

FINANCIAL ANALYSIS (cont.)

Electric sales revenue increased $299,462 or 1.82% in 2025 over 2024 sales. Most classes of revenue sales increased over 2024, except city commercial and rural demand and energy.

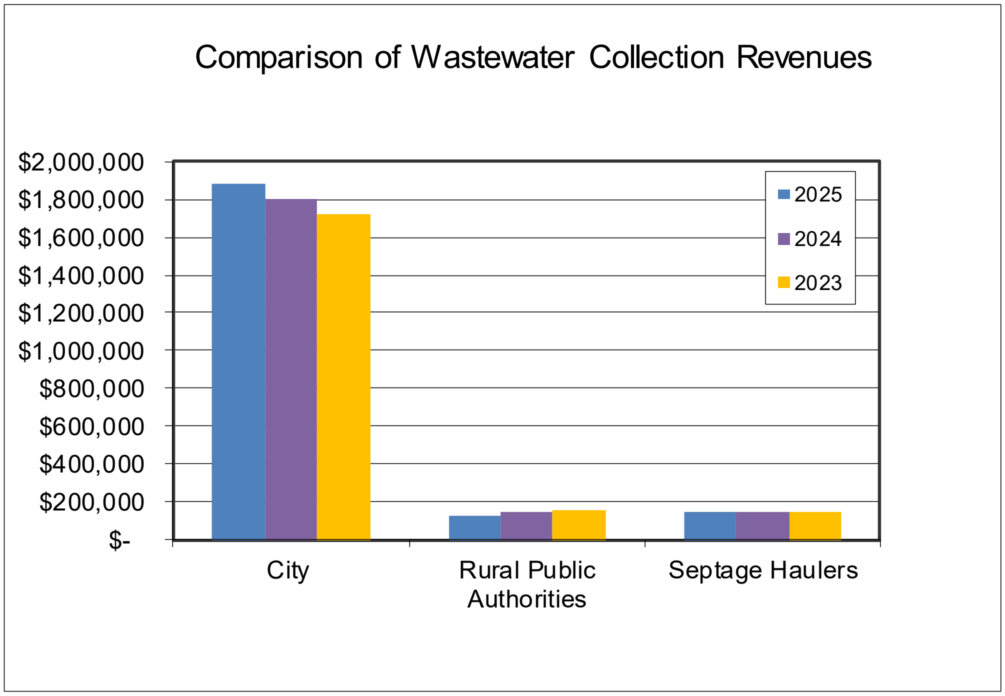
In 2024, electric sales revenues increased $89,515, or 0.6%, over 2023 sales. Most classes of revenue sales slightly increased over 2023, except city residential.



In 2025, water sales increased $329,961 or 14.5% over the previous year 2024. Revenues in all customer classes were higher than 2024.

Water sales increased $115,533 or 5.4%, in 2024 over the previous year. Revenues in all customer classes were higher than in 2023.

FINANCIAL ANALYSIS (cont.)



In 2025, wastewater collection utility revenues increased $66,329 or 3.2% over 2024 revenues. City and septage haulers revenues were higher and rural public authorities was lower in 2025.

Wastewater Collection utility revenues for 2024 increased $75,170 or 3.7%, over 2023 revenues. City revenue sales classes were all higher.

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of debt and capital additions.

Table 3
Condensed Statements of Cash Flows

	2025	2024	Change
Cash Flows From:			
Operating activities	$ 3,578,762	$ 2,417,595	$ 1,161,167
Noncapital financing activities	(1,996,912)	1,077,007	(3,073,919)
Capital and related financing activities	(2,543,005)	(3,545,394)	1,002,389
Investing activities	(275,099)	128,173	(403,272)
Net Change in Cash and Cash Equivalents	(1,236,254)	77,381	(1,313,635)
Cash and Cash Equivalents - End of Year	$ 2,208,056	$ 3,444,310	$ (1,236,254)

In 2025, Cash and Cash Equivalents decreased by $1,236,254 in 2025. A decrease in cash from noncapital and capital financing activities and investing activities was offset by an increase in cash from operating activities were the major impacts on cash balances.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2025
(UNAUDITED)

FINANCIAL ANALYSIS (cont.)

Cash and Cash Equivalents increased by $77,381 in 2024. An increase in cash from operating activities, noncapital financing activities, and investing activities was offset by a decrease in cash from capital and related financing activities were the major impacts on cash balances.

During 2025, net capital assets decreased $65,053 or 0.09%. Electric department capital assets increased $1,935,619, or 5.1%. Additions due to several overhead-to underground projects were most of the increase. Water department capital assets increased $185,356, or 0.7% resulting from one replacement main project. Wastewater Collection capital assets increased $24,323 or 0.2% resulting from one replacement main project. Wastewater Treatment capital assets increased $144,240 or 0.2% resulting from one replacement main project. The increase in Construction Work in Progress was related to several uncompleted new projects.

In 2024, net capital assets increased $889,209. Electric department capital assets increased $508,090 or 1.4%. Additions due to several overhead-to underground projects and purchase of a bucket truck were most of the increase. Water department capital assets increased $1,153,862, or 5.2% resulting from several replacement projects. Wastewater Collection capital assets increased $1,041,336 or 8.6% resulting from one main replacement project. Wastewater Treatment assets did not change in 2024 compared to 2023. The increase in Construction Work in Progress was related to several uncompleted new projects.

More detailed information on capital asset activity can be found in Note 6 of the *Notes to Financial Statements*

Table 4
Condensed Schedule of Capital Assets

	2025	2024	Change
Capital Assets - Electric			
Distribution	$ 33,725,569	$ 32,436,717	$ 1,288,852
General	5,691,757	5,044,990	646,767
Total Electric Capital Assets	39,417,326	37,481,707	1,935,619
Capital Assets - Water			
Production	5,085,164	5,023,159	62,005
Distribution	17,789,072	17,665,721	123,351
General	844,887	844,887	-
Total Water Capital Assets	23,719,123	23,533,767	185,356
Capital Assets - Wastewater Collection			
Collection	12,388,527	12,364,204	24,323
General	844,887	844,887	-
Total Wastewater Collection Capital Assets	13,233,414	13,209,091	24,323
Capital Assets - Wastewater Treatment Facilities			
Treatment Facilities	60,039,917	59,895,677	144,240
Total Wastewater Treatment Capital Assets	60,039,917	59,895,677	144,240
Total Capital Assets	136,409,780	134,120,242	2,289,538
Less: Accumulated Depreciation	(73,647,730)	(70,631,843)	(3,015,887)
Construction Work in Progress	2,139,546	1,442,851	696,695
Right-to-Use Assets - Vehicles	460,393	386,281	74,112
Less: Accumulated Amortization	(136,102)	(26,591)	(109,511)
Total Right-to-Use Assets	324,291	359,690	(35,399)
Net Capital Assets	$ 65,225,887	$ 65,290,940	$ (65,053)

LONG-TERM DEBT

On December 31, 2025, the GRPUC had five bond issues, one revenue note, and one interfund loan with the City of Grand Rapids for a total $14,739,000 outstanding principal.

Late in 2009, the $28,509,779 Taxable General Obligation Wastewater Revenue Note, Series 2009E was issued. This financing was used to fund the construction of the Wastewater Treatment Facility Phase 1 Improvements Project. Proceeds from the note were released as project costs were incurred. The project was completed in 2012, with the final debt principal amount of $26,370,232. The repayment of this note is secured by a letter of credit for which 91.8% of the principal and interest payments are due on the debt.

In October 2015, the GRPUC entered into a tax-exempt lease/purchase agreement for $1,700,000 to finance the acquisition of an Advanced Metering Infrastructure and Automated Meter Reading (AMI/AMR) System for its electric, water and wastewater collection customers. The lease/purchase agreement was paid off in November 2021 with the issuance of $775,500 General Obligation Revenue Refunding Bonds Series, 2021A with a maturity of October 2025. This debt was paid in full.

The General Obligation Utility Revenue Bonds, Series 2023B were issued in November 2023 to fund the sanitary sewer and water main replacement projects for Sylvan Bay phase one project for $2,750,000 and the sanitary sewer extension and water main loop for the Grand Rapids/Cohasset Industrial Park project for $1,825,000.

The utility passed resolution number 08-28-24-04 to authorize acceptance of an interfund loan from City of Grand Rapids. The City of Grand Rapids issued General Obligation Equipment Certificates, Series 2024B which paid for new utility billing and enterprise resources planning software to be used jointly by the utility and the City. The principal amount of the interfund loan was $630,000

In April 2025, the City of Grand Rapids on behalf of the GRPUC issued General Obligation Revenue Bonds Series 2025A. This bond issue funded sanitary sewer and water main replacement projects per the City's Five-Year Street Reconstruction and Overlay Plan. The principal amount of the bonds is $4,770,000, of which the GRPU debt obligation is $1,530,000 or 32% of the total principal.

Additional information on GRPUC's long-term debt can be found in Note 9 of the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Grand Rapids Public Utilities Commission finances to all those with an interest in the GRPUC's finances. If you have questions about this report, or need additional financial information, contact the Finance Manager, Grand Rapids Public Utilities Commission, 500 SE 4th Street, Grand Rapids, MN 55744.

BASIC FINANCIAL STATEMENTS

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF NET POSITION
As of December 31, 2025

ASSETS

	2025
CURRENT ASSETS	
Cash and investments	$ 8,780,691
Accounts receivable, net	5,474,936
Lease receivable - current portion	226,787
Due from City of Grand Rapids	177,764
Materials and supplies	1,975,766
Interest receivable	189,604
Prepaid expenses	66,427
Restricted accounts receivable - current portion	1,717,000
Total Current Assets	18,608,975
NONCURRENT ASSETS	
Restricted accounts receivable - non-current portion	5,088,752
Other long-term receivables	1,410
Unbilled Landfill Receivable - Blandin Paper Company	4,946,985
Lease receivable	1,016,596
Capital Assets	
Plant in service	136,409,780
Accumulated depreciation/amortization	(73,647,730)
Construction work in progress	2,139,546
Right-to-use assets	460,393
Accumulated amortization right-to-use asset	(136,102)
Regulatory Asset - Landfill (net of accumulated amortization)	378,436
Total Noncurrent Assets	76,658,066
Total Assets	95,267,041

DEFERRED OUTFLOWS OF RESOURCES

Service territory acquisition	61,926
Loss on refunding of debt	42,240
Related to pension	546,112
Total Deferred Outflows of Resources	650,278

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF NET POSITION (CONTINUED)
As of December 31, 2025

LIABILITIES

	2025
CURRENT LIABILITIES	
Accounts payable	$ 2,637,658
Due to Other Governments	39,581
Sales tax payable	148,157
Due to City of Grand Rapids	402,954
Accrued compensated absences	331,183
Accrued interest	225,541
Accrued payroll	169,453
Due to primary government - current portion	2,166,000
Lease liability - current portion	111,993
Customer deposits	534,019
Total Current Liabilities	6,766,539
NONCURRENT LIABILITIES	
Due to primary government, net premium and discount	12,906,938
Accrued compensated absences	120,060
Lease liability	226,360
Net pension liability	1,388,582
Landfill closure/post closure costs	3,177,686
Total Noncurrent Liabilities	17,819,626
Total Liabilities	24,586,165
DEFERRED INFLOWS OF RESOURCES	
Demand payment deferral	6,805,752
Other deferred credits	22,223
Related to leases	1,192,723
Related to pension	918,960
Total Deferred Inflows of Resources	8,939,658
NET POSITION	
Net investment in capital assets	49,856,836
Restricted for	
Financial Assurance	1,769,299
Unrestricted	10,765,361
TOTAL NET POSITION	$ 62,391,496

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2025

		2025
OPERATING REVENUES		
Electric	$	19,333,855
Water		2,794,050
Wastewater collection		2,189,997
Wastewater treatment		4,731,523
Total Operating Revenues		29,049,425
OPERATING EXPENSES		
Production		1,184,070
Purchased power		13,109,725
Distribution/collection		2,632,435
Customer accounts		256,530
Administrative and general		1,873,958
Service center		255,764
Domestic wastewater treatment		1,130,916
Industrial wastewater treatment		5,126,093
Depreciation and amortization		3,447,204
Total Operating Expenses		29,016,695
OPERATING INCOME (LOSS)		32,730
NONOPERATING REVENUES (EXPENSES)		
Interest income (loss)		316,957
Demand interest payments		211,410
Gain (loss) on property disposition		69,738
Interest expense		(589,821)
Bond fees		(3,574)
Combined service center contract revenues		27,600
Payment in lieu of taxes		(868,000)
Total Nonoperating Revenues (Expenses)		(835,690)
Income (Loss) Before Contributions		(802,960)
CAPITAL CONTRIBUTIONS		1,736,019
CHANGES IN NET POSITION		933,059
NET POSITION - Beginning of Year		61,458,437
NET POSITION - END OF YEAR	$	62,391,496

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	$ 28,213,455
Combined service center contract revenues	27,600
Other revenues	109,122
Paid to suppliers for goods and services	(20,900,636)
Paid to employees for services	(3,870,779)
Net Cash Flows From Operating Activities	3,578,762
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interest received on demand charges	208,273
Receipts from (to) Grand Rapids	(2,205,185)
Net Cash Flows From Noncapital and Related Financing Activities	(1,996,912)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,502,282)
Principal payments on long-term debt	(2,276,037)
Proceeds from debt issue	1,530,000
Premium on debt issue	127,308
Interest paid on long-term debt and lease payments	(421,994)
Net Cash Flows From Capital and Related Financing Activities	(2,543,005)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	331,376
Sale of investments	2,762,270
Purchase of investments	(3,368,745)
Net Cash Flows From Investing Activities	(275,099)
Net Change in Cash and Cash Equivalents	(1,236,254)
CASH AND CASH EQUIVALENTS – Beginning of Year	3,444,310
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 2,208,056

See accompanying notes to financial statements.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended December 31, 2025

	2025
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	$ 32,730
Adjustments to reconcile operating income (loss) to cash from operating activities	
Nonoperating revenue	27,600
Depreciation and amortization	3,447,204
(Increase) Decrease in assets and deferred outflows of resources:	
Accounts receivable	(1,521,872)
Financial Assurance Landfill	(95,658)
Deferred outflows of resources - pension	(250,805)
Deferred outflows of resources - leases	136,551
Supplies	(506,880)
Prepaids	171,452
Increase (Decrease) in assets and deferred inflows of resources:	
Accounts payable	1,128,826
Accrued liabilities	386,688
Landfill closure/post closure costs	832,490
Deferred inflows of resources - leases	(198,004)
Net pension liability	42,946
Deferred inflows of resources - pension	(54,506)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 3,578,762
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION	
Cash and investments	$ 8,780,691
Less: Noncash equivalents	(6,572,635)
CASH AND CASH EQUIVALENTS	$ 2,208,056
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Right-to-use assets acquired through lease	$ 74,112

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Rapids Public Utilities Commission (GRPUC) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GRPUC provides water supply and distribution, electric distribution and wastewater collection and treatment operations to properties within the City of Grand Rapids (municipality) as well as to certain other areas outside the municipality. GRPUC accounts for the cost of water, electric and wastewater operations on a continuing basis and is governed by the Grand Rapids Public Utilities Commission (Commission), which is appointed by the city council. Customer rates and service rates are established by the Commission. The significant accounting principles and policies utilized by GRPUC are described below.

