

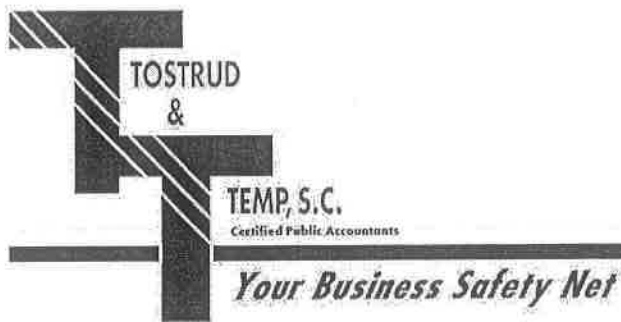
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

EASTERN IOWA REGIONAL UTILITY
SERVICE SYSTEMS COMMISSION

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Eastern Iowa Regional Utility Service Systems Commission
Dubuque, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Eastern Iowa Regional Utility Service Systems Commission, Dubuque, Iowa ("Commission"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Eastern Iowa Regional Utility Service Systems Commission, Dubuque, Iowa, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission 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 opinions.

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 Commission'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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The accompanying combining and individual program financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual program financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



November 6, 2023

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

The Eastern Iowa Regional Utility Service Systems (EIRUSS) is an organization created by the Cedar, Clinton, Delaware, Jackson, and Jones County Boards of Supervisors under Code of Iowa, Chapter 28E, which allows local governments to establish agreements that enable them to provide joint services and facilities with other agencies and cooperate in other ways of mutual advantage.

The purpose of EIRUSS is to plan, design, develop, finance, construct, own, operate and maintain essential facilities and services including, but not limited to, wastewater treatment systems and water systems for and on behalf of the counties and the cities and unincorporated areas within the counties. East Central Intergovernmental Association (ECIA) is the management agent.

As management agent of EIRUSS, we offer the readers of EIRUSS's financial statements this narrative overview and analysis of the financial activities of EIRUSS for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with EIRUSS's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The assets of EIRUSS exceeded its liabilities at June 30, 2022 by \$3,560,773 (net position).
- EIRUSS's net position increased by 62.2%, or \$1,365,095, from June 30, 2022 to June 30, 2023.
- Total revenues decreased 3.3%, or approximately \$16,600 from FY 2022 to FY 2023.
- Total expenditures increased 12.6%, or approximately \$89,600 more in FY 2023 than in FY 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to EIRUSS's basic financial statements. The financial statements included in this report are designed to provide readers with a broad overview of EIRUSS's finances, in a manner similar to a private sector business. EIRUSS utilizes the accrual basis of accounting, which recognizes revenues and expenses when earned or incurred, respectively, regardless of when cash is received or paid. The following statements are included in this report:

- *Statement of Net Position* - This statement presents information on all of EIRUSS's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of EIRUSS is improving or deteriorating.
- All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenditures and Changes in Net Position*. This statement measures the success of EIRUSS's operations. It can be used to determine whether EIRUSS has successfully recovered all its costs through its rates, fees and other revenues. This statement also measures EIRUSS's profitability and credit worthiness.

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

- *Statement of Cash Flows* – This statement presents the change in cash and cash equivalents during the year. This information can assist the user of the report in determining how EIRUSS financed its activities and how it met its cash requirements.
- *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.
- *Supplemental Financial Information* further explains and supports the financial statements and includes a schedule of Federal Financial Assistance.

ANALYSIS OF NET POSITION

As previously noted, net position may serve over time as a useful indicator of EIRUSS's financial position. The analysis that follows focuses on the changes in the components that make up net position.

CONDENSED STATEMENT OF NET POSITION

	2023	2022	NET CHANGE	PERCENT CHANGE
Cash and investments	367,381	409,922	(42,541)	(10.4)
Other Current Assets	1,051,652	53,634	998,018	1860.8
Capital Assets	7,877,124	6,390,234	1,486,890	23.3
Total Assets	9,296,157	6,853,790	2,442,367	35.6
Current Liabilities	1,875,573	675,848	1,199,725	177.5
Noncurrent Liabilities	3,859,811	3,982,265	(122,454)	(3.1)
Total Liabilities	5,735,384	4,658,113	1,077,271	23.1
Net Investment in Capital Assets	3,225,399	1,766,024	1,459,375	82.6
Restricted	332,847	295,104	37,743	12.8
Unrestricted	2,527	134,549	(132,022)	(98.1)
Total Net Position	3,560,773	2,195,677	1,365,096	62.2

