

2023



ANNUAL REPORT



COUNCIL BLUFFS WATER WORKS

Safe Drinking Water Is Our Business

MISSION STATEMENT:

THE COUNCIL BLUFFS WATER WORKS IS COMMITTED TO PROVIDING THE BEST POSSIBLE SERVICE WHILE SUPPLYING ADEQUATE QUANTITIES OF HIGH QUALITY TAP WATER TO MEET ALL THE DOMESTIC, INDUSTRIAL AND FIRE PROTECTION NEEDS OF OUR CUSTOMERS AND OUR COMMUNITY.

Front Cover Photo:

Top: Narrows Water Purification Plant and Bottom: Council Point Water Purification Plant

CHAIRMAN'S REPORT

In 2023, we began updating the Narrows Water Purification Plant. A third well was drilled for the Narrows Water Purification Plant. This new well will help ensure water supply during times of low flow on the Missouri River. Design plans for replacement of the high service pumps were also started. With a historic drought in the region, the Council Bluffs Water Works continued to supply high quality drinking water with no disruption to our customers. The community had the highest pumping year on record in 2023. We have had a streak of highest yearly pumping records broken for the last four consecutive years.

Maintaining our facilities and equipment is the Board's foremost priority. In 2023, the Board approved expenditures to update lighting, purchase two work trucks, purchase a skid loader and rehabilitate several wells around the system. We continue to upgrade our water meters with Automatic Meter Reading Technology. Distribution water main replacement projects continued through 2023 including 16th Street from 12th Avenue to 14th Avenue, 3rd Street from 9th Avenue to Story Street, and others. Water main replacement projects accounted for roughly a third of our total capital improvements program. The above mentioned projects account for just a portion of our investments in 2023, as constant upkeep and maintenance is an ongoing necessity to meet the water supply needs of our customers.

Even with all of the demands for resources required to maintain our water system the Board is committed to maintaining stable water rates. A well maintained public water system is essential to the community's public health, public safety, economic development, and quality of life. The Board of Water Works Trustees and employees will meet the challenge to fulfill its obligation and mission to our customers to provide a safe, dependable, and affordable supply of high-quality drinking water from the tap. Please read this report that details the accomplishments and challenges of the dedicated employees of the Council Bluffs Water Works.

Keith R. Jones
Chairperson

Trustees:
Martin L. Brooks
Caitlin A. Beresford
Glennay V. Jundt
Patrick A. Miller

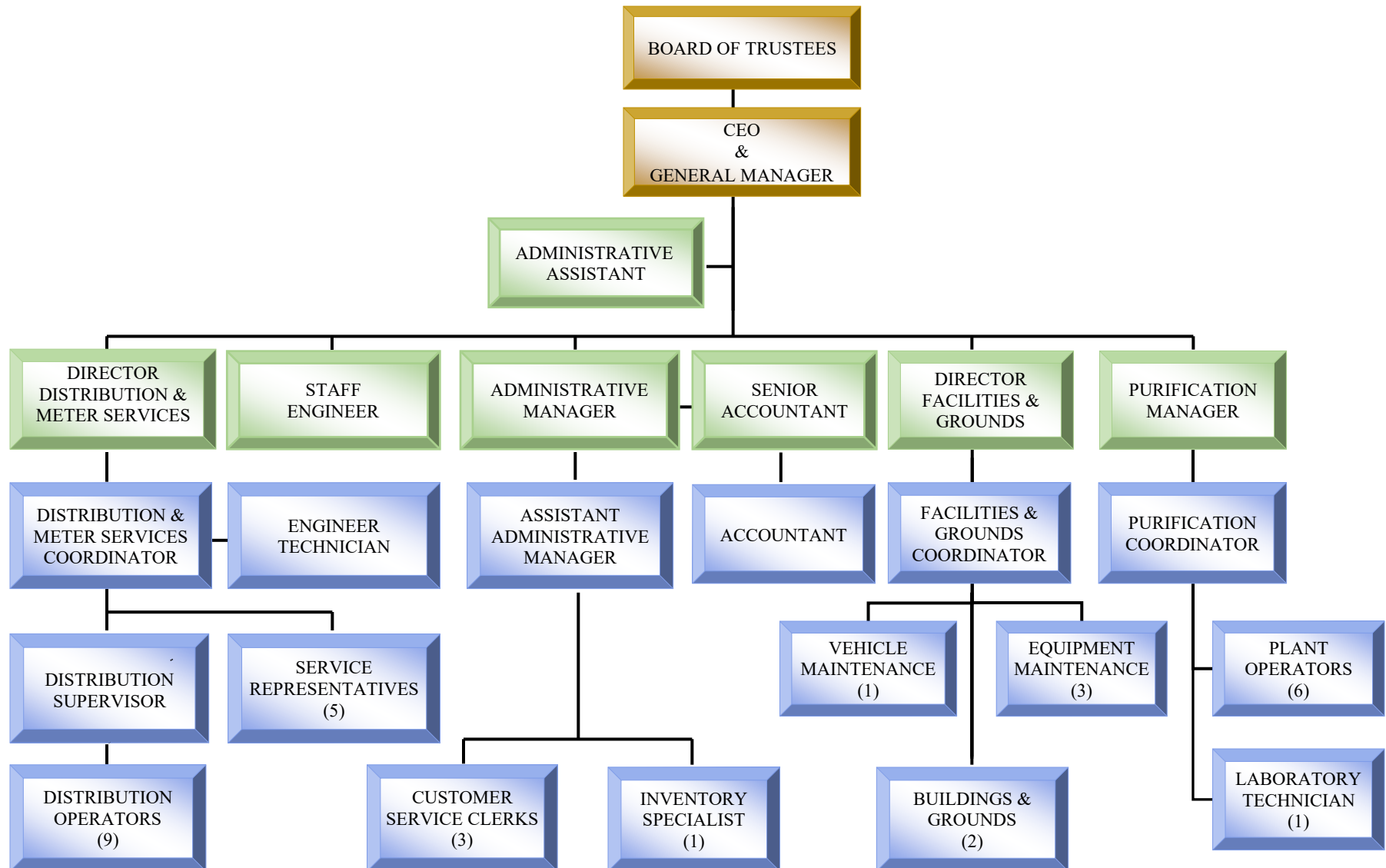
**2023
RATE SCHEDULE**

| Monthly Retail Volume Charges | | |
|-------------------------------|-------------------------|--------------------------|
| | Monthly Billing | |
| | Inside City (\$/CCF) | Outside City (\$/CCF) |
| First 1,500 Cubic Feet | \$3.85 | \$5.78 |
| Next 28,500 Cubic Feet | \$2.85 | \$4.28 |
| Over 30,000 Cubic Feet | \$1.85 | \$2.78 |

| Bi-Monthly Retail Volume Charges | | |
|----------------------------------|-------------------------|--------------------------|
| | Bi-Monthly Billing | |
| | Inside City (\$/CCF) | Outside City (\$/CCF) |
| First 3,000 Cubic Feet | \$3.85 | \$5.78 |
| Next 57,000 Cubic Feet | \$2.85 | \$4.28 |
| Over 60,000 Cubic Feet | \$1.85 | \$2.78 |