Reporting Entity

GRPUC is a component unit of the municipality. Component units are legally separate organizations for which elected officials of the primary government (municipality) are financially accountable. Component unit status is determined using the following criteria:

The municipality is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. Able to impose its will on that organization, or

2. There is a potential for the organization to provide specific financial benefits to, or impose financial burdens on the municipality. The municipality may be financially accountable if an organization is fiscally dependent on the municipality.

Since GRPUC is responsible for payment of certain general obligation debt, it has the potential to impose a financial burden on the municipality. This capability qualifies GRPUC as a component unit of the municipality.

There are no component units of GRPUC.

Measurement Focus, Basis of Accounting and Basis of Presentation

The term measurement focus is used to denote what is being measured and reported in GRPUC's operating statement. GRPUC is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether GRPUC is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on GRPUC's operating statement. GRPUC uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (cont.)

GRPUC is presented as a component unit of the municipality. GRPUC is presented similar to enterprise funds which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

GRPUC's cash and cash equivalents are considered to be cash and investments having original maturities of three months or less from the date of acquisition.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

GRPUC has adopted a formal investment policy. The policy follows the state statute for allowable investments.

Designated Assets

GRPUC has established various accounts to maintain assets designated for various purposes. Designated assets are designated for the following purposes:

Electric Replacement Funds – represents funds set aside for specific future capital improvement projects.

Watermain Replacement Funds - represents funds set aside for specific future capital improvement projects.

Wastewater-Sewer Main Replacement Funds - represents funds set aside for specific future capital improvement projects.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Designated Assets (Continued)

GRPUC's designated assets are included in cash and investments and are listed below:

Designated Cash and Investments	
Electric Replacement Funds	$ 650,737
Watermain Replacement Funds	895,299
Wastewater-Sewer Main Replacement Funds	786,123
Current Cash and Investments	6,448,532
Total	$ 8,780,691

Receivables/Payables

Outstanding balances between GRPUC and the primary government are reported as due from/to the City. Transactions between GRPUC and the primary government that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from the City.

An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are charged against revenue when deemed uncollectible. Receivables are reported net of the allowance for doubtful accounts of $159,203 at December 31, 2025.

Leases

GRPUC is a lessor because it leases capital assets to other entities. As a lessor, GRPUC reports a lease receivable and corresponding deferred inflow of resources in the financial statements. GRPUC continues to report and depreciate the capital assets being leased as capital assets. GRPUC is also a lessee because it leases capital assets from other entities. As a lessee, GRPUC reports a right-to-use asset and corresponding lease liability in the financial statements. GRPUC reports and amortizes the capital assets being leased as capital assets.

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued using the average cost method and charged to construction or expensed when used.

Prepaid Expenses

Prepaid expenses are recorded for insurance, maintenance, and service contracts. Costs under these agreements are expensed over the time periods covered by the agreements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Regulatory Asset - Landfill

GRPUC has multiple constructed landfill sites. The costs incurred to construct the sites are shown as non-utility property.

Capital Assets

Capital assets are defined by GRPUC as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to GRPUC. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following useful lives:

	Years
Buildings	50
Production systems	20 – 25
Distribution systems	25 – 33
Machinery and equipment	10
Intangibles	10

Donated capital assets are valued at their estimated acquisition value at the date donated.

Compensated Absences

Sick Leave and Vacation

Under GRPUC's plan, PTO is earned and accrued monthly. Unused PTO that exceeds the maximum accrual may be transferred to a post-employment Health Care Savings Plan (HCSP). There is also a limited accrual for Extended Illness Benefit (EIB). Unused EIB may be converted to the HCSP at termination of service with GRPUC. The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. When unused benefits are converted to HCSP accounts, the funds are transferred to the trustee of the plan, and GRPUC no longer has a liability for these amounts.

Minnesota statutes authorize Minnesota State Retirement System (MSRS) to offer health care savings plans (HCSP) to governmental employees. The plan allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. MSRS acts as trustee of the plans and the State Board of Investment manages the investment of employee funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Customer Deposits

Customer deposits are recorded for security deposits paid by customers to receive utility services. Deposits are returned to customers with good credit history in accordance with criteria established in GRPUC policies. Customers are paid interest on deposits at the rate established annually by the Minnesota Department of Commerce.

Due to Primary Government

Long-term debt and other obligations are reported as the City of Grand Rapids' liabilities paid for by GRPUC. Bond premiums, discounts and the loss on refunding of debt are deferred and amortized over the life of the bonds using the effective interest method.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pension

In June 2015, the GASB issued Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended,* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This statement establishes standards of accounting and financial reporting for OPEB expense and related OPEB liabilities or assets. OPEB refers to postemployment benefits other than pension benefits such as postemployment healthcare benefits. GRPUC elected not to implement GASB Statement No. 75 due to the fact that the implementation would not have any material impact on its financial condition, results of operations, and footnote disclosures.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future period. GRPUC will not recognize the related outflow until a future event occurs.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Demand Payment Deferral

GRPUC has contracts with Blandin Paper Company whereby Blandin Paper Company pays demand charges for principal and interest on certain debt issues. For ratemaking purposes, the commission has elected to defer the recognition of the revenue until the debt service for the bonds is made. Revenue is recognized as capital contribution.

REVENUES AND EXPENSES

GRPUC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a utility's principal ongoing operations. The principal operating revenues of GRPUC are charges to customers for sales and services. Operating expenses for component units include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The commission does accrue revenues beyond billing dates.

Capital Contributions

Cash and capital assets are contributed to GRPUC from customers, the municipality or external parties. The value of property contributed to GRPUC is reported as revenues on the statements of revenues, expenses and changes in net position.

Electric Power Costs

Monthly bills from the wholesale power supplier, which are for power costs to the last day of the month are reflected in the accounts.

NOTE 2 – DEPOSITS AND INVESTMENTS

The GRPUC's cash and investments at year end were comprised of the following:

Petty Cash	$ 1,000
Deposits	2,207,056
Investments	6,572,635
Total	$ 8,780,691

Investment of GRPUC funds is restricted by state law, bond fund resolutions and GRPUC investment policy to:

- Government bonds, notes, bills, mortgages, and other securities, which are direct obligations of the United States or its agencies.
- Negotiable or non-negotiable instruments that are issued by commercial banks and insured by the Federal Deposit Insurance Corporation (FDIC). Interest bearing deposits in authorized depositories must be fully insured or collateralized.
- Repurchase agreements fully collateralized by securities described above, if the repurchase agreements are only entered into with an entity which is a primary reporting dealer to the Federal Reserve Bank of New York, or one of the 100 largest U.S. commercial banks.
- Any security which is general obligation of the State of Minnesota or any of its municipalities.
- Commercial paper issued by the United States corporations or their Canadian subsidiaries that is the highest quality and matures in 270 days or less.
- Statewide investment pools that invest in authorized investments according to MN Statutes 118A.
- Money market mutual funds that invest in authorized instruments according to MN Statutes 118A.

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts), $250,000 for interest-bearing demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

At December 31, 2025, the entire bank balance, deposits and investments were covered by federal depository insurance, Securities Investor Protection Corporation or by collateral held by GRPUC's agent in GRPUC's name.

GRPUC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. GRPUC uses the yield based metric approach to value its certificates of deposits, and U.S. Agencies which is a level 2 input. The fair value of investments in entities that calculate a net asset value (NAV) per share are determined using the NAV in lieu of the leveling methodology described above. The Minnesota Municipal Money Market Fund (The Fund) is measured at net asset value (NAV). The fund is an external investment pool not registered with the SEC that follows the same regulatory rules of the SEC under rule 2a7 and is managed by the Board and Minnesota Statutes. The fair value of the pool is the same as the value of the pool shares. The investment in the Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

The categorization of financial assets at December 31, 2025 consisted of the following:

Type	Level 1	Level 2	Level 3	Total
Government Agencies Notes	$ -	$ 1,062,236	$ -	$ 1,062,236
Negotiable CDs	-	5,181,574	-	5,181,574
Total	$ -	$ 6,243,810	$ -	
Money Market-NAV Funds				328,825
Total Investments				$ 6,572,635

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, GRPUC's deposits may not be returned to the utility.

GRPUC does not have any deposits exposed to custodial credit risk.

GRPUC's investment policy addresses this risk by requiring deposits to be fully insured or collateralized.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, GRPUC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

GRPUC does not have any investments exposed to custodial credit risk.

GRPUC's investment policy does not address this risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of December 31, 2025, GRPUC's investments were rated as follows:

Investment Type	S & P Rating
Negotiable CDs	NA
Government Agencies Notes	AA+
Money Market	NA

* NA - Not Rated

GRPUC's investment policy does not address this risk.

NOTE 2 – DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. GRPUC's investment policy does not address this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

As of December 31, 2025, GRPUC's investments were as follows:

	Investment Maturities (in Years)			
Investment Type	Less Than 1	1-5	6-10	Fair Market Value
Negotiable CDs	$ 2,151,401	$ 3,030,173	$ -	$ 5,181,574
Government Agencies Notes	1,062,236	-	-	1,062,236
Money Market-NAV Funds	328,825	-	-	328,825
Total	$ 3,542,462	$ 3,030,173	$ -	$ 6,572,635

GRPUC's investment policy addresses this risk. The policy recommends no more than 40% of the total deposits and investments extend beyond five years and in no circumstances should any extend beyond ten years.

NOTE 3 – RECEIVABLES/PAYABLES TO PRIMARY GOVERNMENT

The following is a schedule of balances as of December 31, 2025.

Due to City of Grand Rapids	
Utility Bills and Service Center Operating Costs	$ 177,764
Due from City of Grand Rapids	
General Operating and Capital Costs	$ 402,954

GRPUC has a contract agreement with the municipality whereby the City is contracted to pay a portion of the Public Works/Public Utilities Service Center. The contract expires on September 1, 2095; however, the contract may be terminated by the City on September 1 of any year, by notice of termination not later than the preceding July 1.

The contract payments are subject to annual appropriation by the City and are based on 41% of the service center operating costs.

Total contract revenues were $27,600 for 2025.

NOTE 4 – LEASES

LONG-TERM- LEASE RECEIVABLES

GRPUC, acting as lessor, leases space for antenna on the roof of their building under long-term, noncancelable lease agreements. The leases expire at various dates through 2035. During the year ended December 31, 2025, the GRPUC recognized $170,575 and $32,982 in lease revenue and interest revenue, respectively, pursuant to the contracts.