Cash and investments decreased approximately \$42,500 due to increased service fees costs for all systems across the board in FY23. The increase of \$998,000 in Other Current Assets is due to a grant receivable at June 30, 2023 for the Petersburg project that was received in FY24. The increase of \$1,487,000 in capital assets is due to an increase of \$1,849,000 in Construction in Progress on the Droessler and Petersburg projects and offset due to annual depreciation of \$362,000. Current liabilities increased approximately \$1,200,000 primarily due to \$921,700 payable to the Petersburg project subcontractor due at June 30, 2023, an increase of \$82,100 of retainage payable to the Petersburg project subcontractor at the end of FY23, an increase of \$41,000 in accounts payable, an increase of \$5,600 in interest payable, and an \$150,000 increase in current maturities of bond financing. Noncurrent liabilities decreased \$122,500 due to \$92,500 in various loans becoming current and \$25,000 in Petersburg financing becoming current, and the \$5,000 loan with Clinton County being forgiven.

ANALYSIS OF REVENUES AND EXPENDITURES

The Statement of Revenues, Expenses and Changes in Net Position identifies the various revenue and expense items which affect the change in net position.

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**CONDENSED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN NET POSITION**

	2023	2022	NET CHANGE	PERCENT CHANGE
Revenues:				
Grant income	35,309	54,296	(18,987)	(35.0)
Operating revenues	437,842	427,152	10,690	2.5
Misc Income	18,376	26,620	(8,244)	(31.0)
Interest Income	225	264	(39)	(14.8)
Total Revenue	491,752	508,332	(16,580)	(3.3)
Expenses:				
Operating Expenses	346,177	261,971	84,206	32.1
Depreciation	361,866	361,026	840	0.2
Interest Expense	94,305	89,703	4,602	5.1
Total Expenses	802,348	712,700	89,648	12.6
Capital Grants	1,675,692	0	1,675,692	100.00
Change in Net Position	1,365,096	(204,368)	1,569,464	
Net Position July 1	2,195,677	2,400,045	(204,368)	
Net Position June 30	3,560,773	2,195,677	1,365,096	62.2

Grant income decreased approximately \$19,000 due to a decrease of \$17,700 in WIIN grant draws and a \$1,300 decrease in USDA grant funding for the Leisure Lake expansion project. Operating revenue increased \$10,700 primarily due to a \$2 increase in monthly user rates for all systems. Miscellaneous income decreased by approximately \$8,200 due to a decrease of \$15,000 awarded in FY22 by Jones County in support of the operation of the Fairview sewer system and no revenues in FY23 and offset by the forgiveness of the \$5,000 Clinton County Loan. The operating expense increase of \$84,200 was primarily due to an increase of \$101,300 in service fee costs by all the systems. Of this \$101,300, Andover service fees increased by \$11,800 in FY23, Center Junction Sewer service fees increased by \$25,700 in FY23, Center Junction Water service fees increased by \$6,600 in FY23, Fairview service fees increased by \$17,200 in FY23, and Leisure Lake service fees increased by \$40,000 in FY23. Capital Grants increased \$1,675,700 in FY23 due to \$1,643,500 in grants for the Petersburg project and \$32,200 in grants for the Droessler project.

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

OVERVIEW OF BUDGETS

EIRUSS annually adopts an operating budget on a basis consistent with generally accepted accounting principles. Construction (development) budgets are established throughout the year as new projects are approved.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2023, EIRUSS had \$7,877,124 invested in capital assets (net of depreciation), including a water treatment building and reservoir in Andover and Center Junction, Iowa, and a lagoon, lift station and collection system in Center Junction, Fairview and Leisure Lake, Iowa. Also included in capital assets is \$2,626,792 in prepaid development costs on one wastewater system project and one water system project. Total outstanding debt was \$4,651,725, which represents the outstanding balance of the USDA long-term loans for the Center Junction wastewater system (\$162,740), the Andover water system (\$144,806), the Fairview wastewater system (\$496,692) and the Leisure Lake wastewater system (\$2,941,087); SRF Loans for the Center Junction water system (\$152,000), the Droessler water project (\$54,400), and the Petersburg sewer project (\$700,000).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

EIRUSS's management and the Board of Commissioners considered many factors when setting the fiscal year 2024 development and operating budgets. Construction is scheduled to finish on the Petersburg sewer system in early FY24. The Droessler Subdivision/Spruce Creek Park water project also continues to move forward with construction on this project scheduled to start sometime in FY24. Additional projects are dependent on USDA and other funding sources. Decreases in Federal funding levels will continue to be a concern in the year ahead.

As we progress into 2024, we will continue to work collaboratively, developing new and building on already successful partnerships, while management remains committed to building strong and healthy communities and making our region a great place to live and work.

FINANCIAL CONTACT

These financial statements are designed to provide our member communities, funding agencies and creditors with a general overview of EIRUSS's finances and to show EIRUSS's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Matt Specht, ECIA's Director of Community/Economic Development.