Cubic foot = 7.48 gallons
 100 cubic feet (CCF) = 748 gallons

COUNCIL BLUFFS WATER WORKS ORGANIZATIONAL CHART



ORGANIZATION

AND

PERSONNEL

BOARD OF WATER WORKS TRUSTEES

| | | |
|-------------|----------------------|----------------------------|
| Chairperson | Keith R. Jones | term expires June 30, 2028 |
| Trustee | Martin L. Brooks | term expires June 30, 2025 |
| Trustee | Caitlin A. Beresford | term expires June 30, 2024 |
| Trustee | Glennay V. Jundt | term expires June 30, 2027 |
| Trustee | Patrick A. Miller | term expires June 30, 2028 |

STAFF

| | | |
|---------------------------|------------------------------|------------------------|
| CEO and General Manager: | Brian T. Cady | Iowa Grade IV Operator |
| | Douglas P. Drummey (retired) | Iowa Grade IV Operator |
| Staff Engineer | Adam C. Wiegman | --- |
| Administrative Assistant: | Celestine Powell | --- |

PURIFICATION DEPARTMENT

| | | |
|-----------------------|-------------------------|-------------------------|
| Purification Manager: | Timothy C. Parker | Iowa Grade IV Operator |
| Coordinator: | Rodney A. Scott | Iowa Grade IV Operator |
| Personnel: | Ian J. Cassidy | Iowa Grade III Operator |
| | Chaseton R. Reed | Iowa Grade III Operator |
| | Joshua J. Hannan | Iowa Grade III Operator |
| | Dean W. Redinbaugh | Iowa Grade II Operator |
| | Christopher A. Anderson | Iowa Grade I Operator |
| | Malaki M. Bovee | --- |
| | Noah M. Gilliam | --- |

DISTRIBUTION & METER SERVICES DEPARTMENT

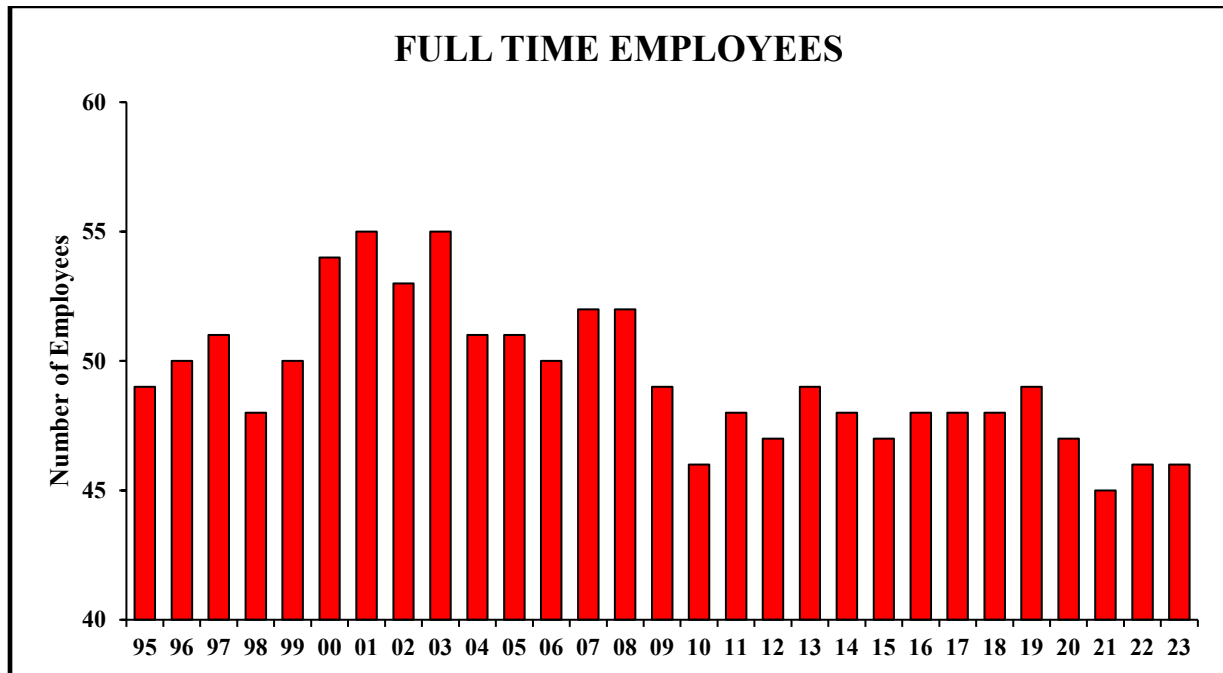
| | | |
|-------------------------|------------------------|------------------------|
| Director: | Douglas L. Adkins | Iowa Grade II Operator |
| Coordinator: | Kyle W. Newsom | Iowa Grade II Operator |
| Supervisor: | Jeffrey A. Schuster | Iowa Grade II Operator |
| Engineering Technician: | Karen R. Cedeno-Perdue | --- |
| Distribution Personnel: | Robert D. Hildreth | Iowa Grade II Operator |
| | Michal J. Tornblom | Iowa Grade II Operator |
| | Timothy R. Rhoades | Iowa Grade II Operator |
| | Sammy J. McNeal | Iowa Grade I Operator |
| | Jeffrey S. Chanley | Iowa Grade I Operator |
| | Chad D. Underwood | Iowa Grade I Operator |
| | Tylor L. Story | Iowa Grade I Operator |
| | Travis M. Black | --- |
| | Brian J. Burnside | --- |
| Meter Personnel: | Russell D. Osbahr | |
| | Kenny C. McKeighan | |
| | Chad M. Springer | |
| | Jordan D. Freeman | |
| | Dylan W. Campbell | |

FACILITIES & GROUNDS DEPARTMENT

| | | |
|--------------|---|-----------------------|
| Director: | Robert J. Sekera | Iowa Grade I Operator |
| Coordinator: | Tate M. Brandon | Iowa Grade I Operator |
| Personnel: | James L. Smith Jr. Shane E. Ruckman Matthew B. Truax Cody A. Neighbors Aaron L. Young Brandon M. Hutzell | |

CUSTOMER SERVICE & ACCOUNTING DEPARTMENT

| | |
|-----------------------------------|--|
| Administrative Manager: | Karen A. Wisniski |
| Assistant Administrative Manager: | Hilleary A. Schrage |
| Personnel: | Travis P. Anderson Lisa A. Hammer Loni N. Neve Alyssia J. Wiebold Araceli G. Navarrete |



HIGHLIGHTS
AND
STATISTICS

PURIFICATION DEPARTMENT

The Purification Department's primary responsibility is to produce safe drinking water in compliance with all Federal and State Drinking Water Standards. The Council Bluffs Water Works delivered 4,759,636,000 gallons of potable water to our customers in 2023. The Narrows Water Purification Plant produced 3,356,672,000 gallons for an average of 8.5 million gallons per day. The Council Point Water Purification Plant produced 1,402,964,000 gallons for an average of 3.8 million gallons per day. In typical fashion, our peak month occurred during the summer in June, when more than 510,790,000 gallons of water was pumped to the system at an average daily flow of 17.02 million gallons of water per day. The peak day occurred on June 21st, when 20,091,000 gallons was pumped to the system.