Total future payments to be received under the lease agreements are as follows:

Lease Receivable			
Year Ending December 31,	Principal	Interest	Total
2026	$ 226,787	$ 27,945	$ 254,732
2027	188,269	22,513	210,782
2028	171,556	17,578	189,134
2029	107,638	13,021	120,659
2030	114,573	9,705	124,278
2031-2035	434,560	13,786	448,346
Total	$ 1,243,383	$ 104,548	$ 1,347,931

Changes in the lease receivable for the year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lease Receivable	$ 1,379,934	$ -	$ 136,551	$ 1,243,383

NOTE 5 – RESTRICTED ASSETS

REVENUE BOND ACCOUNTS

Certain receivables from Blandin Paper Company are restricted for the payment of debt:

Demand Payment Accounts Receivable	
Receivables to be used for future repayment of wastewater treatment debt	$ 6,805,752

NOTE 6 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2025 follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital Assets, Not Being Depreciated					
Construction in Progress	$ 1,442,851	$ 3,319,501	$ 2,622,806	$ -	$ 2,139,546
Land and Land Rights	1,964,831	-	-	-	1,964,831
Total Capital Assets, Not Being Depreciated	3,407,682	3,319,501	2,622,806	-	4,104,377
Capital Assets, Being Depreciated/Amortized					
Intangibles	711,725	-	-	-	711,725
Infrastructure	58,288,851	2,056,830	788,860	-	59,556,821
Buildings and Improvements	34,835,906	859,145	50,482	-	35,644,569
Machinery and Equipment	38,318,929	213,237	332	-	38,531,834
Total Capital Assets, Being Depreciated/Amortized	132,155,411	3,129,212	839,674	-	134,444,949
Less Accumulated Depreciation/Amortization for:					
Intangibles	(657,498)	(44,302)	-	-	(701,800)
Infrastructure	(23,800,929)	(1,372,398)	(83,874)	-	(25,089,453)
Buildings and Improvements	(25,868,664)	(638,480)	(13,725)	-	(26,493,419)
Machinery and Equipment	(20,304,752)	(1,182,304)	(123,998)	-	(21,363,058)
Total Accumulated Depreciation/Amortization	(70,631,843)	(3,237,484)	(221,597)	-	(73,647,730)
Total Capital Assets, Being Depreciated/ Amortized, Net	61,523,568	(108,272)	618,077	-	60,797,219
Right-to-Use Assets, Being Amortized:					
Right-to-Use Assets - Vehicles	386,281	74,112	-	-	460,393
Less Accumulated Amortization	(26,591)	(109,511)	-	-	(136,102)
Total Right-to-Use Assets Being Amortized, Net	359,690	(35,399)	-	-	324,291
Net Capital Assets	$ 65,290,940	$ 3,175,830	$ 3,240,883	$ -	$ 65,225,887

Reductions in accumulated depreciation may exceed deletions of capital assets due to the cost of removal.

NOTE 7 – NON-UTILITY PROPERTY AND DEFERRED CREDITS

LANDFILL SITES

During 2011-2012, GRPUC constructed landfill sites to dispose of industrial waste from Blandin Paper Company. Cost of the sites is deferred and expensed over the estimated useful life of the individual site. A portion of the cost for the Landfill Phase 8 site was reimbursed by Blandin Paper Company and is recorded as a deferred credit. These deferred credits are amortized as revenue over the life of the landfill. A portion of the 2011A bonds were issued for the landfill phase 8 project that finished construction in January 2013. Blandin Paper Company pays a demand charge in amounts sufficient to pay principal and interest on these bonds. For rate making purposes, the Commission has elected to defer the demand charge revenue until the debt service is paid.

	Landfill Phase 8
Cost	$ 1,068,608
Estimated useful life	20 years
Remaining useful life	8 years, 1 month
2025 non-utility property	$ 378,436
2025 expense amortization	$ 53,430
2025 deferred revenue	$ 22,223
2025 revenue amortization	$ 3,137

NOTE 8 – SERVICE TERRITORY ACQUISITION

In 2015, GRPUC acquired an electric service territory from another utility. The transaction qualified as a government acquisition under GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.* The total purchase price of the service territory was $181,424 which consisted of $44,468 of depreciated assets, and $136,956 of lost revenues to the seller. The lost revenues are considered net position acquired and are shown as a deferred outflow on the Statement of Net Position. The deferred outflow of resources will be amortized over ten years beginning in 2015.

In 2019, GRPUC acquired an electric service territory from another utility. The transaction was similar in nature to the transaction listed above. The total purchase price of the service territory was $281,549 which consisted of $75,130 of depreciated assets, and $206,419 of lost revenues to the seller. The lost revenues are considered net position acquired and are shown as a deferred outflow on the Statement of Net Position. The deferred outflow of resources will be amortized over ten years beginning in 2019.

NOTE 9 – Due to Primary Government and LONG-TERM DEBT

Due to Primary Government/ Long-term bonds consist of the following as of December 31, 2025:

Description of Issue	Interest Rate	Issue Date	Final Maturity	Original Issue	Principal Outstanding
Direct Placement Bonds -					
2009E Taxable GO WW Revenue Note	2.900%	11/10/2009	8/20/2029	$ 26,370,232	$ 6,564,000
2021A GO Utility Revenue	0.25 - 0.63%	5/27/2021	10/15/2025	872,000	-
2021C GO Taxable Utility Revenue	0.45 - 1.25%	9/2/2021	2/1/2029	1,210,000	780,000
2021D GO Utility Revenue	2.00 - 3.00%	12/9/2021	2/1/2033	1,120,000	825,000
2023B GO Utility Revenue	4.00 - 5.00%	11/9/2023	2/1/2039	4,575,000	4,410,000
2024B GO Taxable Utility Revenue	4.00 - 5.00%	9/18/2024	2/1/2032	630,000	630,000
2025A General Obligation Bonds	4.00 - 5.00%	4/2/2025	2/1/2036	1,530,000	1,530,000
Total Due to Primary Government				$ 36,307,232	$ 14,739,000

Due to Primary Government requirements to maturity follow:

	Direct Placement		Bonds		Lease Liability	
Year Ending	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,571,000	$ 190,356	$ 595,000	$ 241,103	$ 111,993	$ 21,951
2027	1,617,000	144,797	695,000	298,430	120,885	13,059
2028	1,664,000	97,904	715,000	277,184	99,144	3,786
2029	1,712,000	49,648	735,000	250,663	6,331	137
2030	-	-	560,000	224,163	-	-
2031-2035	-	-	2,590,000	745,488	-	-
2036-2040	-	-	2,150,000	222,981	-	-
2041	-	-	135,000	2,700	-	-
Total	$ 6,564,000	$ 482,705	$ 8,175,000	$ 2,262,711	$ 338,353	$ 38,933

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2025 was $2,692,389. Total customer gross revenues as defined for the same periods were $29,049,425. Annual principal and interest payments are expected to require 9% of gross revenues on average.

Due to Primary Government and Long-term obligation activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-Term Debt	$ 7,295,000	$ 1,530,000	$ 650,000	$ 8,175,000	$ 595,000
Long-Term Debt - Direct Placement	8,091,000	-	1,527,000	6,564,000	1,571,000
Unamortized Premium and Discounts	254,040	127,308	47,410	333,938	-
Lease Liability	363,278	74,112	99,037	338,353	111,993
Compensated Absences *	393,374	57,869	-	451,243	331,183
Landfill Closure Costs	2,345,195	832,491	-	3,177,686	-
Total	$ 18,741,887	$ 2,621,780	$ 2,323,447	$ 19,040,220	$ 2,609,176

* The change in compensated absences is presented as a net change.

NOTE 10 – NET POSITION

GASB Statement No. 34 requires the classification of net position into three components – net investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

> Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
>
> Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted net position – The component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is GRPUC’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 11 – EMPLOYEES' RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLANS – STATEWIDE

Plan Description

The GRPUC participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

NOTE 11 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the GRPUC was required to contribute 7.50% for General Plan members. The GRPUC contributions to the General Employees Fund for the year ended December 31, 2025, were $278,512. The GRPUC contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2025, the GRPUC reported a liability of $1,388,582 for its proportionate share of the General Employees Fund's net pension liability. The GRPUC net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the GRPUC totaled $33,497.

GRPUC proportionate share of the net pension liability	$	1,388,582
State of Minnesota's proportionate share of the net pension liability associated with the GRPUC		33,497
Total	$	1,422,079

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The GRPUC proportion of the net pension liability was based on the GRPUC contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The GRPUC proportionate share was .0419% at the end of the measurement period and .0364% for the beginning of the period.

For the year ended December 31, 2025, the GRPUC recognized pension expense of $16,506 for its proportionate share of the General Employees Plan's pension expense. In addition, GRPUC recognized an additional $(5,138) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

NOTE 11 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONT.)

Pension Costs (cont.)

At December 31, 2025, the GRPUC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 132,302	$ -
Changes in Actuarial Assumptions	33,457	319,508
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	552,530
Changes in Proportion	239,543	46,922
Employer Contributions Subsequent to the Measurement Date Date	140,810	-
Total	$ 546,112	$ 918,960

The $140,810 reported as deferred outflows of resources related to pensions resulting from Grand Rapids Public Utilities Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amounts
2026	$ (102,492)
2027	(201,986)
2028	(110,478)
2029	(98,702)

NOTE 11 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.50% for the General Employee Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions occurred in 2025:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

The following changes in plan provisions occurred in 2025:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

NOTE 11 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plan were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the GRPUC's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the GRPUC's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	(6.00%) 1% Higher	(7.00%) Current Discount Rate	(8.00%) 1% Lower
GRPUC's Proportionate Share of the General Employees Fund Net Pension Liability	$ 3,372,649	$ 1,388,582	$ (220,942)

NOTE 11 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

DEFINED BENEFIT PENSION PLANS – STATEWIDE (cont.)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 12 – POST-EMPLOYMENT HEALTH CARE SAVINGS ACCOUNT

Minnesota Statutes Chapter 352.98 authorizes Minnesota State Retirement System (MSRS) to offer plans for health care savings accounts (HCSA) to governmental employees. MSRS received its private letter ruling establishing these plans as tax exempt benefits on July 29, 2002. The plans allow employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. MSRS acts as trustee of the plans and the State Board of Investment manages the investment of employee funds.

CONTRIBUTIONS TO HCSA

Unused PTO that exceeds the maximum accrual per the collective bargaining agreement on the employees anniversary date is transferred into an extended illness bank (EIB). Unused EIB that exceeds the maximum accrual per the collective bargain agreement on the employees anniversary date is transferred into a post-employment health care savings plan (HCSA). Upon retirement, or being declared permanently totally disabled, or upon resignation after twenty (20) years of service or more the balance of an employee's EIB account shall be paid into a post-employment HCSA per the adopted HCSA Plan Policy. This same PTO, EIB, and HCSA benefits are available to non-union employees per the GRPUC personnel policy. There are no other provisions for contributions to the HCSA plan. When unused benefits are converted to an employee's HCSA, the funds are transferred to the trustee of the plan, and the GRPUC no longer has a liability for these amounts.

CHANGES TO HCSA PLANS

Any changes in contributions to the HCSA must be agreed to by the employer and the collective bargaining unit. In the case of employees not covered by the collective bargaining unit, amounts to be contributed must be outlined in the written personnel policy.

NOTE 13 – PAYMENTS IN LIEU OF TAXES

Effective January 1, 1997, GRPUC and the City of Grand Rapids established a formal agreement for payments in lieu of taxes (PILOT) from the GRPUC to the City. This payment was equal to 7% of gross retail electric sales for the prior year. Beginning January 1, 2010, the PILOT agreement was modified, and the annual cash payment changed to 4.84 mills per kWh sold, with a minimum annual payment of $823,000. The agreement was modified again in 2012. Beginning January 1, 2013, the annual cash PILOT was increased to 5.00 mills per kWh sold, with a minimum annual payment of $868,000. In 2015, a resolution was approved to exclude kilowatt hours sold in electric service territory acquisitions made after January 1, 2015, for a period of time equivalent to the time basis used in the lost revenue calculation; typically a period of ten years from the date of the electric service territory acquisition. The amount of the PILOT, including cash and utility supplied services, to the City for 2025 was $868,000.

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 20 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Commission reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date, in accordance with Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

The $3,177,686 reported as the landfill closure and postclosure care liability at December 31, 2025, represents the cumulative amount reported to date based on the use of 64.23% of the estimated capacity of the currently permitted landfill. GRPUC will recognize the remaining costs of closure and postclosure care of $1,769,298 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2025. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

Under the 1996-2001 permit, landfill sites C, D, E and F were filled to capacity. The 2001 - 2006 permit included Kettle D and landfill Phases One through Four. Phases Five through Eight were added under the new permit effective September 2006 to September 2011. Kettle D was filled in 2006 and closed in 2008. Phases One-Four were filled and began the closure process in 2007. Final closure on Phases One – Four was completed in 2010. Construction of Phases Five and Six was completed in 2008. Phases Five and Six were put into service in 2008 and have an estimated life of 10 years. Phase 7 was constructed in 2010 and placed into service in 2010 with an estimated life of 10 years. Construction of Phase 8 began in 2011 and was placed into service in 2013.

On November 4, 2024, Blandin Paper Company established an irrevocable letter of credit for $4,851,327 with Nordea Bank on behalf of GRPUC. The purpose of the letter of credit is to provide assurance that funds will be available when needed for closure, post-closure care of, and/or contingency action of the landfill. An unbilled landfill receivable – Blandin Paper Company is recorded by GRPUC to reflect the demand charge agreement in place requiring Blandin Paper Company to pay all future costs for closure, post-closure care of, and/or contingency action of the landfill. As of December 31, 2025, the long-term receivable equals the costs recorded to date and the financial assurance required by the Minnesota Pollution Control Agency of $4,946,985.

Closure costs relate to open and planned landfill sites. There are no sites that will be closed within one year. Post-closure costs cover all sites, including those that are already closed. No issues have been identified that would require post-closure costs to be incurred, and no issues are anticipated in the next year.

NOTE 15 – ACCOUNTING FOR THE EFFECTS OF RATE REGULATION

GRPUC is subject to the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement recognizes the economic ability of regulators, through the ratemaking process, to create future economic benefits and obligations affecting rate-regulated entities. Accordingly, GRPUC records these future economic benefits and obligations as regulatory assets and regulatory liabilities, respectively.

Regulatory assets represent probable future revenues associated with previously incurred costs that are expected to be recovered from customers. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be refunded to customers through the ratemaking process.

In order for a rate-regulated entity to continue to apply the provisions of GASB Statement No. 62, it must continue to meet the following three criteria:

1. The entities' rates for regulated services provided to its customers must be established by an independent third-party regulator or its own governing board empowered by a statute to establish rates that bind customers;
2. The regulated rates must be designed to recover the specific entities' costs of providing the regulated services; and
3. In view of the demand for the regulated services and the level of competition, it is reasonable to assume that rates set at levels that will recover the entities' costs can be charged to and collected from customers.