BASIC FINANCIAL STATEMENTS

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF NET POSITION
June 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	34,534
Cash and cash equivalents - restricted		332,847
Accounts receivables		40,055
Grants receivable		1,005,262
Prepaid expense		6,335
Total current assets		1,419,033

NONCURRENT ASSETS

Land		310,864
Plant and equipment		4,908,788
Lift stations		1,456,538
Grinder pumps		1,984,384
Construction in progress		2,626,792
Less accumulated depreciation		(3,410,242)
Total noncurrent assets		7,877,124
Total assets	\$	9,296,157

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$	1,070,796
Accrued interest		11,359
Unearned revenue		1,504
Current maturity of long-term debt		791,914
Total current liabilities		1,875,573

NONCURRENT LIABILITIES

Notes payable		198,400
Bonds payable		3,661,411
Total noncurrent liabilities		3,859,811
Total liabilities		5,735,384

NET POSITION

Net investment in capital assets		3,225,399
Restricted		332,847
Unrestricted		2,527
Total net position		3,560,773
Total liabilities and net position	\$	9,296,157

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2023

OPERATING REVENUE

Grant income	\$ 35,309
Service fees collected	437,842
Other income	18,376
Total operating revenue	491,527

OPERATING EXPENSE

Administrative expense	82,775
Architect and engineering fees	95,776
Audit fees	3,575
Legal fees	19,760
Insurance	12,840
Subcontractor costs	1,642,021
Other costs	3,498
Depreciation expense	361,866
Service fee costs	334,687
Total operating expense	2,556,798

Less construction in progress and other capitalized costs	1,848,755
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Net operating expense	708,043
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Operating (loss)	(216,516)
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NONOPERATING REVENUE (EXPENSE)

Interest income	225
Interest expense	(94,305)
Net nonoperating expense	(94,080)

Change in net position before capital grants	(310,596)
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CAPITAL GRANTS	1,675,692
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Change in net position	1,365,096
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NET POSITION AT JULY 1, 2022	2,195,677
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NET POSITION AT JUNE 30, 2023	\$ 3,560,773
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The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$	434,243
Cash received from grants		35,309
Miscellaneous income		18,376
Cash payments to vendors		(331,744)
Net cash provided by (used in) operating activities		156,184

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition of capital assets		(818,791)
Cash received from capital grants		681,080
Loan proceeds		700,000
Principal payments		(672,485)
Interest paid		(88,754)
Net cash provided by (used in) capital and related financing activities		(198,950)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		225
Net decrease in cash and cash equivalents		(42,541)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

409,922

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 367,381

**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION**

Cash and cash equivalents	\$	34,534
Cash and cash equivalents - restricted		332,847
Cash and cash equivalents per Statement of Net Position		\$ 367,381

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF CASH FLOWS - CONTINUED
Year ended June 30, 2023

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (216,516)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	361,866
Changes in assets and liabilities:	
(Increase) decrease in assets	
Accounts receivable	(2,305)
Prepaid expense	(1,101)
Increase (decrease) in liabilities	
Accounts payable	15,534
Unearned revenue	(1,294)
Net cash provided by (used in) operating activities	\$ 156,184

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - On February 11, 2005, the Eastern Iowa Regional Utility Service Systems Commission ("Commission") was created as a public body corporate and politic and separate legal entity pursuant to Chapter 28E of the Code of Iowa by the Counties of Cedar, Clinton, Delaware, Jackson and Jones, Iowa. The Commission was created for the purpose of planning, designing, developing, financing, constructing, owning, operating and maintaining essential facilities and services including, but not limited to, wastewater treatment systems and water systems for and on behalf of the counties and the cities and unincorporated areas within the counties. All the programs of the Commission are included in these financial statements. The Commission has no component units.

Basis of Accounting and Measurement Focus - The Commission's basic financial statements are prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Commission applies all pronouncements of the Governmental Accounting Standards Board (GASB) as well as U.S. GAAP, as codified by the Financial Accounting Standards Board (FASB).

All activities of the Commission are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish 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 proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges for sales and services. Operating expenses for enterprise funds 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.

The transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets, restricted and unrestricted components. When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Commission considers all highly liquid investments with an initial maturity of three months or less from acquisition to be cash equivalents.

Cash and Cash Equivalents - Restricted - Restricted cash is segregated resources for debt service and depreciation reserves.

Accounts Receivable - Account receivables are shown at gross amount. No provision for uncollectible accounts receivable has been provided since it is believed that the amount of such allowance would not be material. There is no unbilled revenue at June 30, 2023.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit the Commission beyond June 30, 2023.

