

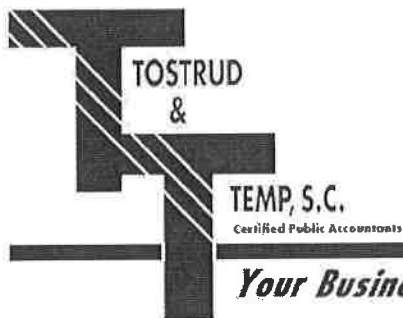
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

EASTERN IOWA REGIONAL UTILITY
SERVICE SYSTEMS COMMISSION

June 30, 2022

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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, 2022, 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, 2022, 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 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 Commission's basic financial statements. The accompanying combining program financial statements is 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 program financial statements is 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 October 14, 2022, 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.

Thorlund & Temp, S. G.

October 14, 2022

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022. 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 \$2,195,677 (net position).
- EIRUSS's net position decreased by 8.5%, or \$204,368, from June 30, 2021 to June 30, 2022.
- Total revenues increased 5.8%, or approximately \$27,700 from FY 2021 to FY 2022.
- Total expenditures were 6.7%, or approximately \$44,600 more in FY 2022 than in FY 2021.

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, 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, 2022**

- *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

	2022	2021	NET CHANGE	PERCENT CHANGE
Cash and investments	409,922	327,092	82,830	25.3
Other Current Assets	53,634	106,777	(53,143)	(49.8)
Capital Assets	6,390,234	6,633,571	(243,337)	(3.7)
Total Assets	<u>6,853,790</u>	<u>7,067,440</u>	<u>(213,650)</u>	<u>(3.0)</u>
Current Liabilities	675,848	166,081	509,767	306.9
Noncurrent Liabilities	3,982,265	4,501,314	(519,049)	(11.5)
Total Liabilities	<u>4,658,113</u>	<u>4,667,395</u>	<u>(9,282)</u>	<u>(0.2)</u>
Net Investment in Capital Assets	1,766,024	2,047,241	(281,217)	(13.7)
Restricted	295,104	255,029	40,075	15.7
Unrestricted	134,549	97,775	36,774	37.6
Total Net Position	<u>2,195,677</u>	<u>2,400,045</u>	<u>(204,368)</u>	<u>(8.5)</u>

Cash and investments increased approximately \$82,800 due to a \$42,800 increase in the Operating account resulting from a cash infusion of \$15,000 from Jones County to assist with operating losses in the Fairview system as well as increased cash receipts for the Leisure Lake system due to a full year of operation of the system expansion which added 26 new users, along with a \$40,000 increase in the Cash reserve account for debt service and depreciation. The decrease of \$53,100 in Other Current Assets is primarily due to a decrease in accounts receivable from the WIIN grant receivable in FY21 and collected in early FY22. The decrease of \$243,300 in capital assets is primarily due to annual depreciation of \$361,000 offset by an increase of \$67,300 in Construction in progress on the Droessler and Petersburg projects and an increase of \$50,400 in Plant and equipment due to the capitalization of the final costs of the Leisure Lake system expansion. Current liabilities increased approximately \$509,800 primarily due to \$552,900 in Petersburg SRF loan funding coming due in FY23 and a \$4,000 increase in current maturities of bond financing offset by a decrease of \$1,300 in unearned revenue and a decrease of \$45,700 in accounts payable resulting from liabilities at the end of FY21 for engineering and construction costs for the Droessler and Leisure Lake

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

expansion projects which were paid in early FY22. Noncurrent liabilities decreased \$519,000 due to the \$552,900 in Petersburg SRF loan balances and \$89,000 in other loans becoming current and the payoff of the \$57,300 SRF loan for the Leisure Lake expansion project offset by additional draws on the Leisure Lake utility bond financing and Petersburg SRF funding.

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.