Based upon GRPUC's management evaluation of the three criteria discussed above in relation to its operations, and the effect of competition on its ability to recover its costs, GRPUC believes that GASB Statement No. 62 continues to apply.

GASB Statement No. 62 is used in the accounting of contributions in aid of construction, regulatory assets and deferred credits.

NOTE 16 – RISK MANAGEMENT

GRPUC is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 17 – MAJOR CUSTOMER AND DEMAND PAYMENT DEFERRAL

GRPUC has a contract with Blandin Paper Company where Blandin Paper Company reimburses GRPUC for expenses associated with the operations of the industrial wastewater treatment plant. Amounts charged for wastewater treatment service was $3,830,529. GRPUC also has contracts with Blandin Paper Company whereby Blandin Paper Company pays demand charges for principal and interest on the General Obligation Revenue Bonds Series 2009E and 2021C. For ratemaking purposes, the commission has elected to defer the recognition of the revenue until the debt service on the bonds are paid. The total demand charges paid by Blandin Paper Company for 2025 was $1,591,786.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

POWER CONTRACT

Minnesota Power (MP) provides wholesale electric service under a contract that expires December 31, 2029, unless prior to that date, a new customer of GRPU with a 15-minute peak of equal to or greater than 10 MW locates in the IEDC Eco Industrial Park. The contract requires no minimum purchase of power and provides that GRPUC may add new renewable generation capacity up to ten percent (10%) (non-cumulative) of the total GRPUC load, based on the previous year's average annual billed demand, excluding any existing renewable generation capacity prior to September 1, 2015.

In addition, beginning in 2022, a new electric service agreement was negotiated with the 13 Northeast Minnesota Municipal Power Agency (NEMMPA) Municipal Customers. This contract expires December 31, 2029. The agreement includes a flat customer charge per month, a predetermined yearly base capacity charge, a yearly predetermined base energy charge, a yearly predetermined incremental capacity charge, and a yearly predetermined incremental energy charge. The contract also contains a base energy adjustment which reflects the sum of (1) a projection of fuel and purchased power costs for the upcoming service year; and (2) a true-up of any variances between projected and actual fuel and purchased power costs for services to NEMMPA Municipal Customers. Grand Rapids Public Utilities Commission is a member of NEMMPA. The peak power requirements for 2025 was 30,597 kW.

NOTE 18 – COMMITMENTS AND CONTINGENCIES (cont.)

OPEN CONTRACTS

GRPUC has several active projects as of December 31, 2025. At year end, GRPUC's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
SpryPoint, Utility Billing Software	$ -	$ 238,071
Oracle, Cloud-based software and services	-	750
CLA - professional services contract 2023-2028	79,572	178,169
Stantec Counsulting, Kettle D Landfill	-	143,000
Widseth, Smith, Nolting, & Assoc, Electrical Services	-	5,000
ABM Equipment, Versalift VST-5500-I	-	301,038
Badger State Inspection, Grid Bee GS-9 Mixer	-	16,616
Badger State Inspection, South Tower Coating Rehabilitation	-	96,700
Dave Berg Consulting, Update to Elec/Water/Wastewater service st	-	29,000
League of MN Cities Insurance, Group Self-Insured Worker's Comp	-	156,007
MN Power, Tioga Substation Facility Study	23,855	20,795
MN Department of Health, Grant Agreement Well Fencing	-	9,566
Northwestern Power Equipment, WTP High Service Pump #2	-	55,729
NOS, Two VFD's for water booster station pumps	-	14,000
NOS, Panel view, PLC and programming for water boost station	-	24,000
NOS, Radio Communication upgrades for water system	9,330	21,770
OPG-3, HR Infrastructure	8,350	1,900
OPG-3, Utility Report Filling/Train the Trainer	-	3,075
Rob's Bobcat service, Vegetation control and restoration services	31,820	43,180
Thein Well, Well 6 repair	-	33,471
Thein Well, repairs on well 1	2,500	25,219
Trident process, 781Q125 exchange reducer heaf for Aerator Pond	-	136,342
Ziegler Power, Generator for well 4	-	94,965

PENDING CLAIMS AND LEGAL PROCEEDINGS

From time to time, GRPUC is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and GRPUC's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on GRPUC's financial position or results of operations.

GRANTS

The GRPUC has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
General Employees Retirement Fund
Last Ten Measurement Periods (Unaudited)

Fiscal Year Ending June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State Proportionate Share of the Net Pension Liability	Total Share of Employer's Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2025	0.0419%	$ 1,388,582	$ 33,497	$ 1,422,079	$ 3,805,441	37.37%	90.78%
2024	0.0364%	1,345,636	34,795	1,380,431	3,115,297	44.31%	89.08%
2023	0.0377%	2,108,142	58,055	2,166,197	2,949,611	73.44%	83.10%
2022	0.0381%	3,017,533	88,652	3,106,185	2,857,386	108.71%	76.70%
2021	0.0370%	1,580,066	48,214	1,628,280	2,820,276	57.73%	87.00%
2020	0.0387%	2,320,242	71,560	2,391,802	2,763,178	86.56%	79.10%
2019	0.0370%	2,045,647	63,664	2,109,311	2,618,728	80.55%	80.20%
2018	0.0394%	2,185,750	198,631	2,384,381	2,648,413	90.03%	79.50%
2017	0.0404%	2,579,109	32,422	2,611,531	2,602,004	100.37%	75.90%
2016	0.0389%	3,158,487	41,243	3,199,730	2,415,909	132.44%	68.90%

SCHEDULE OF CONTRIBUTIONS
General Employees Retirement Fund
Last Ten Years

Year Ended December 31,	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contributions in (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a % of Covered Payroll (b/d)
2025	$ 278,512	$ 278,512	$ -	$ 3,794,969	7.50%
2024	265,470	265,470	-	3,080,619	7.50%
2023	224,650	224,650	-	2,995,333	7.50%
2022	214,304	214,304	-	2,857,387	7.50%
2021	211,521	211,521	-	2,820,280	7.50%
2020	205,333	205,333	-	2,737,773	7.50%
2019	205,477	205,477	-	2,739,693	7.50%
2018	194,844	194,844	-	2,597,920	7.50%
2017	199,725	199,725	-	2,663,000	7.50%
2016	189,105	189,105	-	2,521,400	7.50%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2025 (Unaudited)

NOTE 1 – Changes in Significant Pension Plan Provision, Actuarial Methods, and Assumptions

2025 Changes

The following changes in actuarial assumptions occurred in 2025:

> The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
> The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

The following changes in plan provisions occurred in 2025:

> The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
> The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.
>

2024 Changes

The following change in actuarial assumptions occurred in 2024:

> Rates of merit and seniority were adjusted, resulting in slightly higher rates.
> Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
> Minor increase in assumed withdrawals for males and females.
> Lower rates of disability.
> Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
> Minor changes to form of payment assumptions for male and female retirees.
> Minor changes to assumptions made with respect to missing participant data.

The following change in plan provisions occurred in 2024:

> The workers’ compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

NOTE 1 – Changes in Significant Pension Plan Provision, Actuarial Methods, and Assumptions (Cont.)

2023 Changes

The following change in actuarial assumptions occurred in 2023:

> The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

The following change in plan provisions occurred in 2023:

> An additional one-time direct state aid contribution of $170,1 million will be contributed to the Plan on October 1, 2023.
> The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
> The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
> A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

The following change in actuarial assumptions occurred in 2022:

> The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

The following change in plan provisions occurred in 2022:

> There were no changes in plan provisions since the previous valuation.

NOTE 1 – Changes in Significant Pension Plan Provision, Actuarial Methods, and Assumptions (Cont.)

2021 Changes

The following change in actuarial assumptions occurred in 2021:

> The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
> The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

The following change in plan provisions occurred in 2021:

> There were no changes in plan provisions since the previous valuation.

2020 Changes

The following change in plan provisions occurred in 2020:

> Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The following changes in actuarial assumptions occurred in 2020:

> The price inflation assumption was decreased from 2.50% to 2.25%.
> The payroll growth assumption was decreased from 3.25% to 3.00%.
> Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
> Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
> Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
> Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
> The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
> The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
> The assumed spouse age difference was changed from two years older for females to one year older.
> The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

NOTE 1 – Changes in Significant Pension Plan Provision, Actuarial Methods, and Assumptions (Cont.)

2019 Changes

The following change in plan provisions occurred in 2019:

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

The following changes in actuarial assumptions occurred in 2019:

- The morality projection scale was changed from MP-2017 to MP-2018.

2018 Changes

The following change in plan provisions occurred in 2018:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

The following changes in actuarial assumptions occurred in 2018:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

NOTE 1 – Changes in Significant Pension Plan Provision, Actuarial Methods, and Assumptions (Cont.)

2017 Changes

The following change in plan provisions occurred in 2017:

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

The following changes in actuarial assumptions occurred in 2017:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2016 Changes

The following change in plan provisions occurred in 2016:

- There have been no changes since the prior valuation.

The following changes in actuarial assumptions occurred in 2016:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

SUPPLEMENTARY INFORMATION

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended December 31, 2025

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
OPERATING REVENUES					
Utility revenues - city	$ 14,842,680	$ 2,523,348	1,882,881	$ 4,731,523	$ 23,980,432
Utility revenues - rural	1,859,692	77,563	273,075	-	2,210,330
Security lighting	39,729	-	-	-	39,729
Total Retail Sales	16,742,101	2,600,911	2,155,956	4,731,523	26,230,491
Purchased power adjustment pass-through	2,254,474	-	-	-	2,254,474
Total Utility Revenues	18,996,575	2,600,911	2,155,956	4,731,523	28,484,965
Other Operating Revenue					
Pole rentals	30,473	-	-	-	30,473
Other	174,544	193,139	34,041	-	401,724
Penalties	132,263	-	-	-	132,263
Total Operating Revenues	19,333,855	2,794,050	2,189,997	4,731,523	29,049,425
OPERATING EXPENSES					
Production	-	1,184,070	-	-	1,184,070
Purchased power	13,109,725	-	-	-	13,109,725
Distribution/collection	2,111,870	272,811	247,754	-	2,632,435
Customer accounts	240,679	11,624	4,227	-	256,530
Administrative and general	619,699	851,272	383,664	19,323	1,873,958
Service center	255,764	-	-	-	255,764
Domestic wastewater treatment	-	-	1,130,916	-	1,130,916
Industrial wastewater treatment	-	-	-	5,126,093	5,126,093
Depreciation and amortization	1,128,285	400,526	458,623	1,459,770	3,447,204
Total Operating Expenses	17,466,022	2,720,303	2,225,184	6,605,186	29,016,695
OPERATING INCOME (LOSS)	1,867,833	73,747	(35,187)	(1,873,663)	32,730
NONOPERATING REVENUES (EXPENSES)					
Interest income (loss)	284,675	32,282	-	-	316,957
Demand interest payments	-	-	-	211,410	211,410
Gain (loss) on property disposition	42,563	(7,526)	34,701	-	69,738
Interest expense	(55,448)	(152,099)	(143,273)	(239,001)	(589,821)
Bond fees	-	(785)	(426)	(2,363)	(3,574)
Combined service center contract revenues	9,200	9,200	9,200	-	27,600
Payment in lieu of taxes	(868,000)	-	-	-	(868,000)
Total Nonoperating Revenues (Expenses)	(587,010)	(118,928)	(99,798)	(29,954)	(835,690)
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,280,823	(45,181)	(134,985)	(1,903,617)	(802,960)
CAPITAL CONTRIBUTIONS	123,213	19,420	1,600	1,591,786	1,736,019
CHANGES IN NET POSITION	$ 1,404,036	$ (25,761)	$ (133,385)	$ (311,831)	$ 933,059

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

COMBINING SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended December 31, 2024

	Electric	Water	Wastewater Collection	Wastewater Treatment	Totals
OPERATING REVENUES					
Utility revenues - city	$ 14,533,229	$ 2,203,125	1,799,907	$ 3,830,529	$ 22,366,790
Utility revenues - rural	1,869,151	67,825	289,695	-	2,226,671
Security lighting	40,259	-	-	-	40,259
Total Retail Sales	16,442,639	2,270,950	2,089,602	3,830,529	24,633,720
Purchased power adjustment pass-through	1,606,057	-	-	-	1,606,057
Total Utility Revenues	18,048,696	2,270,950	2,089,602	3,830,529	26,239,777
Other Operating Revenue					
Pole rentals	30,473	-	-	-	30,473
Other	184,048	210,473	27,212	-	421,733
Penalties	202,027	-	-	-	202,027
Total Operating Revenues	18,465,244	2,481,423	2,116,814	3,830,529	26,894,010
OPERATING EXPENSES					
Production	-	885,545	-	-	885,545
Purchased power	11,887,979	-	-	-	11,887,979
Distribution/collection	1,497,869	590,013	260,199	-	2,348,081
Customer accounts	412,160	113,621	85,528	-	611,309
Administrative and general	1,512,204	646,475	427,764	-	2,586,443
Service center	178,863	-	-	-	178,863
Domestic wastewater treatment	-	-	822,070	-	822,070
Industrial wastewater treatment	-	-	-	3,927,813	3,927,813
Depreciation and amortization	1,120,143	424,022	332,772	1,591,060	3,467,997
Total Operating Expenses	16,609,218	2,659,676	1,928,333	5,518,873	26,716,100
OPERATING INCOME (LOSS)	1,856,026	(178,253)	188,481	(1,688,344)	177,910
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	317,644	37,141	-	-	354,785
Demand interest payments	-	-	-	360,973	360,973
Intergovernmental Revenue	391,397	-	-	-	391,397
Gain (loss) on property disposition	3,500	-	-	-	3,500
Interest expense	(30,623)	(165,637)	(130,127)	(379,563)	(705,950)
Bond fees	-	(771)	(675)	(2,324)	(3,770)
Amortization of regulatory asset	(5,992)	(1,284)	(4,496)	(66,435)	(78,207)
Combined service center contract revenues	8,000	8,000	8,000	-	24,000
Miscellaneous revenue	125,429	-	-	-	125,429
Payment in lieu of taxes	(868,000)	-	-	-	(868,000)
Total Nonoperating Revenues (Expenses)	(58,645)	(122,551)	(127,298)	(87,349)	(395,843)
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,797,381	(300,804)	61,183	(1,775,693)	(217,933)
CAPITAL CONTRIBUTIONS	88,199	72,268	70,334	1,725,207	1,956,008
CHANGES IN NET POSITION	$ 1,885,580	$ (228,536)	$ 131,517	$ (50,486)	$ 1,738,075