Capital Assets - Buildings and all equipment are carried at cost and depreciated on a straight-line basis over 5 - 40 years. When property is retired or otherwise removed from service, the accumulated provision for depreciation for that asset and its cost are removed from capital assets. Any gain or loss realized from retirement or removal is reported on the Statement of Revenues, Expenses and Changes in Net Position.

Additions to and replacements of utility plant capital assets are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to capital assets is added to plant accounts.

Construction period interest is capitalized on utility property as incurred. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest cost is amortized on the same basis as the related asset is depreciated.

Claims and Judgments - Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded in the proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

Grinder Pump Fees - An additional \$10.00 per household or business is added to the monthly sewer bills of customers in the Fairview North extension of the Fairview Wastewater System for the use of grinder pumps. These funds are used for repair and replacement of the grinder pumps.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position Classifications - Net position represents the difference between the total assets and the total liabilities of the Commission. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use of net assets through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted assets have no restrictions and can be spent at the discretion of the Board.

Use of Estimates - The 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Construction Projects - There are certain major construction projects in process at June 30, 2023 totaling \$2,626,792.

Open loans - On September 18, 2015, a State of Iowa Revolving Fund planning and design loan was approved for engineering, land acquisition and related work on the Droessler water system project for \$54,400. As of June 30, 2023, EIRUSS has drawn \$54,400 from this loan.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE B - CASH AND CASH EQUIVALENTS

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally-insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2023, the Commission reported cash and cash equivalents as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents	\$ 34,534	\$ 45,048
Cash and cash equivalents - restricted	<u>332,847</u>	<u>332,860</u>
 Total	 <u>\$ 367,381</u>	 <u>\$ 377,908</u>

Fair Value of Deposits - Deposits are reported at fair value. At June 30, 2023, the fair value of the Commission's deposits approximated original cost; therefore, no fair value adjustments were necessary.

Determining Fair Value - Fair value of the Commission's deposits are determined by deposits with stated interest rates (operating accounts, savings accounts, certificate of deposit, repurchase agreements, and money market accounts) and are stated at cost.

Income Allocation - Interest income is generally allocated to a general operations account and equally to the four operating projects, with Center Junction's share split between water and sewer.

Custodial Credit Risk - Deposits: Custodial credit is the risk that, in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial risk. As of June 30, 2023, none of the Commission's \$377,908 bank balance was exposed to custodial risk. The Commission's deposits in banks were entirely covered by federal depository insurance or by the State Sinking fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 6/30/22	Additions and Adjustments	Reductions and Adjustments	Balance 6/30/23
Andover Water System				
Land (non-depreciated)	\$ 1,292	\$ -	\$ -	\$ 1,292
Depreciated assets:				
Well and well pump	130,191	-	-	130,191
Distribution system	181,724	-	-	181,724
Storage reservoir	81,439	-	-	81,439
Treatment building	129,928	-	-	129,928
Other capitalized costs	109,135	-	-	109,135
	<u>633,709</u>	<u>-</u>	<u>-</u>	<u>633,709</u>
Accumulated depreciation				
Well and well pump	46,910	3,094	-	50,004
Distribution system	59,439	4,543	-	63,982
Storage reservoir	26,637	2,036	-	28,673
Treatment building	42,498	3,248	-	45,746
Other capitalized costs	35,695	2,729	-	38,424
	<u>211,179</u>	<u>15,650</u>	<u>-</u>	<u>226,829</u>
Net capital assets	422,530	(15,650)	-	406,880
Center Junction				
Wastewater System				
Land (non-depreciated)	61,467	-	-	61,467
Depreciated assets:				
Collection system	335,831	-	-	335,831
Lift station	40,000	-	-	40,000
Service lines	61,608	-	-	61,608
Lagoon	193,585	-	-	193,585
Other capitalized costs	213,447	-	-	213,447
	<u>905,938</u>	<u>-</u>	<u>-</u>	<u>905,938</u>
Accumulated depreciation:				
Collection system	109,843	8,395	-	118,238
Lift station	13,083	1,000	-	14,083
Service lines	20,152	1,541	-	21,693
Lagoon	63,318	4,839	-	68,157
Other capitalized costs	69,817	5,337	-	75,154
	<u>276,213</u>	<u>21,112</u>	<u>-</u>	<u>297,325</u>
Net capital assets	629,725	(21,112)	-	608,613

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE C - CAPITAL ASSETS - CONTINUED

A summary of changes in capital assets is as follows:

	Balance 6/30/22	Additions and Adjustments	Reductions and Adjustments	Balance 6/30/23
Center Junction - continued				
Water System				
Land (non-depreciated)	\$ 20,000	\$ -	\$ -	\$ 20,000
Depreciated assets:				
Well and well pump	36,250	-	-	36,250
Distribution system	285,000	-	-	285,000
Storage reservoir	71,853	-	-	71,853
Treatment building	114,634	-	-	114,634
Other capitalized costs	115,898	-	-	115,898
	<u>643,635</u>	<u>-</u>	<u>-</u>	<u>643,635</u>
Accumulated depreciation:				
Well and well pump	13,300	1,900	-	15,200
Distribution system	49,875	7,125	-	57,000
Storage reservoir	12,574	1,796	-	14,370
Treatment building	20,061	2,866	-	22,927
Other capitalized costs	20,282	2,897	-	23,179
	<u>116,092</u>	<u>16,584</u>	<u>-</u>	<u>132,676</u>
	<u>527,543</u>	<u>(16,584)</u>	<u>-</u>	<u>510,959</u>
Net capital assets	1,157,268	(37,696)	-	1,119,572
Fairview Wastewater				
Land (non-depreciated)	37,762	-	-	37,762
Depreciated assets:				
Equipment	3,959	-	-	3,959
Storage shed	5,825	-	-	5,825
Collection system	101,015	-	-	101,015
Lift station	135,388	-	-	135,388
Grinder pumps	96,943	-	-	96,943
Service lines	282,971	-	-	282,971
Lagoon	311,409	-	-	311,409
Other capitalized costs	302,319	-	-	302,319
	<u>1,277,591</u>	<u>-</u>	<u>-</u>	<u>1,277,591</u>

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE C - CAPITAL ASSETS - CONTINUED

A summary of changes in capital assets is as follows:

Fairview Wastewater - continued	Balance 6/30/22	Additions and Adjustments	Reductions and Adjustments	Balance 6/30/23
Accumulated depreciation:				
Equipment	\$ 3,959	\$ -	\$ -	\$ 3,959
Storage shed	4,632	582	-	5,214
Collection system	25,041	2,526	-	27,567
Lift station	34,344	3,385	-	37,729
Grinder pumps	77,130	9,695	-	86,825
Service lines	71,756	7,074	-	78,830
Lagoon	81,287	7,785	-	89,072
Other capitalized costs	98,020	10,680	-	108,700
	<u>396,169</u>	<u>41,727</u>	<u>-</u>	<u>437,896</u>
Net capital assets	881,422	(41,727)		839,695
Leisure Lake Wastewater				
Land (non-depreciated)	190,343	-	-	190,343
Depreciated assets:				
Collection system	287,001	-	-	287,001
Lift station	1,281,150	-	-	1,281,150
Grinder pumps	1,887,441	-	-	1,887,441
Service lines	150,389	-	-	150,389
Lagoon	437,520	-	-	437,520
Other capitalized costs	965,857	-	-	965,857
	<u>5,199,701</u>	<u>-</u>	<u>-</u>	<u>5,199,701</u>
Accumulated depreciation:				
Collection system	60,987	7,175	-	68,162
Lift station	266,743	32,029	-	298,772
Grinder pumps	1,438,531	188,744	-	1,627,275
Service lines	31,960	3,760	-	35,720
Lagoon	92,973	10,938	-	103,911
Other capitalized costs	157,530	24,146	-	181,676
	<u>2,048,724</u>	<u>266,792</u>	<u>-</u>	<u>2,315,516</u>
Net capital assets	3,150,977	(266,792)	-	2,884,185
Other projects				
Prepaid development costs capitalized not depreciated	778,037	1,848,755	-	2,626,792
Total net capital assets	<u>\$ 6,390,234</u>	<u>\$ 1,486,890</u>	<u>\$ -</u>	<u>\$ 7,877,124</u>

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE C - CAPITAL ASSETS - CONTINUED

A summary of changes in construction in progress is as follows:

Projects	Balances 6/30/22	Additions and Adjustments	Reductions and Adjustments	Balances 6/30/23
Prepaid development costs capitalized not depreciated				
Droessler	\$ 161,884	\$ 63,882	\$ -	\$ 225,766
Petersburg	616,153	1,784,873	-	2,401,026
Total construction in progress	<u>\$ 778,037</u>	<u>\$ 1,848,755</u>	<u>\$ -</u>	<u>\$ 2,626,792</u>

Note: Included in the balance of Petersburg is a land purchase of \$202,000.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE D - RESTRICTED RESERVES

The Commission secured bonds from the USDA which requires annual deposits to the reserve account for debt service and depreciation. As of June 30, 2023, the reserve balances are as follows:

	Andover	Center Junction	Fairview	Leisure Lake 1	Leisure Lake 2	Total
Debt service	\$ 9,180	\$ 10,440	\$ 22,253	\$ 95,740	\$ 3,842	\$ 141,455
Depreciation	21,005	24,725	23,086	108,576	14,000	191,392
Totals	<u>\$ 30,185</u>	<u>\$ 35,165</u>	<u>\$ 45,339</u>	<u>\$ 204,316</u>	<u>\$ 17,842</u>	<u>\$ 332,847</u>

The USDA requires annual deposits for debt service until the projects are fully funded. Annual depreciation deposits are required until the bonds are paid in full.