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

	2022	2021	NET CHANGE	PERCENT CHANGE
Revenues:				
Grant income	54,296	66,182	(11,886)	(18.0)
Operating revenues	427,152	404,669	22,483	5.6
Misc Income	26,620	9,510	17,110	179.9
Interest Income	264	251	13	5.2
Total Revenue	508,332	480,612	27,720	5.8
Expenses:				
Operating Expenses	261,971	236,962	25,009	10.6
Depreciation	361,026	341,722	19,304	5.6
Interest Expense	89,703	89,414	289	0.3
Total Expenses	712,700	668,098	44,602	6.7
Change in Net Position	(204,368)	(187,486)		
Net Position July 1	2,400,045	2,587,531		
Net Position June 30	2,195,677	2,400,045	(204,368)	(8.5)

Grant income decreased approximately \$11,900 due to a decrease of \$47,500 in WIIN grant draws and a \$1,000 decrease in ICAP grant funding in FY22 offset by an increase of \$36,600 in USDA grant funding for the Leisure Lake expansion project. Operating revenue increased \$22,500 primarily due to a full year of service fees from the additional 26 users added with the expansion of the Leisure Lake system. Miscellaneous income increased by approximately \$17,100 due to \$15,000 awarded by Jones County in support of the operation of the Fairview sewer system as well as an increase in finance charges on delinquent accounts. The board voted to assess a \$15 per month charge on delinquent accounts vs. the previous policy of 10% of the past due invoice amount. The operating expense increase of \$25,000 was primarily due to the write-off of \$18,200 in prepaid development costs for projects that did not materialize along with lift station repairs to the Fairview sewer system.

**EASTERN IOWA REGIONAL UTILITY SERVICE SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022, EIRUSS had \$6,390,234 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 \$778,037 in prepaid development costs on one wastewater system project and one water system project. Total outstanding debt was \$4,624,210, which represents the outstanding balance of the USDA long-term loans for the Center Junction wastewater system (\$166,384), the Andover water system (\$147,851), the Fairview wastewater system (\$508,511) and the Leisure Lake wastewater system (\$3,005,135); SRF Loans for the Center Junction water system (\$159,000), the Droessler water project (\$54,400), and the Petersburg sewer project (\$577,929), and a \$5,000 note payable to Clinton County for the benefit of the Andover water system.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

EIRUSS's management and the Board of Commissioners considered many factors when setting the fiscal year 2023 development and operating budgets. Utility rates were increased for all systems as operating costs continue to increase. Construction is scheduled to begin on the Petersburg sewer system in early FY23. The Droessler Subdivision/Spruce Creek Park water project also continues to move forward. 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 2023, 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, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	114,818
Cash and cash equivalents - restricted		295,104
Accounts receivables		48,400
Prepaid expense		5,234
Total current assets		463,556

NONCURRENT ASSETS

Land		310,864
Plant and equipment		4,908,788
Lift stations		1,456,538
Grinder pumps		1,984,384
Construction in progress		778,037
Less accumulated depreciation		(3,048,377)
Total noncurrent assets		6,390,234
Total assets	\$	6,853,790

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$	25,297
Accrued interest		5,808
Unearned revenue		2,798
Current maturity of long-term debt		641,945
Total current liabilities		675,848

NONCURRENT LIABILITIES

Notes payable		236,400
Bonds payable		3,745,865
Total noncurrent liabilities		3,982,265
Total liabilities		4,658,113

NET POSITION

Net investment in capital assets		1,766,024
Restricted		295,104
Unrestricted		134,549
Total net position		2,195,677
Total liabilities and net position	\$	6,853,790

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, 2022

OPERATING REVENUE

Grant income	\$ 54,296
Service fees collected	427,152
Other income	26,620
Total operating revenue	508,068

OPERATING EXPENSE

Administrative expense	49,971
Architect and engineering fees	36,260
Audit fees	3,450
Legal fees	4,150
Insurance	6,821
Subcontractor costs	44,307
Other costs	19,545
Depreciation expense	361,026
Service fee costs	233,367
Total operating expense	758,897

Less construction in progress and other capitalized costs	135,900
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Net operating expense	622,997
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Operating (loss)	(114,929)
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NONOPERATING REVENUE (EXPENSE)