The Council Bluffs Water Works Certified Bacteriological Laboratory processed a total of 2,551 bacteriological samples in 2023. Of the samples processed, 843 were for the Council Bluffs Water Works, 518 for other public water supplies, 82 pool samples, and 253 "Special Purpose" samples which consist of samples taken after water main breaks. The Purification Department collected 128 samples for disinfection by-product analysis and 250 Total Suspended Solid (TSS) samples for NPDES/Sanitary Discharge Compliance.

Throughout the year, the department ran thousands of tests on water quality parameters to maintain the optimal performance of both the Narrows and Council Point Water Purification Plants. To do so, plant operators carefully adjusted the application of numerous water treatment chemicals, including lime, ferric sulfate, liquid chlorine, soda ash, polymer, powder activated carbon, sodium hydroxide, sodium permanganate, hydrochloric acid, anhydrous ammonia, aqua ammonia, phosphate and fluoride in order to provide our customers the highest quality drinking water.

2023 Water Quality Facts and Figures

Narrows Water Purification Plant

| | | |
|---|---|-------------------------------|
| Total Gallons Pumped to System | 3,356,672,000 | |
| Average Gallons Pumped to System (daily) | 9,196,000 | |
| Maximum Gallons Pumped to System (single day) | 15,603,000 | |
| Average Gallons Used Per Person Per Day | 208 | |
| Source of Water | Missouri River & Missouri River Alluvium | |
| Finished Water Chemical Analysis | | |
| pH | 9.42 | Standard Units |
| Alkalinity | 65 | mg/L as CaCO ₃ |
| Hardness | 155 | mg/L as CaCO ₃ |
| Calcium | 91 | mg/L as CaCO ₃ |
| Magnesium | 64 | mg/L as CaCO ₃ |
| Non-Carbonate Hardness | 90 | mg/L as CaCO ₃ |
| Total Chlorine | 2.45 | mg/L as Cl ₂ |
| Fluoride | 0.66 | mg/L as F ⁻ |
| Turbidity | 0.08 | Nephelometric Turbidity Units |
| Annual Average Temperature (Fahrenheit) | 57.7 | degrees |

Council Point Water Purification Plant

| | |
|--|---------------|
| Total Gallons Pumped to System | 1,402,964,000 |
| Average Gallons Pumped to System (daily) | 3,844,000 |

| | |
|---|------------------------------------|
| Maximum Gallons Pumped to System (single day) | 5,577,000 |
| Average Gallons Used Per Person Per Day | 208 |
| Source of Water | Missouri River Alluvium |
| Finished Water Chemical Analysis | |
| pH | 7.5 Standard Units |
| Alkalinity | 166 mg/L as CaCO ₃ |
| Hardness | 151 mg/L as CaCO ₃ |
| Calcium | 106 mg/L as CaCO ₃ |
| Magnesium | 45 mg/L as CaCO ₃ |
| Total Chlorine | 2.28 mg/L as Cl ₂ |
| Fluoride | 0.67 mg/L as F ⁻ |
| Turbidity | 0.07 Nephelometric Turbidity Units |
| Annual Average Temperature (Fahrenheit) | 58.2 Degrees |

The following chemicals and quantities were used to treat our water:

Narrows Water Purification Plant

| <u>Water Treatment Chemical</u> | <u>Tons Used</u> | <u>\$ Cost</u> |
|-------------------------------------|------------------|--------------------|
| Lime | 1,773 | \$ 443,169 |
| Ferric Sulfate | 175 | 239,228 |
| Soda Ash | 129 | 59,478 |
| Liquid Chlorine | 88 | 192,061 |
| Sodium Hexametaphosphate | 4 | 22,420 |
| Sodium Silicofluoride | 8 | 32,580 |
| Polymer | 21 | 36,570 |
| Potassium Permanganate | 10 | 53,344 |
| Powdered Activated Carbon | 4 | 11,307 |
| Anhydrous Ammonia | 10 | <u>29,367</u> |
| Total Water Treatment Chemical Cost | | <u>\$1,119,524</u> |

Council Point Water Purification Plant

| <u>Water Treatment Chemical</u> | <u>Tons Used</u> | <u>\$ Cost</u> |
|---------------------------------|------------------|----------------|
| MCI310 Antiscalant | 18 | \$ 42,219 |
| Aqueous Ammonia | 17 | 9,375 |
| Citric Acid | 12 | 38,046 |
| Hydrofluosilicic Acid | 18 | 14,412 |
| Hydrochloric Acid | 265 | 145,568 |
| Ortho-polyphosphate | 6.0 | 11,430 |

| | | |
|-------------------------------------|-------|-------------------------|
| Anionic Polymer | 7.0 | 35,284 |
| Kleen MCT – 105, Low pH | 0.026 | 156 |
| Sodium Bisulfite | 9.0 | 9,093 |
| Sodium Hydroxide 30% | 162 | 46,821 |
| Sodium Hydroxide 50% | 82 | 44,940 |
| Sodium Permanganate | 53 | 165,774 |
| Sodium Chloride | 86 | <u>26,103</u> |
| Total Water Treatment Chemical Cost | | <u><u>\$589,221</u></u> |

DISTRIBUTION DEPARTMENT

The Distribution Department is responsible for the maintenance and operation of all underground facilities in the water distribution system and fire hydrants, including 316.82 miles of water main, 7,325 valves and 3,016 fire hydrants. The department responds to emergency call-outs 24/7 under all weather conditions to repair water main breaks and restore water service to Water Works' customers in a timely manner.

In 2023, the Distribution Department continued with the leak survey of our entire system and maintained all fire hydrants as a part of our annual hydrant maintenance program. Additionally, our personnel responded to 185 emergency call-outs throughout the year during all hours and weather conditions to ensure continued water service to our customers.