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN UTILITY PLANT
As of December 31, 2025

	Balance 1-1-25	Increases	Decreases	Transfers	Balance 12-31-25
ELECTRIC DEPARTMENT					
Distribution					
Land and land improvements	$ 263,320	$ -	$ -	$ -	$ 263,320
Intangibles	89,359	-	-	-	89,359
Structures and improvements	411,762	-	-	-	411,762
Distribution system	29,282,402	1,098,267	-	-	30,380,669
Street and security lighting system	197,966	45,990	-	-	243,956
Machinery and equipment	2,191,908	144,595	-	-	2,336,503
Total Electric Department	32,436,717	1,288,852	-	-	33,725,569
WATER DEPARTMENT					
Production					
Land and land improvements	255,508	-	-	-	255,508
Structures and improvements	1,736,680	-	-	-	1,736,680
Wells, pumps and accessories	533,678	96,505	74,476	253,274	808,981
Water treatment plant equipment	2,497,293	40,310	334	(253,274)	2,283,995
Total Production	5,023,159	136,815	74,810	-	5,085,164
Distribution					
Distribution system	17,409,346	504,834	381,483	-	17,532,697
Intangibles	1,467	-	-	-	1,467
Machinery and equipment	254,908	-	-	-	254,908
Total Distribution	17,665,721	504,834	381,483	-	17,789,072
Total Water Department	22,688,880	641,649	456,293	-	22,874,236
WASTEWATER COLLECTION DEPARTMENT					
Distribution					
Land	75,041	-	-	-	75,041
Treatment plant	460,477	-	-	-	460,477
Collection system	11,063,425	357,221	332,898	-	11,087,748
Intangibles	2,804	-	-	-	2,804
Machinery and equipment	762,457	-	-	-	762,457
Total Wastewater Collection Department	12,364,204	357,221	332,898	-	12,388,527
WASTEWATER TREATMENT DEPARTMENT					
Land	773,038	-	-	-	773,038
Domestic treatment facility	2,400,645	-	-	-	2,400,645
Screen house	5,635,608	20,862	-	-	5,656,470
Industrial treatment facility	6,710,438	50,709	-	-	6,761,147
Industrial primary plant II	25,720,775	7,470	-	-	25,728,245
Sludge disposal	1,089,469	-	-	-	1,089,469
Service center building	3,061,856	11,564	-	-	3,073,420
Secondary treatment facility	14,503,848	53,635	-	-	14,557,483
Total Wastewater Treatment Department	59,895,677	144,240	-	-	60,039,917
GENERAL PLANT					
Land and improvements	597,924	-	-	-	597,924
Intangibles	618,095	-	-	-	618,095
Service center	5,044,990	697,248	50,481	-	5,691,757
Communications equipment	110,691	-	-	-	110,691
Automated meter read equipment	363,064	-	-	-	363,064
Total General Plant	6,734,764	697,248	50,481	-	7,381,531
Total Utility Plant in Service	134,120,242	3,129,210	839,672	-	136,409,780
Construction Work in Progress	1,442,851	3,319,501	2,622,806	-	2,139,546
TOTAL INVESTMENT IN UTILITY PLANT	$ 135,563,093	$ 6,448,711	$ 3,462,478	$ -	$ 138,549,326

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN UTILITY PLANT
As of December 31, 2024

	Balance 1-1-24	Increases	Decreases/ Transfers	Adjustments	Balance 12-31-24
ELECTRIC DEPARTMENT					
Distribution					
Land and land improvements	$ 263,320	$ -	$ -	$ -	$ 263,320
Intangibles	89,359	-	-	-	89,359
Structures and improvements	411,762	-	-	-	411,762
Distribution system	29,058,535	223,867	-	-	29,282,402
Street and security lighting system	192,021	5,945	-	-	197,966
Machinery and equipment	2,121,201	83,691	12,984	-	2,191,908
Total Electric Department	32,136,198	313,503	12,984	-	32,436,717
WATER DEPARTMENT					
Production					
Land and land improvements	300,294	-	-	(44,786)	255,508
Structures and improvements	1,691,894	-	-	44,786	1,736,680
Wells, pumps and accessories	533,678	-	-	-	533,678
Water treatment plant equipment	2,244,019	253,274	-	-	2,497,293
Total Production	4,769,885	253,274	-	-	5,023,159
Distribution					
Distribution system	16,508,757	900,589	-	-	17,409,346
Intangibles	1,467	-	-	-	1,467
Machinery and equipment	254,908	-	-	-	254,908
Total Distribution	16,765,132	900,589	-	-	17,665,721
Total Water Department	21,535,017	1,153,863	-	-	22,688,880
WASTEWATER COLLECTION DEPARTMENT					
Distribution					
Land	75,041	-	-	-	75,041
Treatment plant	460,477	-	-	-	460,477
Collection system	10,040,736	1,022,689	-	-	11,063,425
Intangibles	2,804	-	-	-	2,804
Machinery and equipment	743,807	18,650	-	-	762,457
Total Wastewater Collection Department	11,322,865	1,041,339	-	-	12,364,204
WASTEWATER TREATMENT DEPARTMENT					
Land	773,038	-	-	-	773,038
Domestic treatment facility	2,400,645	-	-	-	2,400,645
Screen house	5,359,481	-	-	-	5,359,481
Industrial treatment facility	6,710,437	-	-	-	6,710,437
Industrial primary plant II	25,694,971	-	-	-	25,694,971
Sludge disposal	1,089,470	-	-	-	1,089,470
Service center building	3,069,356	-	-	-	3,069,356
Secondary treatment facility	14,798,279	-	-	-	14,798,279
Total Wastewater Treatment Department	59,895,677	-	-	-	59,895,677
GENERAL PLANT					
Land and improvements	597,924	-	-	-	597,924
Intangibles	618,095	-	-	-	618,095
Service center	4,837,423	212,882	5,315	-	5,044,990
Communications equipment	110,691	-	-	-	110,691
Automated meter read equipment	363,064	-	-	-	363,064
Total General Plant	6,527,197	212,882	5,315	-	6,734,764
Total Utility Plant in Service	131,416,954	2,721,587	18,299	-	134,120,242
Construction Work in Progress	196,186	3,970,332	2,723,667	-	1,442,851
TOTAL INVESTMENT IN UTILITY PLANT	$ 131,613,140	$ 6,691,919	$ 2,741,966	$ -	$ 135,563,093

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION
As of December 31, 2025

	Composite Depreciation Rates	Balance 1-1-25	Increases	Decreases	Balance 12-31-25	Percent of Plant Balance
ELECTRIC DEPARTMENT						
Distribution						
Intangibles		$ 66,336	$ 12,559	$ -	$ 78,895	
Structures and improvements		186,943	9,451	-	196,394	
Distribution system		14,981,890	824,533	-	15,806,423	
Street and security lighting system		75,547	7,257	-	82,804	
Machinery and equipment		1,857,112	55,006	123,664	1,788,454	
Total Electric Department	2.7%	17,167,828	908,806	123,664	17,952,970	53.2%
WATER DEPARTMENT						
Production						
Structures and improvements		1,267,780	35,912	-	1,303,692	
Wells, pumps and accessories		418,995	8,458	74,476	352,977	
Water treatment plant equipment		2,120,696	9,800	334	2,130,162	
Total Production		3,807,471	54,170	74,810	3,786,831	
Distribution						
Distribution system		5,864,137	303,950	9,399	6,158,688	
Intangibles		1,467	-	-	1,467	
Machinery and equipment		235,721	6,815	-	242,536	
Total Distribution		6,101,325	310,765	9,399	6,402,691	
Total Water Department	1.6%	9,908,796	364,935	84,209	10,189,522	44.5%
WASTEWATER COLLECTION DEPARTMENT						
Distribution						
Treatment plant		292,619	6,755	-	299,374	
Collection system		2,535,907	233,980	-	2,769,887	
Intangibles		2,804	-	-	2,804	
Machinery and equipment		466,276	94,592	-	560,868	
Total Wastewater Collection Department	2.7%	3,297,606	335,327	-	3,632,933	29.3%
WASTEWATER TREATMENT DEPARTMENT						
Domestic treatment facility		1,713,046	89,183	-	1,802,229	
Screen house		2,181,211	127,382	-	2,308,593	
Industrial treatment facility		6,417,755	41,692	-	6,459,447	
Industrial primary plant II		12,471,424	904,557	-	13,375,981	
Sludge disposal		684,193	48,639	-	732,832	
Service center building		1,311,700	100,418	-	1,412,118	
Secondary treatment facility		11,462,034	152,759	-	11,614,793	
Total Wastewater Treatment Department	2.4%	36,241,363	1,464,630	-	37,705,993	62.8%
GENERAL PLANT						
Intangibles		586,891	33,223	-	620,114	
Service center		3,141,240	110,728	13,725	3,238,243	
Communications equipment		89,633	3,008	-	92,641	
Automated meter read equipment		198,486	16,828	-	215,314	
Total General Plant	2.3%	4,016,250	163,787	13,725	4,166,312	56.4%
Total Accumulated Depreciation		70,631,843	3,237,485	221,598	73,647,730	
Construction Work in Progress		-	-	-	-	
TOTAL ACCUMULATED DEPRECIATION	2.4%	$ 70,631,843	$ 3,237,485	$ 221,598	$ 73,647,730	54.0%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION
As of December 31, 2024

	Composite Depreciation Rates	Balance 1-1-24	Increases	Decreases	Adjustments	Balance 12-31-24	Percent of Plant Balance
ELECTRIC DEPARTMENT							
Distribution							
Intangibles		$ 53,779	$ 12,557	$ -	$ -	$ 66,336	
Structures and improvements		177,490	9,453	-	-	186,943	
Distribution system		14,101,956	879,934	-	-	14,981,890	
Street and security lighting system		68,119	7,428	-	-	75,547	
Machinery and equipment		1,819,607	50,489	12,984	-	1,857,112	
Total Electric Department	3.0%	16,220,951	959,861	12,984	-	17,167,828	52.9%
WATER DEPARTMENT							
Production							
Structures and improvements		1,232,143	35,637	-	-	1,267,780	
Wells, pumps and accessories		410,719	8,276	-	-	418,995	
Water treatment plant equipment		2,088,958	31,738	-	-	2,120,696	
Total Production		3,731,820	75,651	-	-	3,807,471	
Distribution							
Distribution system		5,550,782	313,355	-	-	5,864,137	
Intangibles		1,467	-	-	-	1,467	
Machinery and equipment		224,303	11,418	-	-	235,721	
Total Distribution		5,776,552	324,773	-	-	6,101,325	
Total Water Department	1.8%	9,508,372	400,424	-	-	9,908,796	43.7%
WASTEWATER COLLECTION DEPARTMENT							
Distribution							
Treatment plant		285,865	6,754	-	-	292,619	
Collection system		2,330,209	205,698	-	-	2,535,907	
Intangibles		2,804	-	-	-	2,804	
Machinery and equipment		369,809	96,467	-	-	466,276	
Total Wastewater Collection Department	2.6%	2,988,687	308,919	-	-	3,297,606	26.7%
WASTEWATER TREATMENT DEPARTMENT							
Domestic treatment facility		1,617,187	95,859	-	-	1,713,046	
Screen house		2,048,465	132,746	-	-	2,181,211	
Industrial treatment facility		6,374,248	43,507	-	-	6,417,755	
Industrial primary plant II		11,557,943	913,481	-	-	12,471,424	
Sludge disposal		633,344	50,849	-	-	684,193	
Service center building		1,208,728	102,972	-	-	1,311,700	
Secondary treatment facility		11,210,388	251,646	-	-	11,462,034	
Total Wastewater Treatment Department	2.7%	34,650,303	1,591,060	-	-	36,241,363	60.5%
GENERAL PLANT							
Intangibles		538,200	48,691	-	-	586,891	
Service center		3,038,898	102,342	-	-	3,141,240	
Communications equipment		86,625	3,008	-	-	89,633	
Automated meter read equipment		179,373	19,113	-	-	198,486	
Total General Plant	3.2%	3,843,096	173,154	-	-	4,016,250	59.6%
TOTAL ACCUMULATED DEPRECIATION	2.6%	$ 67,211,409	$ 3,433,418	$ 12,984	$ -	$ 70,631,843	52.7%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

SCHEDULE OF CONTRIBUTIONS TO THE CITY OF GRAND RAPIDS
For the Year Ended December 31, 2025 and 2024