Interest income	264
Interest expense	(89,703)
Net nonoperating expense	(89,439)

Change in net position	(204,368)
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NET POSITION AT JULY 1, 2021	2,400,045
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NET POSITION AT JUNE 30, 2022	\$ 2,195,677
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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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$	497,691
Cash received from grants		54,296
Miscellaneous income		26,620
Cash payments to vendors		(444,136)
Net cash provided by (used in) operating activities		270,371

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Acquisition of capital assets		(135,900)
Loan proceeds		184,397
Principal payments		(146,517)
Interest paid		(89,786)
Net cash provided by (used in) capital and related financing activities		(187,806)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		264
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Net increase in cash and cash equivalents		82,829
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

327,093

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 409,922

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

Cash and cash equivalents	\$	114,818
Cash and cash equivalents - restricted		295,104
Cash and cash equivalents per Statement of Net Position		409,922

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, 2022

**RECONCILIATION OF OPERATING INCOME TO
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating (loss)	\$	(114,929)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation		361,026
Abandoned project costs		18,211
Changes in assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable		53,668
Prepaid expense		(526)
Increase (decrease) in liabilities		
Accounts payable		(45,739)
Unearned revenue		(1,340)
Net cash provided by (used in) operating activities	\$	<u>270,371</u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit the Commission beyond June 30, 2022.

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, 2022

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, 2022 totaling \$778,037.

Open loans - On July 29, 2015, a State of Iowa Revolving Fund planning and design loan was approved for engineering, land acquisition and related work on the Petersburg sewer system project for \$25,000. As of June 30, 2022, EIRUSS has drawn \$25,000 from this loan.

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, 2022, EIRUSS has drawn \$54,400 from this loan.

On September 23, 2016, a State of Iowa Revolving Fund planning and design loan was approved for engineering, land acquisition and related work on the Petersburg sewer system project for \$288,929. As of June 30, 2022, EIRUSS has drawn \$289,500 from this loan.

On March 20, 2021, a Sewer Revenue Bond Anticipation Project note was issued to the Iowa Finance Authority for the Petersburg Development project for \$264,000. As of June 30, 2022, EIRUSS has drawn \$264,000 from this loan.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

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, 2022, the Commission reported cash and cash equivalents as follows:

	Carrying Amount	Bank Balance
Cash and cash equivalents	\$ 114,818	\$ 130,262
Cash and cash equivalents - restricted	295,104	288,139
 Total	 \$ 409,922	 \$ 418,401

Fair Value of Deposits - Deposits are reported at fair value. At June 30, 2022, 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, 2022, none of the Commission's \$418,401 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, 2022

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 6/30/21	Additions	Reductions	Balance 6/30/22
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	43,816	3,094	-	46,910
Distribution system	54,896	4,543	-	59,439
Storage reservoir	24,601	2,036	-	26,637
Treatment building	39,250	3,248	-	42,498
Other capitalized costs	32,966	2,729	-	35,695
	<u>195,529</u>	<u>15,650</u>	<u>-</u>	<u>211,179</u>
Net capital assets	438,180	(15,650)	-	422,530
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	101,448	8,395	-	109,843
Lift station	12,083	1,000	-	13,083
Service lines	18,611	1,541	-	20,152
Lagoon	58,479	4,839	-	63,318
Other capitalized costs	64,480	5,337	-	69,817
	<u>255,101</u>	<u>21,112</u>	<u>-</u>	<u>276,213</u>
Net capital assets	650,837	(21,112)	-	629,725

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

NOTE C - CAPITAL ASSETS - CONTINUED

A summary of changes in capital assets is as follows:

	Balance 6/30/21	Additions	Reductions	Balance 6/30/22
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	11,400	1,900	-	13,300
Distribution system	42,750	7,125	-	49,875
Storage reservoir	10,778	1,796	-	12,574
Treatment building	17,195	2,866	-	20,061
Other capitalized costs	17,385	2,897	-	20,282
	<u>99,508</u>	<u>16,584</u>	<u>-</u>	<u>116,092</u>
	<u>544,127</u>	<u>(16,584)</u>	<u>-</u>	<u>527,543</u>
Net capital assets	1,194,964	(37,696)	-	1,157,268
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, 2022

NOTE C - CAPITAL ASSETS - CONTINUED

A summary of changes in capital assets is as follows:

Fairview Wastewater - continued	Balance 6/30/21	Additions	Reductions	Balance 6/30/22
Accumulated depreciation:				
Equipment	\$ 3,959	\$ -	\$ -	\$ 3,959
Storage shed	4,050	582	-	4,632
Collection system	22,515	2,526	-	25,041
Lift station	30,959	3,385	-	34,344
Grinder pumps	67,435	9,695	-	77,130
Service lines	64,682	7,074	-	71,756
Lagoon	73,502	7,785	-	81,287
Other capitalized costs	87,340	10,680	-	98,020
	<u>354,442</u>	<u>41,727</u>	<u>-</u>	<u>396,169</u>
Net capital assets	923,149	(41,727)		881,422
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	915,453	50,404	-	965,857
	<u>5,149,297</u>	<u>50,404</u>	<u>-</u>	<u>5,199,701</u>
Accumulated depreciation:				
Collection system	53,812	7,175	-	60,987
Lift station	234,715	32,028	-	266,743
Grinder pumps	1,249,787	188,744	-	1,438,531
Service lines	28,200	3,760	-	31,960
Lagoon	82,035	10,938	-	92,973
Other capitalized costs	134,223	23,307	-	157,530
	<u>1,782,772</u>	<u>265,952</u>	<u>-</u>	<u>2,048,724</u>
Net capital assets	3,366,525	(215,548)	-	3,150,977
Other projects				
Prepaid development costs capitalized not depreciated	710,753	85,496	18,212	778,037
Total net capital assets	<u>\$ 6,633,571</u>	<u>\$ (225,125)</u>	<u>\$ -</u>	<u>\$ 6,390,234</u>

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

NOTE C - CAPITAL ASSETS - CONTINUED

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

Projects	Balances 6/30/21	Additions	Reductions	Balances 6/30/22
Prepaid development costs capitalized not depreciated				
Droessler	\$ 144,666	\$ 17,218	\$ -	\$ 161,884
Elvira	8,296	-	8,296	-
Lake Delhi	9,916	-	9,916	-
Petersburg	547,875	68,278	-	616,153
Total construction in progress	<u>\$ 710,753</u>	<u>\$ 85,496</u>	<u>\$ 18,212</u>	<u>\$ 778,037</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, 2022

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, 2022, the reserve balances are as follows:

	Andover	Center Junction	Fairview	Leisure Lake 1	Leisure Lake 2	Total
Debt service	\$ 9,180	\$ 10,440	\$ 20,009	\$ 86,756	\$ 2,486	\$ 128,871
Depreciation	19,468	22,959	20,758	96,048	7,000	166,233
Totals	<u>\$ 28,648</u>	<u>\$ 33,399</u>	<u>\$ 40,767</u>	<u>\$ 182,804</u>	<u>\$ 9,486</u>	<u>\$ 295,104</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
2023	\$ 1,537	\$ 1,766	\$ 4,572	\$ 21,512	\$ 8,356	\$ 37,743
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
2028-2032	7,685	8,830	11,640	62,640	39,258	130,053
2033-2037	7,685	8,830	11,640	62,640	35,000	125,795
2038-2042	7,685	8,830	11,640	62,640	35,000	125,795
2043-2047	7,685	8,830	11,640	62,640	35,000	125,795
2048-2052	3,074	1,619	11,640	62,640	35,000	113,973
2053-2057	-	-	2,328	15,660	35,000	52,988
2058-2060	-	-	-	-	15,167	15,167
Totals	<u>\$ 41,499</u>	<u>\$ 45,769</u>	<u>\$ 74,599</u>	<u>\$ 400,484</u>	<u>\$ 271,205</u>	<u>\$ 833,556</u>