The Distribution Department's water main replacement efforts this year continued in support of city street and sewer replacement projects. Water mains were also added in new developments. Department personnel repaired approximately 2,604 square yards of Portland Cement Concrete (PCC) paving, and 352 square yards of asphalt overlay was installed by various contractors.

This year the department:

- Made 115 small taps, and 13 purification taps
- Replaced/Killed 41 lead services
- Checked 77 service leaks
- Turned on/off 40 services
- Repaired 40 service lines and 25 curb boxes
- Replaced 30 services from the main to stop box
- 1 service was moved for construction by Water Works personnel
- 24 services were connected by contractors
- Killed 11 services at the main and 12 at the curb stop
- Answered 7,528 requests for service line or main location
- Turned 622 large valves, rebuilt 17, replaced 4 and added 7 new valves
- Repaired 85 main breaks, moved 2 water mains
- Repaired 40 valve boxes
- Made 12 large taps (4 inches and above)
- Removed 11 fire hydrants from service which were obsolete, damaged or for main replacement
- 6 hydrants were replaced by Water Works personnel
- 12,759 hydrants were listened to while performing leak survey
- Checked 1,894 hydrants
- Repaired 146 hydrants
- Relocated 2 hydrants
- Flushed 550 hydrants
- Thawed out 2 fire hydrants
- Flow tested 27 fire hydrants

Observed installation of 6,998 feet of new mains installed by contractors.

Mains installed by the Distribution Department were:

| | | |
|-------|------------|-------------------|
| 1,288 | feet of 6 | – inch main |
| 44 | feet of 8 | – inch main |
| 17 | feet of 10 | – inch DIP main |
| 157 | feet of 10 | – inch C-900 main |

Mains installed by contractors were:

| | | |
|-------|------------|-------------|
| 554 | feet of 6 | – inch main |
| 863 | feet of 8 | – inch main |
| 3,614 | feet of 10 | – inch main |
| 2,446 | feet of 12 | – inch main |
| 5 | feet of 16 | – inch main |

METER SERVICES DEPARTMENT

The Meter Department's primary function is to read over 22,000 water meters on a monthly and bi-monthly basis, repair and replace meters as needed, complete disconnect and reconnect orders, collect delinquent accounts and respond to service call requests as needed.

In 2023, the Meter Department continued to upgrade and exchange 319 water meters as part of our meter replacement program. While continuing to maintain and upgrade the Water Works' 22,000 plus water meters, we installed an additional 121 radio read devices to improve meter reading efficiency.

In addition to the meter exchanges this year the department:

- Replaced 102 dead meters
- Removed 2 meters for demolition
- Repaired 31 leaking meters
- Replaced 69 frozen meters
- 9 curb boxes were raised
- Installed 135 touch pads
- Installed 153 radio reading devices
- Exchanged 52 radio reading devices
- Exchanged 128 radio reading batteries
- Set 104 new addresses with meters
- Set 14 new addresses with large meters
- Exchanged 78 small meters
- Exchanged 4 large meters
- 19 meters were exchanged for the Meter Exchange Program
- There were a variety of 536 non-scheduled orders
- 34 meters were tested for accuracy or malfunction
- Wired 73 new construction homes
- Rewired 110 existing customer homes
- Monitored 257 new construction homes
- Checked 28 homes for low water pressure
- Surveyed 107 accounts for leaks
- Set and Removed 102 Hydrant Meters
- Performed 3,691 final readings
- Read 4,351 RMMS (Reading Meter Management System)
- Researched 145 high bill orders
- Verified 5 meter readings
- 1,084 notes were left to read the meter
- Turned on 201 delinquent accounts for Customer Service
- 7,553 cards were left for delinquent accounts
- Turned on 802 water services
- Turned off 527 water services

Pump Stations were inspected 1,245 times
Investigated 9 water main leaks
Investigated 15 service leaks
There were 145,874 meter readings

FACILITIES & GROUNDS DEPARTMENT

The Facilities and Grounds Department is responsible for the maintenance of all facilities, equipment, buildings and grounds, including the Narrows and Council Point Water Purification Plants, Administration Building, five (5) Booster Pump Stations, four (4) Ground Storage Reservoirs, and five (5) Elevated Storage Tanks. The eleven (11) locations account for approximately 217 acres of land spread throughout the city, along with the equipment at and within those facilities, including but not limited to HVAC systems, pumps and their control systems, telemetry and process monitoring equipment. The Facilities and Grounds crew takes pride in maintaining the appearance of all Water Works's properties and facilities.

The department maintains the organization vehicle and equipment fleet with over forty (40) pieces of equipment including automobiles, service trucks, dump trucks, backhoes, tractors, mowers, compressors, welders, trailers and specialty equipment used for concrete and water main repair.

Power and fuel are essential to our operations. It took 10,640,714 kWh of electricity at a cost of \$793,787.18 to process and distribute over four billion gallons of water. We also used 14,696 gallons of lead free gasoline at a cost of \$43,268.68 and used 10,045 gallons of red diesel fuel at a cost of \$33,125.38 to fuel the Water Works fleet. We used 49,765 thousand cubic feet (MCF) of natural gas at a cost of \$46,296.82 to heat our buildings and structures.