	2025 Payment in Lieu of Taxes	2024 Payment in Lieu of Taxes
CASH		
Annual cash payment	$ 868,000	$ 868,000
TOTAL CONTRIBUTIONS	$ 868,000	$ 868,000

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

STATISTICAL SECTION

Grand Rapids Public Utilities Commission
STATISTICAL SECTION (UNAUDITED)

This portion of the Grand Rapids Public Utilities Commission's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Net Position by Component,
Last Ten Fiscal Years

	2016	2017	2018	2019
Primary government				
Net investment in capital assets	$ 39,374,349	$ 40,813,404	$ 41,199,607	$ 43,027,147
Restricted	1,181,470	939,416	880,250	1,252,688
Unrestricted	5,162,793	5,579,512	5,834,183	5,676,390
Total primary government net position	$ 45,718,612	$ 47,332,332	$ 47,914,040	$ 49,956,225

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

Net Position by Component (Continued),
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
$ 45,010,756	$ 43,337,623	$ 44,370,092	$ 47,512,259	$ 49,340,422	$ 49,856,836
796,279	3,537,622	2,768,460	2,574,040	2,506,132	1,769,299
5,537,754	4,358,203	6,188,604	9,634,063	9,611,883	10,765,361
$ 51,344,789	$ 51,233,448	$ 53,327,156	$ 59,720,362	$ 61,458,437	$ 62,391,496

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

CHANGES IN NET POSITION
Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues/ (Expenses)	Income/ (Loss) before Capital Contributions	Capital Contributions	Change in Net Position
2016	$ 22,520,487	$ 23,527,444	$ (1,006,957)	$ (412,909)	$ (1,419,866)	$ 2,175,805	$ 755,939
2017	23,704,579	23,445,121	259,458	(1,021,838)	(762,380)	2,376,100	1,613,720
2018	22,691,518	22,976,721	(285,203)	(871,255)	(1,156,458)	1,738,166	581,708
2019	22,544,185	22,931,149	(386,964)	(777,878)	(1,164,842)	3,207,027	2,042,185
2020	22,497,289	22,940,754	(443,465)	(677,080)	(1,120,545)	2,509,109	1,388,564
2021	25,314,524	26,024,361	(709,837)	(1,128,233)	(1,838,070)	1,726,729	(111,341)
2022	26,690,218	25,398,523	1,291,695	(951,835)	3,398,600	1,753,848	2,093,708
2023	26,004,875	26,429,220	(424,345)	(849,696)	(1,274,041)	4,496,465	3,222,424
2024	26,894,010	26,716,100	177,910	(395,843)	(217,933)	1,956,008	1,738,075
2025	29,049,425	29,016,695	32,730	(835,690)	(802,960)	1,736,019	933,059

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Electric Revenues	Water Revenues	Wastewater Collection Revenues	Wastewater Treatment Revenues	Total
2016	$ 14,764,345	$ 1,622,794	$ 1,413,578	$ 4,719,770	$ 22,520,487
2017	15,849,263	1,689,970	1,665,847	4,499,499	23,704,579
2018	15,419,378	1,709,315	1,729,956	3,832,869	22,691,518
2019	15,418,632	1,831,540	1,808,115	3,485,898	22,544,185
2020	15,331,223	1,778,042	1,796,436	3,591,588	22,497,289
2021	18,212,360	1,881,458	1,866,283	3,354,423	25,314,524
2022	19,120,685	1,880,120	1,859,784	3,829,629	26,690,218
2023	17,991,569	2,352,711	2,041,644	3,618,951	26,004,875
2024	18,465,244	2,481,423	2,116,814	3,830,529	26,894,010
2025	19,333,855	2,794,050	2,189,997	4,731,523	29,049,425

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING EXPENSES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Production	Purchased Power	Distribution/ Collection	Customer Accounts	Administrative and General
2016	$ 497,804	$ 10,423,456	$ 1,514,328	$ 528,368	$ 1,862,302
2017	502,694	10,991,941	1,490,156	485,147	1,640,048
2018	496,597	11,169,489	1,302,074	520,420	1,723,205
2019	508,915	11,336,920	1,460,272	524,056	1,640,373
2020	543,700	11,069,792	1,440,341	451,528	1,675,285
2021	591,648	13,611,143	1,996,952	655,130	1,724,030
2022	619,882	11,797,928	2,113,977	663,767	2,104,239
2023	695,313	12,309,911	2,281,669	558,476	2,103,456
2024	885,545	11,887,979	2,348,081	611,309	2,586,443
2025	1,184,070	13,109,725	2,632,435	256,530	1,873,958

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING EXPENSES BY SOURCE (CONTINUED)
Last Ten Fiscal Years

Service Center	Domestic Wastewater Treatment	Industrial Wastewater Treatment	Depreciation and Amortization	Total Operating Expenses
$ 141,329	$ 577,033	$ 5,069,119	$ 2,913,705	$ 23,527,444
176,784	524,932	4,617,591	3,015,828	23,445,121
141,992	543,806	3,973,241	3,105,897	22,976,721
170,066	520,359	3,626,299	3,143,889	22,931,149
144,214	514,032	3,640,009	3,461,853	22,940,754
164,112	553,020	3,406,594	3,321,732	26,024,361
195,345	604,589	3,926,815	3,371,981	25,398,523
194,120	822,020	4,113,584	3,350,671	26,429,220
178,863	882,070	4,113,584	3,350,671	26,429,220
255,764	1,130,916	5,126,093	3,447,204	29,016,695

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NONOPERATING REVENUES AND EXPENSES
Last Ten Fiscal Years

Fiscal Year	Investment Income (Loss)	Demand Interest Payments	Landfill Contribution	Grant Revenues	Gain (Loss) on Property Disposition	Interest Expense & Bond Fees	Miscellaneous Revenue
2016	$ 40,886	$ 692,800	$ 430,000	$ -	$ (761)	$ (859,394)	$ -
2017	38,310	640,948	200,000	-	(392,642)	(780,128)	-
2018	26,473	600,024	200,000	-	(90,353)	(731,588)	-
2019	50,825	545,700	210,000	10,000	(82,422)	(664,243)	-
2020	30,745	486,434	110,000	145,672	(547)	(594,491)	-
2021	20,730	445,886	110,000	84,329	26,246	(542,322)	-
2022	(86,061)	470,362	-	-	(26,063)	(420,734)	-
2023	232,714	307,421	-	-	(24,881)	(495,149)	-
2024	354,785	360,973	-	391,397	3,500	(709,720)	125,429
2025	316,957	211,410	-	-	69,738	(589,821)	-

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NONOPERATING REVENUES AND EXPENSES (CONTINUED)
Last Ten Fiscal Years

Capitalized Interest	Amortization of Debt Premiums, Discounts, Regulatory Asset and Loss on Refundng	Combined Service Center Contract Revenues	Payment in Lieu of Taxes	Special Pension Funding Contribution Revenue	City Land Improvements	Total Nonoperating Revenues and Expenses
$ 18,899	$ (24,308)	$ 146,927	$ (870,255)	$ 12,297	$ -	$ (412,909)
-	(22,845)	167,417	(872,898)	-	-	(1,021,838)
-	(22,845)	23,866	(876,832)	-	-	(871,255)
-	(22,583)	46,761	(871,916)	-	-	(777,878)
-	(19,707)	38,351	(873,537)	-	-	(677,080)
-	(23,298)	26,124	(882,288)	-	(393,640)	(1,128,233)
-	(38,660)	24,100	(870,377)	-	(4,402)	(951,835)
-	(22,105)	24,000	(868,840)	-	(2,856)	(849,696)
-	(78,207)	24,000	(868,000)	-	-	(395,843)
-	(3,574)	27,600	(868,000)	-	-	(835,690)

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Electric Connection Fees	Water Connection Fees	Wastewater Collection Connection Fees	Water Capital Contributions From / (To)
2016	$ 31,138	$ 25,049	$ 5,780	$ -
2017	26,990	12,842	900	-
2018	13,463	8,896	8,839	-
2019	19,797	11,549	900	-
2020	25,285	10,098	1,000	-
2021	66,954	20,953	1,400	-
2022	142,203	18,556	1,200	-
2023	93,349	6,276	1,000	1,124,494
2024	88,199	29,014	900	72,268
2025	123,213	19,420	1,600	-

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE (CONTINUED)
Last Ten Fiscal Years

Wastewater Collection Capital Contributions From / (To)	Wastewater Treatment Capital Contributions From / (To)	Municipality Contribution for Capital Projects	Grants for Capital Projects	Total
$ -	$ 2,113,838	$ -	$ -	$ 2,175,805
-	2,335,368	-	-	2,376,100
-	1,706,968	-	-	1,738,166
-	3,174,781	-	-	3,207,027
-	2,087,661	75,000	310,065	2,509,109
-	1,637,422	-	-	1,726,729
-	1,591,889	-	-	1,753,848
1,642,770	1,628,576	-	-	4,496,465
69,434	1,696,193	-	-	1,956,008
-	1,591,786	-	-	1,736,019

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC PRODUCTION AND DISTRIBUTION
Last Ten Fiscal Years

Fiscal Year	Power Purchased (kWh)	kWh Sold or Accounted for	Unaccounted for kWh	Percent Line Loss	Peak Demand (kW)	Average Peak Demand for Year (kW)	Average Load Factor for Year
2016	172,648,880	159,786,606	12,862,274	7.4%	30,540	26,056	75.7%
2017	164,976,040	157,576,190	7,399,850	4.5%	29,024	25,543	73.9%
2018	162,918,560	156,835,682	6,082,878	3.7%	29,960	25,768	72.7%
2019	158,656,040	150,836,024	7,739,965	4.9%	29,488	24,963	72.8%
2020	156,479,120	150,501,080	5,696,609	3.6%	30,004	24,467	73.5%
2021	159,330,440	152,984,662	6,345,778	4.0%	31,868	25,666	71.6%
2022	163,132,152	156,690,841	6,441,311	4.0%	29,859	25,412	73.3%
2023	159,352,627	152,909,054	6,443,573	4.0%	30,231	26,318	69.6%
2024	162,942,501	154,859,215	8,083,286	5.0%	31,521	25,484	73.0%
2025	166,487,010	158,536,449	7,950,561	4.0%	30,597	26,017	73.0%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

kWh SOLD OR ACCOUNTED FOR BY CUSTOMER CLASS
Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	City Demand and Energy	Rural Residential	Rural Commercial
2016	33,843,733	22,508,782	59,632,888	8,867,254	2,847,978
2017	34,200,970	23,477,446	56,899,637	8,686,092	3,011,103
2018	36,061,124	23,128,684	57,746,351	9,370,894	3,004,178
2019	34,223,484	22,702,020	56,712,411	8,949,898	2,918,739
2020	37,254,052	21,801,229	54,270,228	9,536,982	2,876,997
2021	37,531,633	21,776,800	55,195,224	9,845,575	3,224,425
2022	36,863,676	22,383,198	57,247,640	9,310,494	3,258,792
2023	35,915,175	22,557,609	57,646,461	9,315,365	3,122,815
2024	34,803,994	20,228,222	61,360,582	9,095,241	2,922,197
2025	35,345,267	21,644,897	64,934,691	9,234,385	3,062,346

Note: All data in kWh

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

kWh SOLD OR ACCOUNTED FOR BY CUSTOMER CLASS (CONTINUED)
Last Ten Fiscal Years

Rural Demand and Energy	Industrial	Dual Fuel	Street Lighting	Security Lighting	Total kWh Sold or Accounted for
2,314,820	22,893,934	5,292,302	1,306,067	278,848	159,786,606
2,195,613	21,855,145	5,727,004	1,242,582	280,598	157,576,190
2,434,108	17,488,247	6,241,085	1,077,931	283,080	156,835,682
2,463,562	15,945,355	5,650,533	980,732	289,290	150,836,024
2,203,449	15,874,761	5,443,937	931,259	308,186	150,501,080
2,262,462	17,338,841	4,622,712	882,943	303,794	152,984,409
2,324,586	19,685,238	4,471,442	836,290	309,485	156,690,841
2,349,544	16,280,261	4,601,690	810,594	309,540	152,909,054
2,648,126	18,750,132	3,957,418	786,799	306,504	154,859,215
2,826,781	16,755,349	3,660,612	764,619	307,502	158,536,449

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF ELECTRIC CUSTOMER METERS BY TYPE
Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	Rural Residential	Rural Commercial
2016	4,577	1,192	1,005	163
2017	4,582	1,191	1,008	160
2018	4,572	1,197	1,011	164
2019	4,717	1,214	1,006	177
2020	4,716	1,214	1,006	181
2021	4,678	1,210	1,015	186
2022	4,830	1,233	1,007	215
2023	4,811	1,132	1,024	183
2024	4,816	1,117	987	181
2025	4,675	1,183	1,153	206

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF ELECTRIC CUSTOMER METERS BY TYPE (CONTINUED)
Last Ten Fiscal Years

Industrial	Dual Fuel	Total Electric Customers	Security Lights	Water Heater Control Customers
12	372	7,321	441	699
12	370	7,323	437	700
11	366	7,321	440	685
11	378	7,503	469	694
12	375	7,504	471	685
22	345	7,456	352	683
22	374	7,681	445	681
20	371	7,541	451	682
17	373	7,491	481	680
17	373	7,607	481	680

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC RATES - CITY CUSTOMERS
Last Ten Fiscal Years

