

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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To the Board of Directors  
Griffiss Utility Services Corporation and Subsidiary

We have audited the consolidated financial statements of Griffiss Utility Services Corporation and Subsidiary for the year ended December 31, 2021, and we will issue our report thereon dated March 25, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Griffiss Utility Services Corporation and Subsidiary are described in Note 1 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the consolidated financial statements are management's estimates of the depreciation lives and methods of capital assets and the allowance for doubtful accounts. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

The consolidated financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 25, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Griffiss Utility Services Corporation and Subsidiary and is not intended to be, and should not be, used by anyone other than these specified parties.

*D'Arcangelo + Co., LLP*

March 25, 2022

Utica, New York

GRIFFISS UTILITY SERVICES CORPORATION AND SUBSIDIARY

SUMMARY OF AUDIT DIFFERENCES

December 31, 2021

<b>Consolidated Statement of Activities Misstatements:</b>	<b>Current Year Over (Under) Statement</b>
Salary Expense	\$ (85,228)
FICA Expense	(6,227)
401K Expense	(3,000)
<b>Cumulative effect (before effect of prior year differences)</b>	<b>\$ (94,455)</b>
<b>Effect of unadjusted audit differences—prior year:</b>	<b>83,194</b>
<b>Cumulative effect (after effect of prior year differences)</b>	<b>\$ (11,261)</b>
<b>Reclassification adjustments:</b>	<b>\$ 0</b>
 <b>Consolidated Statement of Financial Position Misstatements:</b>	
Total Assets	\$
Total Liabilities	\$ (94,455)
Net assets:	
Beginning	\$ 83,194
Ending	\$ 94,455

Client: **37285 - Griffiss Utility Services Corporation and Subsidiary**  
 Engagement: **2021 FS - GUSC**  
 Period Ending: **12/31/2021**  
 Trial Balance: **GUSC TB**  
 Workpaper: **3700.00 - GUSC Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>		<b>5400.15</b>		
To book change in deferred compensation liability				
50615-800	Deferred Compensation Expense		37,220.00	
21024	Accrued Expenses - Deferred Comp			37,220.00
<b>Total</b>			<b>37,220.00</b>	<b>37,220.00</b>
<b>Adjusting Journal Entries JE # 2</b>		<b>6000.05</b>		
To adjust opening net assets to agree to PY.				
30000	Fund Balance		102,871.00	
50615-000	Deferred Compensation Expense			102,871.00
<b>Total</b>			<b>102,871.00</b>	<b>102,871.00</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>4200.40</b>		
To record receivable for reimbursement of expenses on GUSC Energy Invoice and agree intercompany.				
12020	Accounts Receivable - Other		157,260.00	
40300	Other Income			18,984.00
51000-530	Operating Supplies			7,661.00
51010-530	Maintenance & Repairs			6,356.00
51020-530	Misc. Tools & Equip. (Non-Cap)			1,072.00
51030-530	Misc. Operating Expense			4,260.00
51040-530	Office Supplies			2,847.00
51060-530	Computers and Technology			354.00
52040-530	Telephone Expense			2,605.00
52060-530	Environmental Expense			2,640.00
52061-530	Facility Waste Removal			3,645.00
52065-530	Contracted Services			57,670.00
53001-530	Water & Sewer Charges			10,918.00
53003-530	Water Treatment Expense			11,193.00
53004-530	Steam Distr. Syst. Maintenance			6,761.00
53005-530	NYS-DEC Air Permit Fees			4,000.00
80004-530	Contracted Janitorial Services			601.00
80022-530	Training			683.00
80031-800	Bank Fees & Service Charges			15,010.00
<b>Total</b>			<b>157,260.00</b>	<b>157,260.00</b>
<b>Adjusting Journal Entries JE # 4</b>		<b>4200.35</b>		
To adjust GUSC Energy electric receivable for electric generation credit.				
40100	Electricity Revenue		1,504.00	
12010	Accounts Receivable - Electric			1,504.00
<b>Total</b>			<b>1,504.00</b>	<b>1,504.00</b>

<b>Adjusting Journal Entries JE # 5</b>		<b>5200.99</b>	
To record payables at YE			
52065-530	Contracted Services	2,710.00	
53001-530	Water & Sewer Charges	6,905.00	
20000	Accounts Payable		9,615.00
<b>Total</b>		<b><u>9,615.00</u></b>	<b><u>9,615.00</u></b>