CUSTOMER SERVICE & ACCOUNTING DEPARTMENT

Customer Service

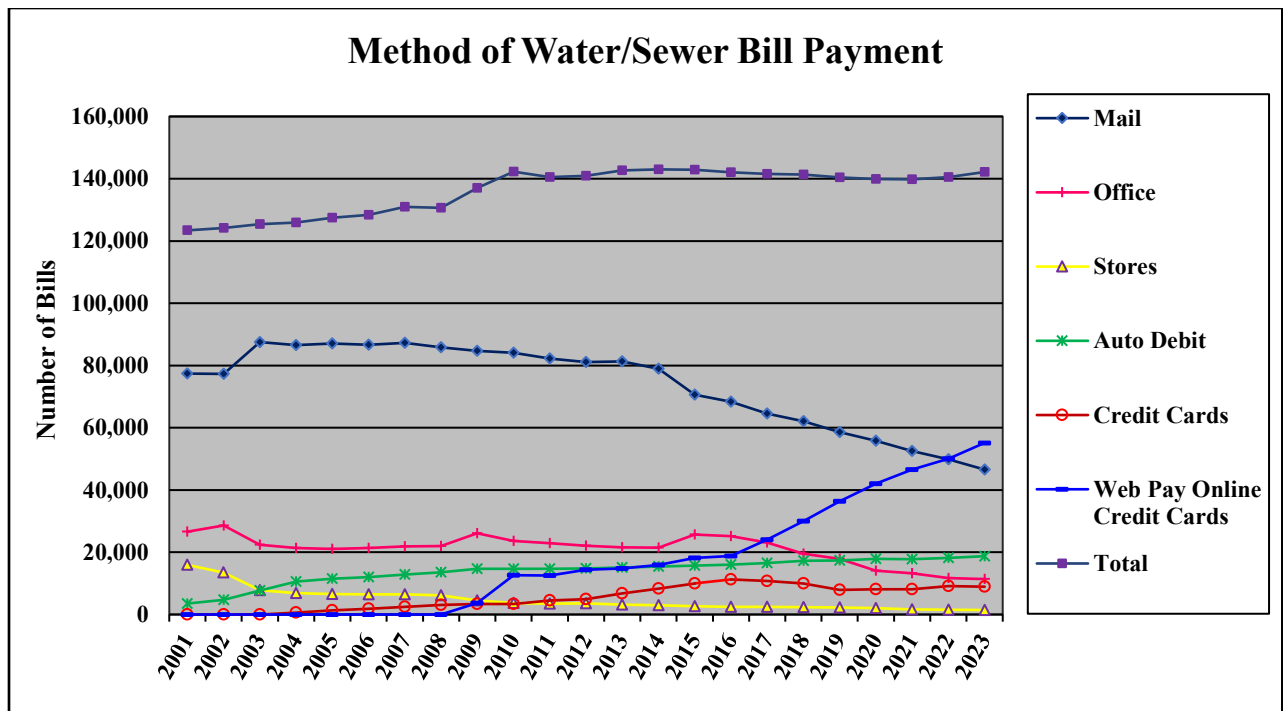
Our Customer Service Representatives do an excellent job assisting Water Works customers with their questions concerning their bills, turning on/off services, signing up for service and paying bills whether it is by telephone or in person. If Customer Service is requested to send a Service Representative to the customer's location, a service order is prepared for the Meter Department and then processed when the order is completed.

In 2023, the department mailed out 142,549 water bills, emailed 26,984 water bills and sent 37,190 reminder notices and 20,649 shut-off notices to customers. There were 142,163 payments processed. There were 18,738 automatic bank payments. There were 8,407 service orders processed for final readings, high bills, dead meters, or to install new meters. There were 386 meters installed or replaced. Customer Service Representative made 653 payment arrangements with customers. 189 water bills were paid on the day of shut-off and 909 services were discontinued for non-payment. There were 138 returned checks that had to be collected from customers. 2,567 service contracts were processed to transfer, reinstate or add new customers to the system.

The Council Bluffs Water Works continues to see an increase in the number of customers paying their bills on our website. There were 8,895 credit card payments and 55,140 online web credit card payments.

The Accounting Department processed \$25,297,276.59 in receipts and payments in 2023, including processing water and sewer bill payments and making the daily bank deposits. The department is responsible for processing accounts payable invoices, checks, payroll, the budget, fixed assets and other information for the general ledger. The department prepares monthly reports for the Board and other departments. The most recent audit found no irregularities or deficiencies in accounting practices and procedures.

Department personnel oversee the daily operations of the storeroom and warehouse. The Inventory Specialist is responsible for the purchase, storage and allocation of material and resources needed for all departments with an inventory value at \$2,011,883.86.



GENERAL INFORMATION

The Council Bluffs Water Works has 22,382 active service accounts: 20,503 residential; 1,879 are commercial or industrial.

Last year, total production was 4,759,636,000 gallons.

Residential customers consumed 1,089,865,172 gallons in 2023. The average residential customer used 53,156 gallons at a cost of \$301.12 per year or \$25.09 per month.

Our top ten customers consumed 2,161,790,312 gallons, 45% total production.

SERVICES PROVIDED OUTSIDE THE CITY OF COUNCIL BLUFFS, IOWA

669 outside-City customers paid \$737,675.83 for 143,185,152 gallons of water.

The City of Crescent paid \$95,639.00 for 28,181,648 gallons of water.

Regional Water paid \$199,722.34 for 52,212,644 gallons of water.

In total, outside City Customers paid \$1,033,037.17 for 223,579,444 gallons of water. This represents 6.7% of metered water sales and 4.7% of total water production.

SERVICES PROVIDED TO THE CITY OF COUNCIL BLUFFS, IOWA

The Council Bluffs Water Works provided 63,099,036 gallons of water to the City free of charge, having a value of \$254,840.90. Also, on behalf of the City, the Council Bluffs Water Works collected \$18,028,519.54 in sewer use fees.

TOP TEN CUSTOMERS

| <u>2023 Rank</u> | | <u>2022 Rank</u> |
|------------------|--------------------------------|------------------|
| 1. | Google, Inc. (Council Bluffs) | 1 |
| 2. | Tyson Foods, Inc. | 3 |
| 3. | ConAgra Frozen Foods | 2 |
| 4. | Plumrose USA, Inc. | 4 |
| 5. | City of Council Bluffs | 7 |
| 6. | MidAmerican Energy | 5 |
| 7. | Tetra, LLC | 6 |
| 8. | Bunge Corporation | 10 |
| 9. | Iowa Western Community College | 9 |
| 10. | Regional Water | 8 |