NOTE E - NONCURRENT LIABILITIES

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

	Balance 06/30/21	Additions	Reductions	Balance 06/30/22	Current Maturities
Notes payable	\$ 809,580	\$ 51,620	\$ 64,871	\$ 796,329	\$ 559,929
Bonds payable	3,776,750	132,777	81,646	3,827,881	82,016
Totals	<u>\$ 4,586,330</u>	<u>\$ 184,397</u>	<u>\$ 146,517</u>	<u>\$ 4,624,210</u>	<u>\$ 641,945</u>

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

NOTE E - NONCURRENT LIABILITIES - CONTINUED

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

Detailed Description	Balance at 6/30/22	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	\$ 166,384	\$ 3,647
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	118,907	2,449
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	28,232	565
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	712	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.	325,356	7,279
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.	183,155	3,928
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	2,390,232	51,038

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

NOTE E - NONCURRENT LIABILITIES - CONTINUED

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

Detailed Description	Balance at 6/30/22	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	\$ 199,285	\$ 4,185
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.	415,618	8,894
Total bonds	<u>3,827,881</u>	<u>82,016</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.	159,000	7,000
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 \$25,000 note payable financed by the Iowa Finance Authority dated September 18, 2015, payable as to principal in full on October 9, 2024, at 0% interest.	25,000	-
Petersburg \$289,500 note payable financed by the Iowa Finance Authority dated September 23, 2016, payable as to principal in full on December 2, 2022, at 0% interest.	288,929	288,929
Petersburg \$264,000 Sewer Revenue Bond Anticipation Project Note issued to the Iowa Finance Authority on March 20, 2020. The note is payable as to principal in full on March 27, 2023	264,000	264,000

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

NOTE E - NONCURRENT LIABILITIES - CONTINUED

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

Detailed Description	Balance at 6/30/22	Due Within One Year
\$5,000 note payable with Clinton County, dated October 26, 2011, 0% interest, payable over ten years. No date has been set to begin payments.	\$ 5,000	\$ -
Total notes payable	<u>796,329</u>	<u>559,929</u>
Total long-term debt	4,624,210	\$ 641,945
Less current maturities	<u>641,945</u>	
Long-term debt	<u>\$ 3,982,265</u>	

Maturities of long-term debt at June 30, 2022 are:

	Principal	Interest	Total
2023	\$ 641,945	\$ 89,681	\$ 731,626
2024	91,914	87,643	179,557
2025	93,860	85,557	179,417
2026	95,856	83,421	179,277
2027	97,901	81,236	179,137
2028-2032	525,054	371,445	896,499
2033-2037	588,595	307,772	896,367
2038-2042	639,162	234,814	873,976
2043-2047	685,919	157,801	843,720
2048-2052	698,300	75,544	773,844
2053-2056	344,988	11,466	356,454
2057-2060	36,316	577	36,893
	<u>\$ 4,539,810</u>	<u>\$ 1,586,957</u>	<u>\$ 6,126,767</u>
Total Long-term debt	\$ 4,624,210		
Less: debt not in repayment	(84,400)		
Debt being amortized	<u>\$ 4,539,810</u>		

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2022

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, 2022 and June 30, 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Accounts payable	\$ <u>9,518</u>	\$ <u>8,616</u>
Management services	\$ <u>102,138</u>	\$ <u>94,485</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, 2022:

<u>Project</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Andover	Reserve Deposits	\$ 28,648
Center Junction	Reserve Deposits	33,399
Fairview	Reserve Deposits	40,767
Leisure Lake	Reserve Deposits	<u>192,290</u>
		\$ <u>295,104</u>

NOTE J - SUBSEQUENT EVENTS

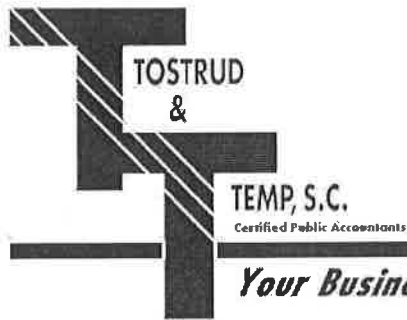
The Commission has evaluated subsequent events through October 14, 2022, the date which the financial statements were available to be issued. No subsequent events have were identified.