	2016	2017 (Mar)	2018 (Sept)	2019	2020 (Sept)	2021 (April)	2022 (April)	2023	2024	2025
City Residential :										
Customer Charge	$ 6.65	$ 6.89	$ 9.50	$ 9.50	$ 9.75	$ 10.00	$ 10.25	$ 10.40	$ 10.40	$ 10.40
All kWh per month	-	-	-	-	-	-	-	-	-	-
First 500 kWh per month	0.0779	0.0807	0.0837	0.0837	0.0854	0.0871	0.0888	0.0900	0.1055	0.0900
Over 500 kWh per month	0.1012	0.1048	0.1078	0.1078	0.1100	0.1122	0.1144	0.1159	0.1314	0.1159
City Commercial:										
Customer Charge	12.80	13.26	17.75	17.75	18.25	18.75	19.25	19.55	19.55	19.55
All kWh per month	0.0934	0.0967	0.0997	0.0997	0.1017	0.1037	0.1058	0.1072	0.1072	0.1072
First 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Over 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Load Management Heating:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699	0.0750	0.0750
Load Management - Storage Heat:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0467	0.0484	0.0514	0.0514	0.0524	0.0534	0.0545	0.0630	0.0715	0.0715
Load Management Cooling - Continuous Control:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699	0.0750	0.0750
Load Management Cooling - Cycled Control:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0779*	.0807*	0.0837	0.0837	0.0837	0.0871	0.0888	0.0888	0.0888	0.0888
* kWh chged @ normal rate for customer class										
Monthly Credit	8.75	9.06	9.83	9.83	9.83	9.83	9.83	9.83	9.83	9.83
Controlled Water Heating:										
Monthly Credit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Demand & Energy:										
Customer Charge	-	-	17.75	17.75	25.00	26.00	27.00	28.00	28.00	28.00
Demand Charge: Per kWh	15.85	16.41	16.41	16.41	16.74	17.07	17.41	17.64	17.64	17.64
Energy Charge: Per kWh	0.0437	0.0453	0.0483	0.0483	0.0493	0.0503	0.0513	0.0520	0.0520	0.0520
Minimum kW/month	10	10	10	10	10	10	10	10	10	10
Industrial:										
Customer Charge	-	-	17.75	17.75	25.00	26.00	27.00	28.00	28.00	28.00
Demand Charge: Per kW	15.85	16.41	16.41	16.41	16.74	17.07	17.41	17.64	17.64	17.64
Energy Charge: Per kWh	0.0437	0.0453	0.0483	0.0483	0.0493	0.0503	0.0513	0.0520	0.0520	0.0520
Minimum kW/month	10	10	10	10	10	10	10	10	10	10
Entertainment Lighting Rate: Seasonal Evening										
Customer Charge	9.10	9.42	12.75	12.75	12.75	12.75	12.75	12.75	12.75	12.75
Energy Charge: Per kWh/mo	0.0968	0.1002	0.1032	0.1032	0.1032	0.1032	0.1032	0.1032	0.1032	0.1032

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC RATES-RURAL CUSTOMERS
Last Ten Fiscal Years

	2016	2017 (Mar)	2018 (Sept)	2019	2020 (Sept)	2021 (April)	2022 (April)	2023	2024	2025
Rural Residential:										
Customer Charge	$ 7.65	$ 7.92	$ 10.50	$ 10.50	$ 10.75	$ 11.00	$ 11.25	$ 11.40	$ 11.40	$ 11.40
All kWh per month	-	-	-	-	-	-	-	-	-	-
First 500 kWh per month	0.0814	0.0843	0.0873	0.0873	0.0890	0.0907	0.0922	0.0936	0.0936	0.0936
Over 500 kWh per month	0.1047	0.1084	0.1114	0.1114	0.1136	0.1158	0.1180	0.1195	0.1195	0.1195
Rural Commercial;										
Customer Charge	13.80	14.29	18.75	18.75	19.25	19.75	20.25	20.55	20.55	20.55
All kWh per month	0.0971	0.1006	0.1036	0.1036	0.1056	0.1076	0.1097	0.1111	0.1111	0.1111
First 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Over 10,000 kWh per month	-	-	-	-	-	-	-	-	-	-
Load Management Heating:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699	0.0750	0.0750
Load Management - Storage Heat:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0467	0.0484	0.0514	0.0514	0.0524	0.0534	0.0545	0.0630	0.0715	0.0715
Load Management Cooling - Continuous Control:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0561	0.0581	0.0611	0.0611	0.0623	0.0635	0.0648	0.0699	0.0750	0.0750
Load Management Cooling - Cycled Control:										
Customer Charge	6.65	6.89	7.50	7.50	7.75	8.00	8.25	8.40	8.40	8.40
Energy Charge: Per kWh	0.0814*	.0807*	0.0837	0.0837	0.0837	0.0837	0.0888	0.0888	0.0888	0.0888
* kWh chged @ normal rate for customer class										
Monthly Credit	8.75	9.06	9.83	9.83	9.83	9.83	9.83	9.83	9.83	9.83
Controlled Water Heating:										
Monthly Credit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Rural Demand & Energy:										
Customer Charge	-	-	18.75	18.75	25.00	26.00	27.00	28.00	28.00	28.00
Demand Charge: Per kWh	16.65	17.24	17.24	17.24	17.59	17.07	17.41	17.64	17.64	17.64
Energy Charge: Per kWh	0.0473	0.0490	0.0520	0.0520	0.0530	0.0540	0.0550	0.0557	0.0557	0.0557
Minimum kW/month	10	10	10	10	10	10	10	10	10	10

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER PRODUCTION AND DISTRIBUTION
Last Ten Fiscal Years

Fiscal Year	Gallons of Water Pumped	Gallons of Water Used in Processing	Gallons of Water to System	Gallons of Water Distributed	Unaccounted for Gallons	Percent System Loss
2016	535,997	152,819	383,178	312,765	70,413	18.4%
2017	507,151	131,338	375,813	319,578	56,235	15.0%
2018	361,329	13,859	347,470	308,695	38,775	11.2%
2019	374,602	34,422	340,180	307,253	32,698	9.6%
2020	399,832	56,480	343,352	298,465	43,946	12.8%
2021	454,165	84,684	369,481	331,125	38,356	10.4%
2022	462,231	111,530	350,701	314,260	36,441	10.4%
2023	521,606	156,315	365,291	329,576	36,085	9.9%
2024	360,730	14,151	346,579	332,822	18,807	5.0%
2025	383,245	20,510	362,735	361,272	1,463	0.4%

Note: Data in 1000's of gallons

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER DISTRIBUTION BY CUSTOMER CLASS
Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	City Industrial	Rural Industrial	System Maintenance	Total Water Gallons Distributed
2016	95,217	156,454	46,810	11,208	3,076	312,765
2017	94,029	157,087	43,717	9,829	14,916	319,578
2018	93,541	162,494	38,815	9,357	4,488	308,695
2019	91,068	165,426	34,730	9,518	6,511	307,253
2020	92,271	153,309	36,191	9,654	7,040	298,465
2021	100,328	168,860	46,783	10,424	4,730	331,125
2022	92,464	156,578	46,660	9,426	9,132	314,260
2023	100,276	176,351	40,611	9,633	4,032	330,903
2024	98,608	174,707	41,852	12,605	5,050	332,822
2025	109,574	181,831	46,643	16,753	6,471	361,272

Notes: Data in 1000's of gallons.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

NUMBER OF WATER AND WASTEWATER COLLECTION CUSTOMER METERS BY TYPE
Last Ten Fiscal Years

Fiscal Year	City Residential	City Commercial	Rural Residential	Rural Commercial	City Industrial	Rural Industrial	Total Water Customers
2016	2,552	677	-	-	6	2	3,237
2017	2,561	685	-	-	6	2	3,254
2018	2,565	692	-	-	6	2	3,265
2019	2,570	698	-	-	6	2	3,276
2020	2,577	697	-	-	6	2	3,282
2021	2,581	704	-	-	6	2	3,293
2022	2,585	698	-	-	6	2	3,291
2023	2,607	681	-	-	6	2	3,296
2024	2,618	684	-	-	6	2	3,310
2025	2,581	698	-	-	6	2	3,287

Fiscal Year	City Residential	City Commercial	Rural Residential	Rural Commercial	City Industrial	Rural Industrial	Total Wastewater Collection Customers
2016	2,557	626	4	13	1	3	3,204
2017	2,564	630	4	11	1	4	3,214
2018	2,573	625	4	9	1	4	3,216
2019	2,578	629	4	9	1	4	3,225
2020	2,582	626	4	9	1	4	3,226
2021	2,586	623	4	9	1	4	3,227
2022	2,590	618	4	9	1	3	3,225
2023	2,594	623	4	11	1	2	3,235
2024	2,614	678	4	11	1	3	3,310
2025	2,586	623	4	10	1	4	3,228

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER AND WASTEWATER COLLECTION RATES - CITY CUSTOMERS
Last Ten Fiscal Years

	2016	2017 (Mar)	2018 (Sept)	2019	2020	2021	2022	2023	2024	2025
Water Rates										
Base rate (meter size)										
5/8" - 3/4"	$ 6.08	$ 6.25	$ 8.50	$ 8.50	$ 8.50	$ 8.50	$ 8.67	$ 9.90	$ 10.97	$ 12.06
1"	8.51	8.70	11.84	11.84	11.84	11.84	12.08	13.80	15.25	16.81
1 1/4"	10.94	11.20	13.61	13.61	13.61	13.61	13.87	15.85	17.43	19.17
1 1/2"	10.94	11.20	15.24	15.24	15.24	15.24	15.54	17.76	19.67	21.63
2"	17.63	18.10	24.63	24.63	24.63	24.63	25.12	28.70	31.77	34.95
3"	66.88	68.55	93.26	93.26	93.26	93.26	95.13	108.70	120.33	132.37
4"	85.12	87.20	118.64	118.64	118.64	118.64	121.01	138.27	153.08	168.38
6"	127.68	130.85	178.02	178.02	178.02	178.02	181.58	207.48	229.70	252.67
Usage rate *(per 1,000 gallons)*										
First 10,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 30,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 210,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 250,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential:										
First 4,000 gallons	3.58	3.65	3.72	3.72	3.72	3.72	3.79	4.36	4.80	5.28
Next 4,000 gallons	4.48	4.60	4.69	4.69	4.69	4.69	4.78	5.50	6.05	6.66
Next 22,000 gallons	5.59	5.75	5.87	5.87	5.87	5.87	5.99	6.89	7.58	8.34
All gallons over 30,000	8.95	9.20	9.38	9.38	9.38	9.38	9.57	11.01	12.11	13.32
Commercial:										
First 40,000 gallons	3.09	3.20	3.26	3.26	3.26	3.26	3.33	3.94	4.46	5.06
Next 360,000 gallons	3.86	3.95	4.03	4.03	4.03	4.03	4.11	4.87	5.52	6.25
All gallons over 400,000	4.94	5.05	5.15	5.15	5.15	5.15	5.25	6.22	7.05	7.99
Industrial:										
First 400,000 gallons	2.69	2.75	2.81	2.81	2.81	2.81	3.33	3.76	4.07	4.39
All gallons over 400,000	3.36	3.45	3.52	3.52	3.52	3.52	4.11	4.64	5.02	5.42
Wastewater Base Charge	6.56	8.00	10.80	10.80	10.80	10.80	11.02	11.50	12.00	12.60
Wastewater Collection Rates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(per 1,000 gallons)										
Residential	3.50	4.25	4.35	4.35	4.35	4.35	4.44	4.68	4.94	5.19
Commercial	3.86	4.70	4.80	4.80	4.80	4.80	4.90	4.99	5.17	5.37

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WATER AND WASTEWATER COLLECTION RATES - RURAL CUSTOMERS
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Rates		(Mar)	(Sept)				(Feb)			
Base rate (meter size)										
5/8" - 3/4"	$ 6.69	$ 6.85	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1"	9.36	9.60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/4"	12.03	12.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2"	12.03	12.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2"	19.39	19.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3"	73.57	75.40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4"	93.63	95.95	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6"	140.45	143.95	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Usage rate *(per 1,000 gallons)*										
First 10,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 30,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 210,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 250,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residential:										
First 4,000 gallons	3.94	4.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 4,000 gallons	4.93	5.05	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 22,000 gallons	6.15	6.30	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All gallons over 30,000	9.85	10.05	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial:										
First 40,000 gallons	3.40	3.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Next 360,000 gallons	4.25	4.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
All gallons over 400,000	5.43	5.55	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Industrial:										
First 400,000 gallons	2.67	2.75	2.92	2.92	2.92	2.92	2.92	2.92	2.92	2.92
All gallons over 400,000	3.34	3.40	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Wastewater Base Charge	7.22	8.80	11.80	11.80	11.80	11.80	12.04	12.04	12.04	12.60
Wastewater Collection Rates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
(per 1,000 gallons)										
Residential	3.85	4.70	4.80	4.80	4.80	4.80	4.90	4.99	5.17	5.37
Commercial	4.24	5.15	5.25	5.25	5.25	5.25	5.36	5.45	5.63	5.83