The future debt service and depreciation deposits required are as follows:

	Andover	Center Junction	Fairview	Leisure Lake 1	Leisure Lake 2	Total
2024	\$ 1,537	\$ 1,766	\$ 2,515	\$ 12,528	\$ 8,356	\$ 26,702
2025	1,537	1,766	2,328	12,528	8,356	26,515
2026	1,537	1,766	2,328	12,528	8,356	26,515
2027	1,537	1,766	2,328	12,528	8,356	26,515
2028	1,537	1,766	2,328	12,528	8,356	26,515
2029-2033	7,685	8,830	11,640	62,640	37,902	128,697
2034-2038	7,685	8,830	11,640	62,640	35,000	125,795
2039-2043	7,685	8,830	11,640	62,640	35,000	125,795
2044-2048	7,685	8,683	11,640	62,640	35,000	125,648
2049-2053	1,537	-	11,640	62,640	35,000	110,817
2054-2058	-	-	-	3,132	35,000	38,132
2059-2060	-	-	-	-	8,167	8,167
Totals	<u>\$ 39,962</u>	<u>\$ 44,003</u>	<u>\$ 70,027</u>	<u>\$ 378,972</u>	<u>\$ 262,849</u>	<u>\$ 795,813</u>

NOTE E - NONCURRENT LIABILITIES

Summary of the Commission's long-term debt are set below:

	Balance 06/30/22	Additions	Reductions	Balance 06/30/23	Current Maturities
Notes payable	\$ 796,329	\$ 700,000	\$ 589,929	\$ 906,400	\$ 708,000
Bonds payable	3,827,881	-	82,556	3,745,325	83,914
Totals	<u>\$ 4,624,210</u>	<u>\$ 700,000</u>	<u>\$ 672,485</u>	<u>\$ 4,651,725</u>	<u>\$ 791,914</u>

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE E - NONCURRENT LIABILITIES - CONTINUED

Details of the Commission's long-term debt are set forth below:

Detailed Description	Balance at 6/30/23	Due Within One Year
Center Junction \$199,796 sewer revenue bonds financed by the USDA dated June 3, 2009, due in monthly installments of \$870 including interest at 4.125% per annum beginning August 1, 2010 until May 1, 2048	\$ 162,740	\$ 3,800
Andover \$140,000 utility bonds financed by the USDA dated November 3, 2009, due in monthly installments of \$609, including interest at 4.125% per annum beginning August 1, 2011 until June 1, 2049	116,458	2,552
Andover \$33,000 utility bonds financed by the USDA dated November 3, 2009, due in monthly installments of \$152, including interest at 4.50% per annum beginning August 1, 2011 until November 1, 2048	27,667	591
Andover \$1,000 utility bonds financed by the USDA dated November 3, 2009, due in monthly installments of \$4 including interest at 2.50% per annum beginning August 1, 2011 until December 1, 2040	681	31
Fairview \$373,000 utility bonds financed by the USDA dated July 11, 2014, due in monthly installments of \$1,246 including interest at 2.375% per annum beginning July 1, 2015, 2015, with interest only payments for the first two years.	317,869	7,454
Fairview \$210,860 utility bonds financed by the USDA dated July 11, 2014, due in monthly installments of \$663 including interest at 2.00% per annum beginning July 1, with interest only payments for the first two years.	178,823	4,007
Leisure Lake \$2,656,000 utility bonds financed by the USDA dated November 6, 2014, due in monthly installments of \$8,686 including interest at 2.25% per annum beginning December 6, 2016, with interest only payments for the first two years	2,339,258	52,198

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE E - NONCURRENT LIABILITIES - CONTINUED

Details of the Commission's long-term debt are set forth below:

Detailed Description	Balance at 6/30/23	Due Within One Year
Leisure Lake \$221,000 utility bonds financed by the USDA dated November 4, 2014, due in monthly installments of \$739 including interest at 2.375% per annum beginning December 6, 2016, with interest only payments for the first two years	\$ 195,105	\$ 4,286
Leisure Lake \$435,000 utility bonds financed by the USDA dated August 9 2018, due in monthly installments of \$1,127 including interest at 2.375% per annum beginning September 19, 2020, until September 19, 2061.	406,724	8,995
Total bonds	<u>3,745,325</u>	<u>83,914</u>
Center Junction \$216,000 note payable financed by the Iowa Finance Authority dated June 5, 2015, due in annual installments beginning June 1, 2016, and interest at 1.75% per annum payable semi-annually.	152,000	8,000
Droessler \$54,400 note payable financed by the Iowa Finance Authority dated September 18, 2015, payable as to principal in full on October 4, 2024, at 0% interest.	54,400	-
Petersburg Sewer System \$700,000 Sewer Revenue Bond Anticipation Note financed by Community Savings Bank dated October 13, 2022, payable as to principal in full on April 15, 2024, at 3.799% interest.	700,000	700,000
Total notes payable	<u>906,400</u>	<u>708,000</u>
Total long-term debt	4,651,725	\$ 791,914
Less current maturities	<u>791,914</u>	
Long-term debt	<u>\$ 3,859,811</u>	

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE E - NONCURRENT LIABILITIES - CONTINUED

Maturities of long-term debt at June 30, 2023 are:

	Principal	Interest	Total
2024	\$ 791,914	\$ 87,643	\$ 879,557
2025	93,860	85,557	179,417
2026	95,856	83,421	179,277
2027	97,901	81,236	179,137
2028	100,000	78,997	178,997
2029-2033	537,366	359,345	896,711
2034-2038	602,439	293,595	896,034
2039-2043	643,715	220,129	863,844
2044-2048	702,599	141,161	843,760
2049-2053	689,807	60,406	750,213
2054-2057	218,735	5,550	224,285
2058-2060	23,133	236	23,369
	\$ 4,597,325	\$ 1,497,276	\$ 6,094,601

Total Long-term debt	\$	4,651,725
Less: debt not in repayment		(54,400)
Debt being amortized	\$	4,597,325

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE F - RELATED PARTY TRANSACTIONS

The Eastern Iowa Regional Utility Service Systems Commission, related to the East Central Intergovernmental Association through common management, is provided management services and office space. Balances with ECIA at and for the years ended June 30, 2023 and June 30, 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Accounts payable	<u>\$ 11,872</u>	<u>\$ 9,518</u>
Management services	<u>\$ 132,602</u>	<u>\$102,138</u>

NOTE G - BUDGETS

The Commission is not required to adopt a formal budget per the existing by-laws. The Commission prepares budgets specific to each project they decide to pursue and utilize them at this level to manage their progress through to completion.

NOTE H - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE I - NET POSITION

The following is a summary of individual net position restrictions at June 30, 2023:

<u>Project</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Andover	Reserve Deposits	\$ 30,185
Center Junction	Reserve Deposits	35,165
Fairview	Reserve Deposits	45,339
Leisure Lake	Reserve Deposits	<u>222,158</u>
		<u>\$ 332,847</u>

NOTE J - SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through November 6, 2023, the date which the financial statements were available to be issued. No subsequent events were identified.

SUPPLEMENTARY INFORMATION

Eastern Iowa Regional Utility
Service Systems Commission
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2023