SUPPLEMENTARY INFORMATION

Eastern Iowa Regional Utility
Service Systems Commission
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2022

	Andover	Center Junction		Fairview	Leisure		Petersburg	Droessler	Subtotal	General	Total
		Sewer	Water		Lake						
OPERATING REVENUE											
Grant income	\$ -	\$ -	\$ -	\$ -	\$ 36,641	\$ -	\$ -	\$ -	\$ 36,641	\$ 17,655	\$ 54,296
Service fees collected	36,007	36,121	38,263	60,197	256,564	-	-	-	427,152	-	427,152
Other income	-	849	901	17,125	7,735	-	-	-	26,610	10	26,620
Total operating revenue	36,007	36,970	39,164	77,322	300,940	-	-	-	490,403	17,665	508,068
OPERATING EXPENSE											
Administrative expense	-	-	-	-	2,891	32,978	13,981	-	49,850	121	49,971
Architect and engineering fees	-	-	-	-	2,628	33,632	-	-	36,260	-	36,260
Audit fees	690	690	690	690	690	-	-	-	3,450	-	3,450
Legal fees	-	-	-	-	-	913	3,237	-	4,150	-	4,150
Insurance	1,098	66	2,366	381	2,910	-	-	-	6,821	-	6,821
Subcontractor costs	-	-	-	-	44,307	-	-	-	44,307	-	44,307
Other costs	-	-	-	-	578	755	-	-	1,333	18,212	19,545
Depreciation expense	15,650	21,112	16,584	41,727	265,953	-	-	-	361,026	-	361,026
Service fee costs	24,238	18,147	23,907	49,354	117,721	-	-	-	233,367	-	233,367
Total operating expense	41,676	40,015	43,547	92,152	437,678	68,278	17,218	-	740,564	18,333	758,897
Less construction in progress and other capitalized costs	-	-	-	-	50,404	68,278	17,218	-	135,900	-	135,900
Net operating expense	41,676	40,015	43,547	92,152	387,274	-	-	-	604,664	18,333	622,997
Operating income (loss)	(5,669)	(3,045)	(4,383)	(14,830)	(86,334)	-	-	-	(114,261)	(668)	(114,929)
NONOPERATING INCOME (EXPENSE)											
Interest income	26	13	13	26	26	-	-	-	104	160	264
Interest expense	(6,250)	(6,931)	(2,895)	(10,695)	(62,932)	-	-	-	(89,703)	-	(89,703)
Net nonoperating expense	(6,224)	(6,918)	(2,882)	(10,669)	(62,906)	-	-	-	(89,599)	160	(89,439)
Change in net position	(11,893)	(9,963)	(7,265)	(25,499)	(149,240)	-	-	-	(203,860)	(508)	(204,368)
NET POSITION AT JUNE 30, 2021	<u>302,617</u>	<u>524,494</u>	<u>352,646</u>	<u>344,441</u>	<u>732,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,257,124</u>	<u>142,921</u>	<u>2,400,045</u>
NET POSITION AT JUNE 30, 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>\$ -</u>	<u>\$ 2,053,264</u>	<u>\$ 142,413</u>	<u>\$ 2,195,677</u>

OTHER REPORT



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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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon October 14, 2022.

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.

Tostrud & Temp, S. Co

October 14, 2022

Eastern Iowa Regional Utility
Service Systems Commission
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified that

are not considered to be material weakness(es)?

Yes none reported

Noncompliance material to the financial
statements noted?

yes no

Section II - Financial Statement Findings - None

Section III - Status of Prior Year Findings - None