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

TEN LARGEST CUSTOMERS
Current Year and Nine Years Ago

	Fiscal Year 2025					
	Water Revenue			Wastewater Collection Revenue		
	Amount		%	Amount		%
Customer						
UPM Blandin Paper Co.	$	178,567	6.39%	$	20,897	0.95%
City of Cohasset		-	-		118,885	5.43%
Zips Car Wash LLC		89,994	3.22%		61,779	2.82%
Wastewater Treatment Plant		63,712	2.28%		-	-
City of LaPrairie		49,474	1.77%		38,297	1.75%
Grand Itasca Clinic & Hospital		45,233	1.62%		35,094	1.60%
School District 318		36,790	1.32%		26,034	1.19%
City of Grand Rapids		32,328	1.16%		21,009	-
Housing and Redevelopment		29,124	1.04%		19,671	0.90%
Beacon Hill Plaza 177		22,458	0.80%		-	-
Timber Ridge Property Group LLC		21,256	0.76%		-	0.00%
Itasca County		-	-		17,272	0.79%
Grand Hospitality LLC		-	-		16,843	0.77%
Subtotal (10 largest)		568,936	20.36%		375,781	17.16%
Balance from other customers		2,225,114	79.64%		1,814,215	82.84%
Grand Totals	$	2,794,050	100.00%	$	2,189,996	100.00%

	Fiscal Year 2016					
	Water Revenue			Wastewater Collection Revenue		
	Amount		%	Amount		%
Customer						
Blandin Paper Co.	$	140,721	9.74%	$	18,881	1.46%
City of Cohasset		-	-		77,528	6.01%
Wastewater Treatment Plant		27,510	1.90%		-	-
City of LaPrairie		36,125	2.50%		20,332	1.58%
Grand Itasca Clinic & Hospital		31,342	2.17%		47,543	3.69%
Minnesota Diviersified Ind.		28,929	2.00%		24,123	1.87%
Housing and Redvelopment		23,129	1.60%		16,216	1.26%
School District 318		20,857	1.44%		17,949	1.39%
Grand Hospitality LLC		13,214	0.91%		12,415	0.96%
YMCA		11,993	0.83%		11,419	0.89%
Evergreen Terrace		8,809	0.61%		8,455	0.66%
Subtotal (10 largest)		342,629	23.70%		254,861	19.76%
Balance from other customers		1,102,817	76.30%		1,034,682	80.24%
Grand Totals	$	1,445,446	100.00%	$	1,289,543	100.00%

Notes: Dollar values reflected include base rate charges, as well as multiple meters on various accounts

Due to changes in Minnesota state statutes, the Commission is no longer allowed to disclose information on its electric customers.

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION AND TREATMENT
Last Ten Fiscal Years

	Flow			Influent Total Suspended Solids		
Fiscal Year	Domestic (1,000 gal.)	Industrial (1,000 gal.)	Total Flow (1,000 gal.)	Domestic (tons)	Industrial (tons)	Total Suspended Solids (tons)
2016	500,030	1,927,860	2,427,890	533	14,335	14,868
2017	486,150	1,936,610	2,422,760	558	14,604	15,162
2018	460,390	1,557,460	2,017,850	588	11,207	11,795
2019	553,030	1,419,130	1,972,160	619	8,839	9,458
2020	516,680	1,416,590	1,933,270	568	7,357	7,925
2021	466,790	1,520,450	1,987,240	623	7,928	8,551
2022	513,820	1,539,690	2,053,510	574	9,732	10,306
2023	509,460	1,303,060	1,812,520	598	6,571	7,169
2024	492,960	1,497,730	1,990,690	573	7,538	8,111
2025	488,870	1,516,350	2,005,220	815	11,365	12,180

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

WASTEWATER COLLECTION AND TREATMENT (CONTINUED)
Last Ten Fiscal Years

Biochemical Oxygen Demand			Effluent			
Domestic (tons)	Industrial (tons)	Total BOD (tons)	Flow (1,000 gal.)	Total Suspended Solids (tons)	Biochemical Oxygen Demand (tons)	Landfill Solids (cubic yards)
410	4,887	5,297	2,446,389	27	27	58,956
440	7,905	8,345	2,439,620	23	25	60,874
482	5,520	6,002	2,029,600	17	27	51,312
503	3,069	3,572	1,985,330	18	28	41,136
441	2,981	3,422	1,946,180	18	33	35,928
467	4,603	5,070	1,979,620	29	78	44,700
488	6,758	7,246	2,063,990	34	65	48,612
511	4,439	4,950	1,821,690	21	33	33,912
491	5,564	6,055	1,998,170	24	27	36,972
517	4,592	5,109	2,014,950	19	42	46,212

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Revenue Bonds	G.O. Revenue Notes	Long-Term Payable to City	Leases Payable	Total Amount	Total Per Capita	Total As a Share of Personal Income
2016	$ 6,438,149	$ 19,068,000	$ 114,400	$ 1,549,353	$ 27,169,902	$ 2,500	N/A
2017	5,684,912	17,785,000	-	1,492,754	24,962,666	2,183.01	N/A
2018	4,925,000	16,464,000	-	1,469,887	22,858,887	2,007.10	N/A
2019	4,135,000	15,105,000	-	1,221,038	20,461,038	1,796.56	N/A
2020	3,420,000	13,781,000	-	964,292	18,165,292	1,594.85	N/A
2021	4,767,187	12,419,000	-	-	17,186,187	1,508.88	N/A
2022	3,052,500	11,017,000	-	-	14,069,500	1,246.96	N/A
2023	7,149,000	9,575,000	-	-	16,724,000	1,474.00	N/A
2024	7,549,040	8,091,000	-	363,278	16,003,318	1,408.32	N/A
2025	8,528,938	6,564,000	-	338,353	15,431,291	1,379.89	N/A

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Gross Expenses (1)	Net Revenue Available for Debt Service	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage Ratio
2016	$ 25,167,258	$ 21,484,755	$ 3,682,503	$ 2,476,847	$ 865,130	$ 3,341,977	110%
2017	26,130,624	21,694,833	4,435,791	2,341,570	797,146	3,138,716	141%
2018	24,961,381	20,838,009	4,123,372	2,338,115	736,683	3,074,798	134%
2019	24,973,471	20,741,598	4,231,873	2,397,849	681,623	3,079,472	137%
2020	25,238,556	20,352,985	4,885,571	2,295,745	607,455	2,903,200	168%
2021	27,641,962	23,584,917	4,057,045	3,167,792	609,813	3,777,605	107%
2022	27,102,618	22,926,982	4,175,636	3,030,000	465,198	3,495,198	119%
2023	26,569,010	23,947,389	2,621,621	1,920,500	338,386	2,258,886	116%
2024	28,154,094	24,116,103	4,037,991	1,968,000	457,697	2,425,697	166%
2025	29,675,130	26,401,481	3,273,649	2,177,000	730,017	2,907,017	113%

(1) Excludes interest expense, bond fees, amort of issuance costs and depreciation

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2016	10,869	N/A	N/A	6.70%
2017	11,435	N/A	N/A	8.47%
2018	11,389	N/A	N/A	10.60%
2019	11,389	N/A	N/A	6.10%
2020	11,390	N/A	N/A	5.60%
2021	11,390	N/A	N/A	5.28%
2022	11,283	N/A	N/A	4.61%
2023	11,346	N/A	N/A	4.00%
2024	11,183	N/A	N/A	4.00%
2025	11,268	N/A	N/A	4.89%

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2025			2016		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
ISD #318 (1)	636	1	7.27%	650	1	8.21%
Grand Itasca Clinic & Hospital (2)	526	2	6.01%	600	2	7.58%
Itasca County	489	3	5.59%	431	3	5.44%
Northland Counseling Center, Inc.	260	5	2.97%			
ASV Inc.	250	4	2.86%	240	6	3.03%
North Homes, Inc.	250	6	2.86%			
UPM Blandin Paper Mill	230	7	2.63%	400	4	5.05%
Arrowhead Promotion & Fulfillment	220	8	2.51%			
Wal-Mart	183	9	2.09%	183	7	2.31%
City of Grand Rapids (1)	170	10	1.94%	247	5	3.12%
Grand Village Nursing Home (Itasca County)				150	8	1.89%
Lake Country Power				135	9	1.70%
MN Dept of Natural Resources				125	10	1.58%
Total	3,214		36.72%	3,161		39.92%
All other employers	5,538		63.28%	4,757		60.08%
Total	8,752		100.00%	7,918		100.00%

Source: Minnesota Department of Employment and Economic Development

(1) Includes full- and part-time employees.
(2) Itasca County Nursing Home dba Grand Village

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

FULL-TIME EQUIVALENT COMMISSION EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2016	2017	2018	2019
Administration	3	2	2	2
Customer Service and Billing	4	4	4	5
Electric	9	10	10	9
Finance and Accounting	4	4	4	5
Information Systems	0	0	0	0
Meter Reading	2	1	1	0
Wastewater Treatment	11	11	11	11
Water Distribution/Wastewater Collection	4	4	3	3
Water Treatment	2	2	2	2
Total Employees	39	38	37	37
Commissioners	5	5	5	5

Source: GRPUC payroll records

Notes:
All managers and supervisors are included with their departments

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

FULL-TIME EQUIVALENT COMMISSION EMPLOYEES BY FUNCTION (CONTINUED)
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
2	2	2	2	2	2
5	5	4	4	4	4
9	9	10	10	9	9
6	6	5	6	4	5
0	0	0	0	4	4
0	0	0	0	0	0
9	9	10	10	10	9
2	2	2	2	2	2
3	3	3	3	3	3
36	36	36	37	38	38
5	5	5	5	5	5

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - ELECTRIC

Last Ten Fiscal Years

Electric	2016	2017	2018	2019
Number of substations	5	5	5	6
Main substation capacity (MVA)	54	54	54	54
Distribution transformer capacity (KVA)	116,723	116,723	112,741	116,723
Miles of electric overhead line (not including neutral conductor)	149	150	149	150
Miles of electric underground line	211	211	222	222

Source: GRPUC mapping system

MVA = megavolt ampere - added Tioga Substation
KVA = kilovolt ampere
N/A = not available

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - ELECTRIC (CONTINUED)
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
6	6	6	6	6	6
54	73	73	73	73	73
118,396	119,632	121,437	124,460	130,340	133,715
150	157	157	157	157	157
222	219	221	225	231	232

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - WATER AND WASTEWATER
Last Ten Fiscal Years

	2016	2017	2018	2019
Water				
Number of treatment plants	1	1	1	1
Treatment capacity (MGD)	3.24	3.24	3.24	3.24
Water Storage Capacity (MG)	2	2	2	2
Number of wells	5	5	5	5
Number of booster stations	1	1	1	1
Number of pressure districts	3	3	3	3
Miles of water main	81	81	81	81
Wastewater				
Number of treatment plants	2	2	2	2
Treatment capacity (MGD)	15.2	15.2	15.2	15.2
Number of lift stations	13	13	13	14
Number of pump stations	2	2	2	2
Miles of wastewater collection main	68	68	68	68

Source: GRPUC GIS mapping system

MGD = millions of gallons per day
MG = million gallons

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

OPERATING AND CAPITAL INDICATORS - WATER AND WASTEWATER (CONTINUED)
Last Ten Fiscal Years

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
3.24	3.24	3.24	3.24	3.24	3.24
2	2	2	2	2	2
5	5	5	5	5	5
1	1	1	1	1	1
3	3	3	3	3	3
81	81	81	82	82	82
2	2	2	2	2	2
15.2	15.2	15.2	15.2	15.2	15.2
14	14	14	16	16	16
2	2	2	2	2	2
68	68	68	69	69	69

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT
SELECTED FINANCIAL AND OPERATING RATIOS
(Unaudited)

	2025	2024	Industry Average (2025)*
FINANCIAL RATIOS			
Electric revenue per kWh			
All retail customers	$ 0.100	$ 0.106	$ 0.105
Residential customers	$ 0.110	$ 0.119	$ 0.121
Commercial customers	$ 0.110	$ 0.112	$ 0.111
Industrial customers	$ 0.090	$ 0.086	$ 0.081
Electric operating ratio	0.890	0.801	0.867
Net income (loss) per electric revenue dollar	$ 0.100	$ 0.097	$ 0.094
Uncollectible accounts per electric revenue dollar	$ 0.0080	$ 0.0227	$ 0.0080
OPERATING RATIOS			
Retail customers per non-power-generation employee	845	845	316
Total electric O&M expense per kWh sold	$ 0.109	$ 0.089	$ 0.081
Total electric O&M expense (excluding power supply expense) per retail customer	$ 561	$ 194	$ 669
Total power supply expense per kWh sold	$ 0.080	$ 0.094	$ 0.067
Purchased power cost per kWh purchased	$ 0.070	$ 0.072	$ 0.066
Distribution O&M expense per retail customer	$ 278	$ 197	$ 271
Distribution O&M expense per circuit mile	$ 5,429	$ 3,860	$ 8,904

GRAND RAPIDS PUBLIC UTILITIES COMMISSION

ELECTRIC DEPARTMENT
SELECTED FINANCIAL AND OPERATING RATIOS (CONTINUED)
(Unaudited)

	2025	2024	Industry Average (2025)*
Customer accounting, service and sales expense per retail customer	$ 32	$ 54	$ 65
Administrative and general expense per retail customer	$ 70	$ 181	$ 230
Energy loss percentage	4.00%	5.00%	3.43%
System load factor	73.0%	73.0%	57.8%

* APPA "Financial and Operating Ratios of Public Power Utilities" published December 2024, using 2023 data.

CliftonLarsonAllen LLP
CLAconnect.com

MINNESOTA LEGAL COMPLIANCE
INDEPENDENT AUDITORS' REPORT

Grand Rapids Public Utilities Commission
Grand Rapids Public Utilities

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Grand Rapids Public Utilities Commission as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Grand Rapids Public Utilities Commission's basic financial statements, and have issued our report thereon dated August 4, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that Grand Rapids Public Utilities Commission failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Grand Rapids Public Utilities Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
August 4, 2026