<b>Adjusting Journal Entries JE # 6</b>			
To offset GUSC Energy Prepays against accrued expenses.			
21000	Accrued Expenses	300,000.00	
14090	Prepaid - Other Expense		300,000.00
<b>Total</b>		<b><u>300,000.00</u></b>	<b><u>300,000.00</u></b>

<b>Adjusting Journal Entries JE # 7</b>			
To reverse prior year subsequent disbursements (in accrued liabilities).			
21000	Accrued Expenses	60,600.00	
18000	Construction in Progress		55,188.00
53001-530	Water & Sewer Charges		5,412.00
<b>Total</b>		<b><u>60,600.00</u></b>	<b><u>60,600.00</u></b>

<b>Adjusting Journal Entries JE # 8</b>		<b>5200.07</b>	
To adjust estimates to actual and agree accrued liabilities to actual balance.			
21000	Accrued Expenses	66,382.00	
45001-530	Fuel - Natural Gas		11,234.00
45100-540	Purchased Electricity		55,148.00
<b>Total</b>		<b><u>66,382.00</u></b>	<b><u>66,382.00</u></b>

<b>Adjusting Journal Entries JE # 9</b>		<b>4400.10</b>	
Adjust prepays to Summary.			
52069-800	Insurance - Package	33,650.00	
14000	Prepaid Insurance		33,650.00
<b>Total</b>		<b><u>33,650.00</u></b>	<b><u>33,650.00</u></b>

<b>Adjusting Journal Entries JE # 10</b>		<b>4400.10</b>	
Reclass GUSC Energy share of insurance expense per analysis			
12095	Due from GUSC Energy Inc	8,334.00	
52069-800	Insurance - Package		8,334.00
<b>Total</b>		<b><u>8,334.00</u></b>	<b><u>8,334.00</u></b>

<b>Adjusting Journal Entries JE # 11</b>		<b>4700.20</b>	
To adjust CSV life insurance policy to current value.			
13510	Cash Surrender Value Policy	54,577.00	
52075-800	Owners Insurance		54,577.00
<b>Total</b>		<b><u>54,577.00</u></b>	<b><u>54,577.00</u></b>

<b>Adjusting Journal Entries JE # 12</b>		<b>4400.15</b>		
To adjust Prepaid - Other to ending balance.				
14090	Prepaid - Other Expense	121.00		
40500	Interest Income		121.00	
<b>Total</b>		<u><u>121.00</u></u>	<u><u>121.00</u></u>	

<b>Adjusting Journal Entries JE # 13</b>		<b>4200.60</b>		
To adjust allowance for bad debts				
12099	Allowance for Bad Debts	30,000.00		
80050-800	Bad Debt Provision		30,000.00	
<b>Total</b>		<u><u>30,000.00</u></u>	<u><u>30,000.00</u></u>	

<b>Adjusting Journal Entries JE # 14</b>		<b>4600.10</b>		
To adjust CIP per analysis				
16012	Equipment - Steam Plant	29,444.00		
16022	Equipment - Electric Dept.	44,321.00		
16026	Buildings - Elect Operations	76,506.00		
16028	Buildings - Admin	420,019.00		
16040	Vehicles	42,141.00		
51010-540	Maintenance & Repairs	68,977.00		
18000	Construction in Progress		681,408.00	
<b>Total</b>		<u><u>681,408.00</u></u>	<u><u>681,408.00</u></u>	

<b>Adjusting Journal Entries JE # 15</b>		<b>4600.05</b>		
To adjust depreciation from estimated to actual per updated book asset detail				
16513	Acc. Dep. - Steam Dist. System	57,192.00		
16521	Acc. Dep. - Elect. Dist. System	3.00		
16522	Acc. Dep. - Eqp. - Electric	2,229.00		
16530	Acc. Dep. - Billing Software	2,615.00		
16531	Acc. Dep. - Eqp. - Admin	303.00		
16533	Acc. Dep. - Office Furnishings	3,284.00		
55512-530	Dep. Exp. - Eqp. - Steam Plant	1,369.00		
55520-540	Dep. Exp. - Bldg - Electric Op. Ctr.	1,434.00		
55525-540	Dep. Exp. - Elect. Metering System	2,842.00		
55532-800	Dep. Exp. - Bldg - Admin	9,333.00		
55540-530	Dep Exp.-Vehicles	9,256.00		
16512	Acc. Dep. - Eqp. - Steam Plant		1,369.00	
16520	Acc. Dep. - Bldg - Elec. Op. Ctr		1,434.00	
16525	Acc. Dep. - Elect. Metering System		2,842.00	
16532	Acc. Dep. - Bldg - Admin		9,333.00	
16540	Acc. Dep. - Vehicles		9,256.00	
55513-530	Dep. Exp. - Steam. Dist. System		57,192.00	
55521-540	Dep. Exp. - Elect. Distr. System		3.00	
55522-540	Dep. Exp. - Eqp - Electric		2,229.00	
55530-800	Dep. Exp. - Billing Software		2,615.00	
55531-800	Dep. Exp. - Eqp. - Admin		303.00	
55533-800	Dep. Exp. - Office Furnishings		3,284.00	
<b>Total</b>		<u><u>89,860.00</u></u>	<u><u>89,860.00</u></u>	