	Andover	Center Junction		Fairview	Leisure		Petersburg	Droessler	Subtotal	General	Total
		Sewer	Water		Lake						
OPERATING REVENUE											
Grant income	\$ -	\$ -	\$ -	\$ -	\$ 35,309	\$ -	\$ -	\$ -	\$ 35,309	\$ -	\$ 35,309
Service fees collected	38,036	36,557	39,236	61,998	262,015	-	-	-	437,842	-	437,842
Other income	5,000	195	1,665	2,250	9,256	-	-	-	18,366	10	18,376
Total operating revenue	<u>43,036</u>	<u>36,752</u>	<u>40,901</u>	<u>64,248</u>	<u>306,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,517</u>	<u>10</u>	<u>491,527</u>
OPERATING EXPENSE											
Administrative expense	-	-	-	-	-	32,508	50,254	82,762	82,762	13	82,775
Architect and engineering fees	-	-	-	-	-	86,336	9,440	95,776	95,776	-	95,776
Audit fees	715	715	715	715	715	-	-	3,575	3,575	-	3,575
Legal fees	-	-	-	-	-	18,500	1,260	19,760	19,760	-	19,760
Insurance	1,272	77	2,742	440	3,371	4,938	-	12,840	12,840	-	12,840
Subcontractor costs	-	-	-	-	-	1,642,021	-	1,642,021	1,642,021	-	1,642,021
Other costs	-	-	-	-	-	570	2,928	3,498	3,498	-	3,498
Depreciation expense	15,650	21,112	16,585	41,727	266,792	-	-	361,866	361,866	-	361,866
Service fee costs	36,087	43,866	30,487	66,508	157,739	-	-	334,687	334,687	-	334,687
Total operating expense	<u>53,724</u>	<u>65,770</u>	<u>50,529</u>	<u>109,390</u>	<u>428,617</u>	<u>1,784,873</u>	<u>63,882</u>	<u>2,556,785</u>	<u>2,556,785</u>	<u>13</u>	<u>2,556,798</u>
Less construction in progress and other capitalized costs	-	-	-	-	-	1,784,873	63,882	1,848,755	1,848,755	-	1,848,755
Net operating expense	<u>53,724</u>	<u>65,770</u>	<u>50,529</u>	<u>109,390</u>	<u>428,617</u>	<u>-</u>	<u>-</u>	<u>708,030</u>	<u>708,030</u>	<u>13</u>	<u>708,043</u>
Operating income (loss)	(10,688)	(29,018)	(9,628)	(45,142)	(122,037)	-	-	(216,513)	(216,513)	(3)	(216,516)
NONOPERATING INCOME (EXPENSE)											
Interest income	17	8	8	17	17	-	-	67	67	158	225
Interest expense	(6,125)	(6,783)	(2,772)	(10,452)	(62,492)	-	-	(88,624)	(88,624)	(5,681)	(94,305)
Net nonoperating expense	<u>(6,108)</u>	<u>(6,775)</u>	<u>(2,764)</u>	<u>(10,435)</u>	<u>(62,475)</u>	<u>-</u>	<u>-</u>	<u>(88,557)</u>	<u>(88,557)</u>	<u>(5,523)</u>	<u>(94,080)</u>
Change in net position before capital grants	(16,796)	(35,793)	(12,392)	(55,577)	(184,512)	-	-	(305,070)	(305,070)	(5,526)	(310,596)
CAPITAL GRANTS	-	-	-	-	-	-	-	-	-	1,675,692	1,675,692
Change in net position	(16,796)	(35,793)	(12,392)	(55,577)	(184,512)	-	-	(305,070)	(305,070)	1,670,166	1,365,096
NET POSITION AT JULY 1, 2022	<u>290,724</u>	<u>514,531</u>	<u>345,381</u>	<u>318,942</u>	<u>583,686</u>	<u>-</u>	<u>-</u>	<u>2,053,264</u>	<u>2,053,264</u>	<u>142,413</u>	<u>2,195,677</u>
NET POSITION AT JUNE 30, 2023	<u>\$ 273,928</u>	<u>\$ 478,738</u>	<u>\$ 332,989</u>	<u>\$ 263,365</u>	<u>\$ 399,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,194</u>	<u>\$ 1,748,194</u>	<u>\$ 1,812,579</u>	<u>\$ 3,560,773</u>

Eastern Iowa Regional Utility
Service Systems Commission
Dubuque, Iowa

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

Grantor/Program Title/ Award Name and Number	Federal Catalog Number	Award Amount	Federal Expenditures
UNITED STATES DEPARTMENT OF			
AGRICULTURE - Direct Programs			
Water and Waste Disposal Systems for Rural Communities	10.760		
Petersburg, Iowa - Wastewater Treatment Facility		\$ 1,163,000	\$ 921,721
UNITED STATES DEPARTMENT OF TREASURY			
Passed through Iowa Finance Authority			
Coronavirus State and Local Fiscal Recovery Funds - COVID-19			
22-19	21.027	\$ 1,000,000	721,741
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,643,462

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Eastern Iowa Regional Utility Service Systems Commission ("Commission") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures presented on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Commission has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance

NOTE 3 - Subrecipients

The Commission provided no federal awards to subrecipients during the fiscal year ending June 30, 2023.

OTHER REPORTS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Eastern Iowa Regional Utility Service Systems Commission
Dubuque, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Eastern Iowa Regional Utility Service Systems Commission ("Commission"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon November 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

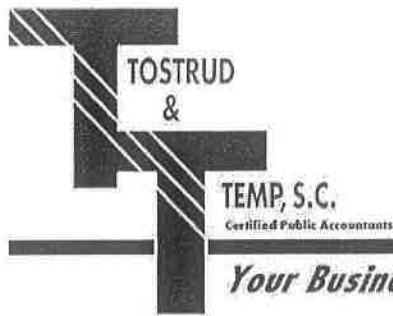
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Trostud & Tempel, S.C.

November 6, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Eastern Iowa Regional Utility Service Systems Commission
Dubuque, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Eastern Iowa Regional Utility Service Systems Commission's ("Commission") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2023. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rostrud + Temp, S.C.

November 6, 2023

Eastern Iowa Regional Utility
 Service Systems Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency identified? yes none reported

Significant deficiency identified considered to be a material weakness? yes no

Noncompliance material to the financial statements? yes no

Federal Awards

Internal control over compliance:

Significant deficiency identified? yes none reported

Significant deficiency identified considered to be a material weakness? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes no

Identification of Major Federal Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Prior-Period Findings

None