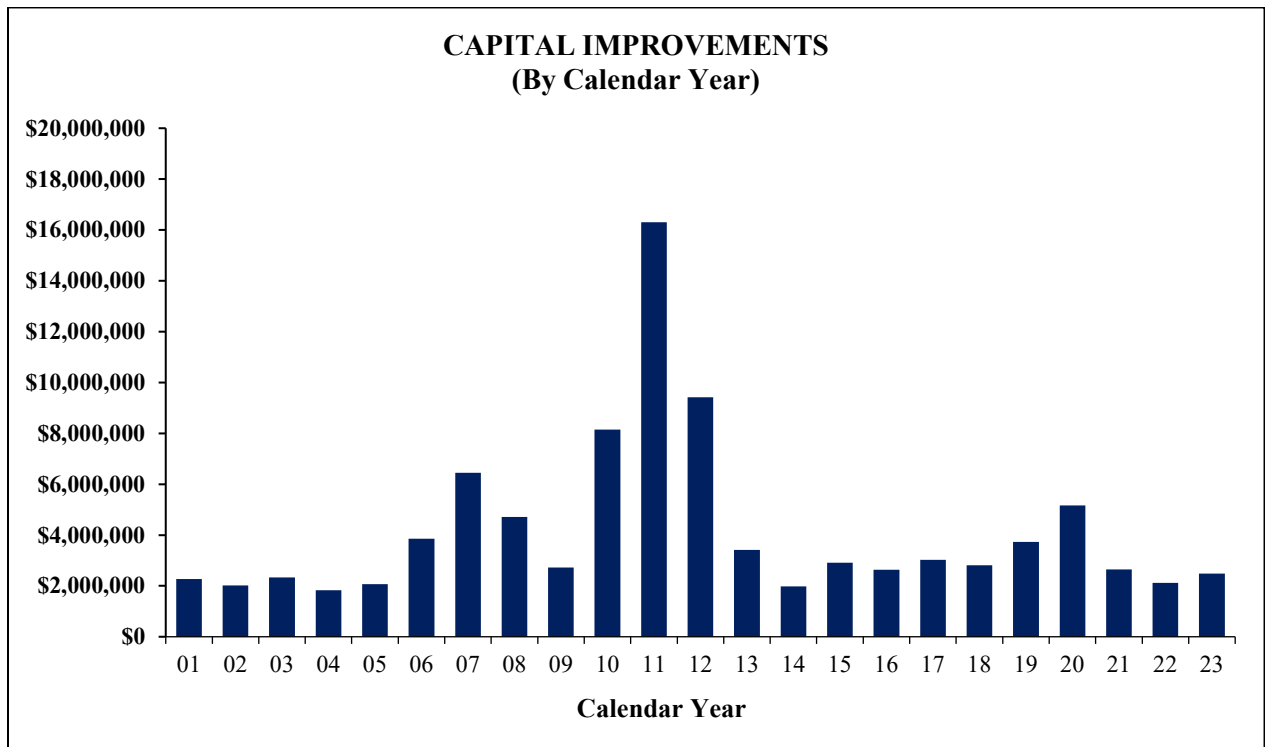
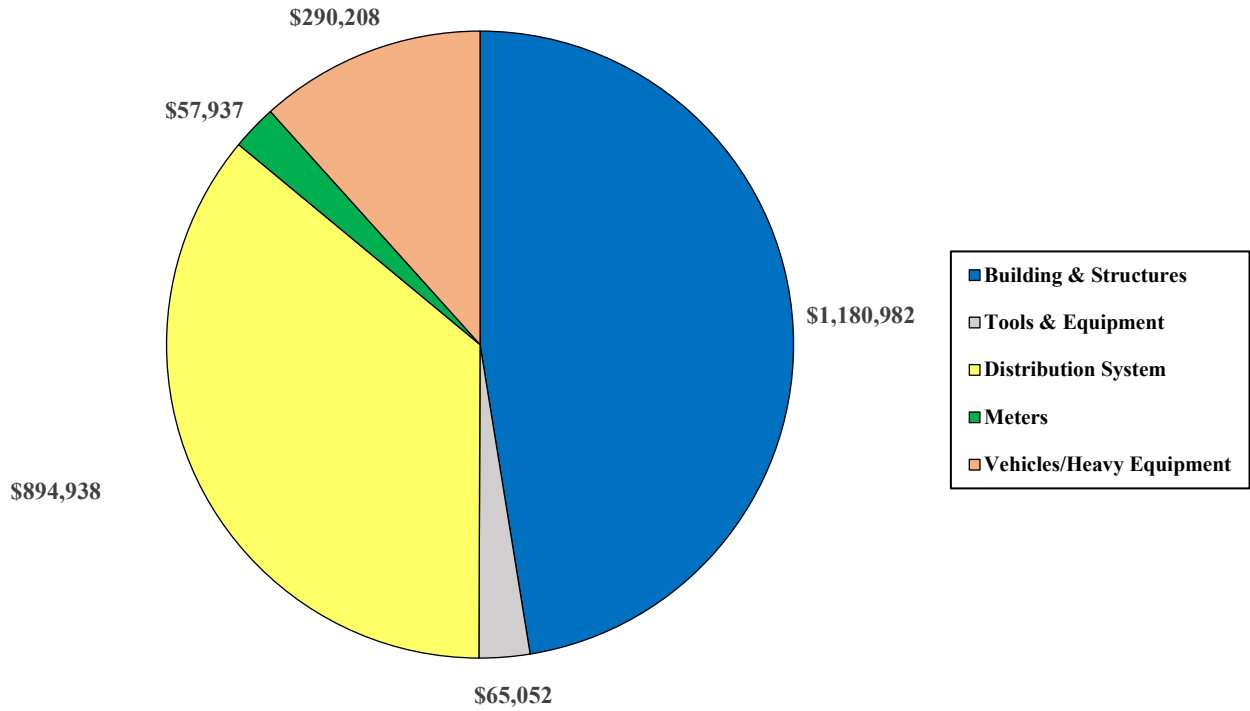
The Council Bluffs Water Works has 316.82 miles of water mains consisting of:

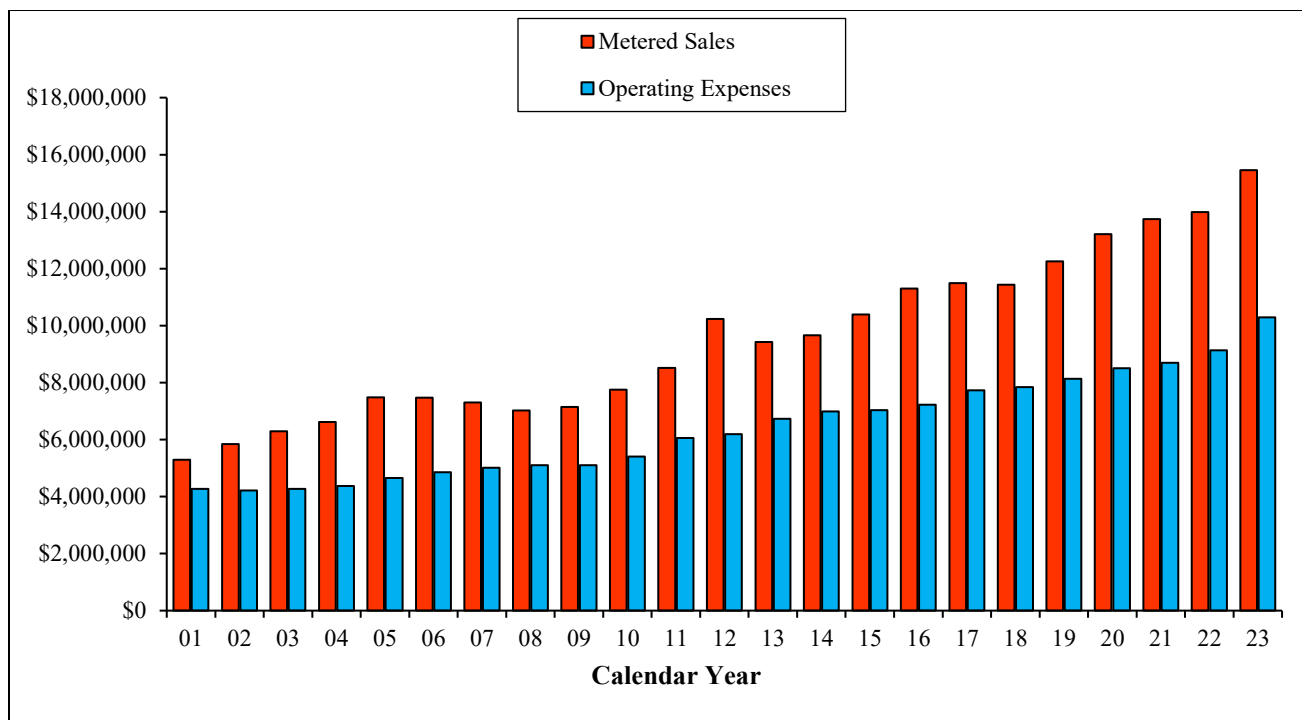
| | | |
|----------------|---------|------|
| 1-inch main | 788 | feet |
| 1 ½ -inch main | 139 | feet |
| 2-inch main | 1,224 | feet |
| 3-inch main | 67 | feet |
| 4-inch main | 37,129 | feet |
| 6-inch main | 571,633 | feet |
| 8-inch main | 392,834 | feet |
| 10-inch main | 171,310 | feet |
| 12-inch main | 250,922 | feet |
| 16-inch main | 172,788 | feet |
| 18-inch main | 99 | feet |
| 20-inch main | 7,957 | feet |
| 24-inch main | 21,925 | feet |
| 30-inch main | 14,707 | feet |
| 36-inch main | 29,294 | feet |