<b>Adjusting Journal Entries JE # 16</b>	<b>4600.05</b>		
To record disposal of asset #113			
16540	Acc. Dep. - Vehicles	29,089.00	
16040	Vehicles		29,089.00
<b>Total</b>		<u><b>29,089.00</b></u>	<u><b>29,089.00</b></u>
<b>Adjusting Journal Entries JE # 17</b>	<b>5200.40</b>		
To adjust NYSERDA liability to estimate.			
42000	NYSERDA Settlement Liability	12,878.00	
21040	NYSERDA CES		12,878.00
<b>Total</b>		<u><b>12,878.00</b></u>	<u><b>12,878.00</b></u>
<b>Adjusting Journal Entries JE # 18</b>	<b>7300.40b</b>		
To reclass salary expense allocations			
50000-800	Salary Expense	38,125.00	
50000-540	Salary Expense		38,125.00
<b>Total</b>		<u><b>38,125.00</b></u>	<u><b>38,125.00</b></u>
	<b>Total Adjusting Journal Entries</b>	<u><b>1,713,494.00</b></u>	<u><b>1,713,494.00</b></u>
	<b>Total All Journal Entries</b>	<u><b>1,713,494.00</b></u>	<u><b>1,713,494.00</b></u>



Client: 37285 - Griffiss Utility Services Corporation and Subsidiary  
 Engagement: 2021 FS - GUSC  
 Period Ending: 12/31/2021  
 Trial Balance: GUSC Energy Trial Balance  
 Workpaper: 3700.15 - GUSC Energy Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>4500.00</b>		
To adjust net deferred tax liability to current year calculation				
80025	State Tax Expense		47,382.00	
90000	Federal Tax Expense		163,031.00	
21019	Deferred Tax Liability			210,413.00
<b>Total</b>			<b>210,413.00</b>	<b>210,413.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
To credit remaining inventory of wood chips.				
45005	Fueling - Wood Chips		28,199.00	
21000	Accrued Expenses			28,199.00
<b>Total</b>			<b>28,199.00</b>	<b>28,199.00</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>5300.15</b>		
To adjust debt balance to agree to invoice and update current portion.				
24102	Oneida Savings Loan - LT		687,434.00	
23101	Oneida Savings Loan - Current			669,955.00
80030	Interest Expense			17,479.00
<b>Total</b>			<b>687,434.00</b>	<b>687,434.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
To record GUSC Energy share of commercial, auto and umbrella insurance paid by GUSC				
52070	Insurance - Package		8,334.00	
20010	Due to Griffiss Utility			8,334.00
<b>Total</b>			<b>8,334.00</b>	<b>8,334.00</b>
<b>Adjusting Journal Entries JE # 5</b>		<b>5300.10</b>		
To adjust accrued interest on Community Bank loan				
21000	Accrued Expenses		6,964.00	
80030	Interest Expense			6,964.00
<b>Total</b>			<b>6,964.00</b>	<b>6,964.00</b>
<b>Adjusting Journal Entries JE # 6</b>		<b>4200.90</b>		
To adjust State Tax Expense.				
51030	Misc Operating Expense		5.00	
80025	State Tax Expense		1,500.00	
16020	Refundable Taxes			493.00
21030	Tax			1,012.00
<b>Total</b>			<b>1,505.00</b>	<b>1,505.00</b>
<b>Adjusting Journal Entries JE # 7</b>		<b>4200.36</b>		
To post credit to GUSC Energy per invoice.				
20010	Due to Griffiss Utility		1,504.00	
53002	Electricity			1,504.00
<b>Total</b>			<b>1,504.00</b>	<b>1,504.00</b>