Number of Hydrants: 3,016

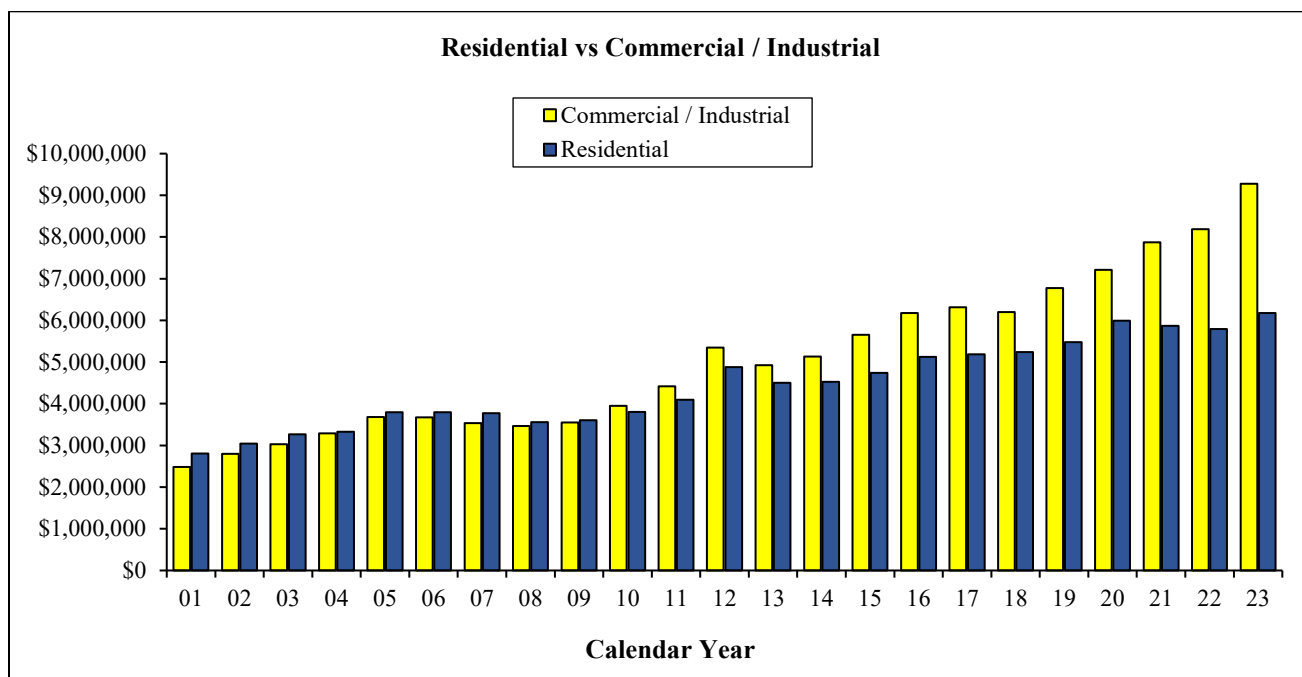
Number of Valves: 7,325

**2023 CAPITAL IMPROVEMENTS
TOTAL \$2,489,117**





METERED SALES vs OPERATING EXPENSES



WATER REVENUE

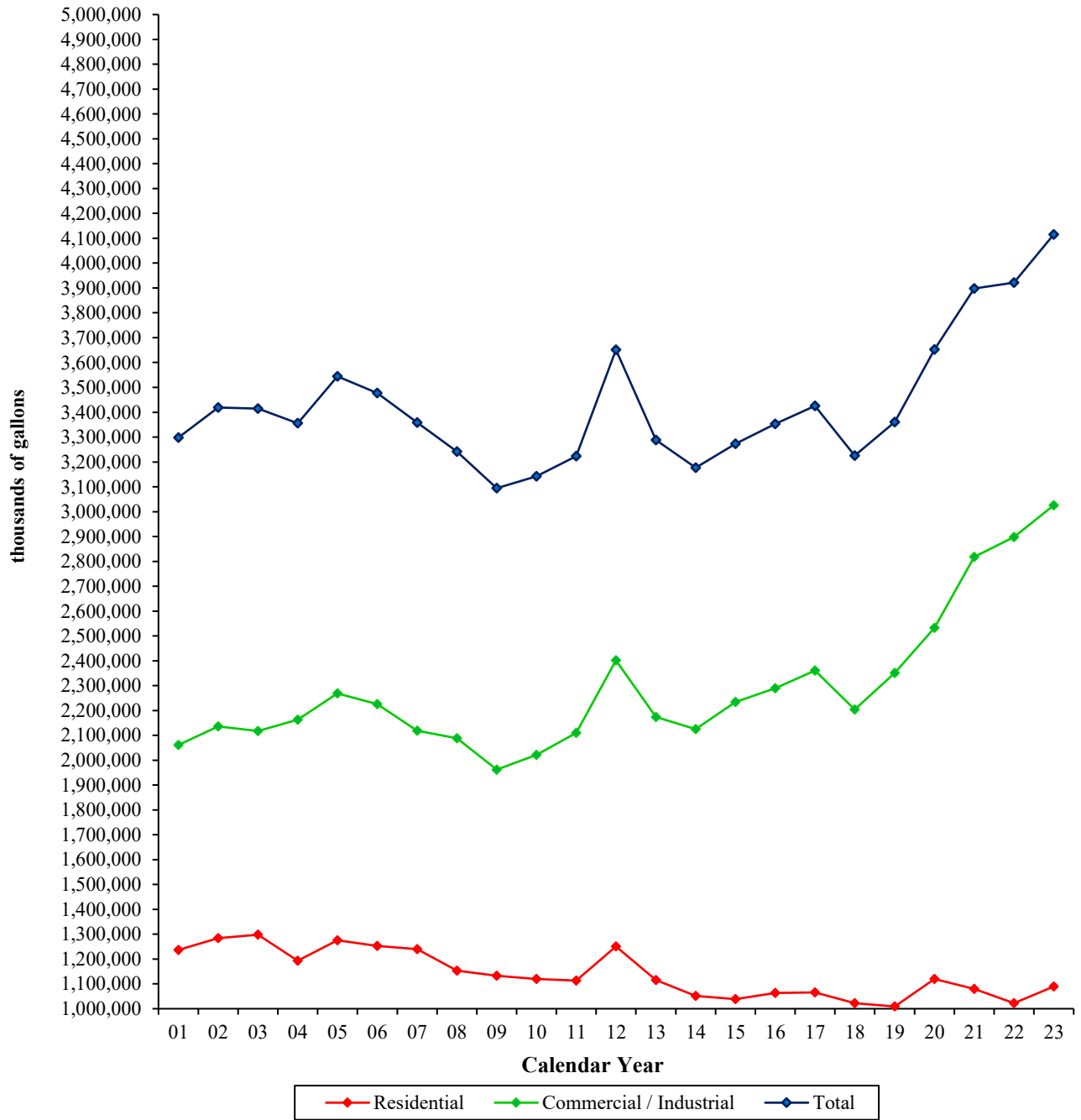
COUNCIL BLUFFS WATER WORKS
PUMPAGE & METERED CONSUMPTION
(1,000's Gallons)
2023

| MONTH | PUMPAGE TOTAL | METERED CONSUMPTION TOTAL | CONSUMPTION COMMERCIAL & INDUSTRIAL | RESIDENTIAL |
|--------------|--------------------------|--|--|--------------------|
| January | 338,642 | 268,842 | 193,000 | 75,842 |
| February | 298,019 | 272,626 | 197,174 | 75,452 |
| March | 334,072 | 275,387 | 203,564 | 71,823 |
| April | 349,954 | 296,242 | 223,437 | 72,805 |
| May | 468,529 | 338,680 | 260,736 | 77,944 |
| June | 510,790 | 436,056 | 321,095 | 114,961 |
| July | 468,873 | 417,061 | 301,980 | 115,081 |
| August | 476,945 | 413,585 | 297,158 | 116,427 |
| September | 464,058 | 412,983 | 318,629 | 94,354 |
| October | 397,350 | 394,688 | 280,773 | 113,915 |
| November | 332,800 | 312,177 | 227,083 | 85,094 |
| December | 319,604 | 277,129 | 200,962 | 76,167 |
| Totals 2023 | 4,759,636 | 4,115,456 | 3,025,591 | 1,089,865 |
| Ratio | | 86.5% | 63.6% | 22.9% |
| Totals 2022 | 4,625,952 | 3,921,238 | 2,898,401 | 1,022,837 |
| Ratio | | 84.8% | 62.7% | 22.1% |
| Totals 2013 | 3,972,141 | 3,288,658 | 2,173,679 | 1,114,979 |
| Ratio | | 82.8% | 54.7% | 28.1% |

COUNCIL BLUFFS WATER WORKS
METERED SALES (\$)
2023

| MONTH | TOTAL | COMMERCIAL & INDUSTRIAL | RESIDENTIAL |
|--------------|---------------|--|--------------------|
| January | \$ 1,011,740 | \$ 586,205 | \$ 425,535 |
| February | 1,024,947 | 594,591 | 430,356 |
| March | 1,050,728 | 620,095 | 430,633 |
| April | 1,109,625 | 663,298 | 446,327 |
| May | 1,266,369 | 806,996 | 459,373 |
| June | 1,618,314 | 989,623 | 628,691 |
| July | 1,588,911 | 974,008 | 614,903 |
| August | 1,541,622 | 908,972 | 632,650 |
| September | 1,517,753 | 978,892 | 538,861 |
| October | 1,476,213 | 946,403 | 629,810 |
| November | 1,186,882 | 703,132 | 483,750 |
| December | 1,060,145 | 607,176 | 452,969 |
| Totals 2023 | \$ 15,453,249 | \$ 9,279,391 | \$ 6,173,858 |
| Ratio | | 60.0% | 40.0% |
| Totals 2022 | \$ 13,980,349 | \$ 8,188,117 | \$ 5,792,232 |
| Ratio | | 58.6% | 41.4% |
| Totals 2013 | \$ 9,429,669 | \$ 4,927,302 | \$ 4,502,367 |
| Ratio | | 52.3% | 47.7% |

RESIDENTIAL VERSUS COMMERCIAL / INDUSTRIAL CONSUMPTION



HISTORY

Construction of the Council Bluffs Water System began in 1881 by the American Construction Company of New York City, which had been granted a 25-year franchise by the City of Council Bluffs. Under the franchise, the American Construction Company was to construct and operate a water system. The system constructed was very inferior, and during the life of the franchise, practically no improvements or extensions were made. As a result, along with the poor service rendered by the water company, the renewal of the franchise was rejected by the voters in 1906. In 1911, the City acquired the water system through condemnation proceedings at a cost of \$510,000. On June 1, 1911, the control of the Council Bluffs Water Works came under the Board of Water Works Trustees, which had been appointed by the Mayor. Their first task was to reconstruct or replace practically the entire system. The utility remains under the control of a five-member Board of Trustees, appointed by the Mayor on alternate terms of six years each. Many physical changes have occurred within the water system itself. The system in 1911 consisted of obtaining water from the Missouri River near North 37th Street, settling in large reservoirs, disinfecting, and pumping. Disinfection was begun in 1910 which eliminated illness and deaths from typhoid. In 1952, a conventional lime softening water treatment plant, known as the Narrows was constructed at North 25th Street. The Administration Building was relocated to North 25th Street in 1974. In the ensuing thirty years many other improvements have been made including the construction of the 2,000,000 gallon Valley View Reservoir, a Distribution/Meter Department Office and Warehouse Complex, a 1,500,000 gallon Clearwell, a modern Chlorine Handling Facility, 3 Elevated Storage Tanks, two Pump Stations and one storage reservoir. In 2010 Board began construction of a new groundwater source of supply and integrated membrane water treatment plant known as Council Point, on the south side of the City. This new source of supply began serving the City in 2013.

GENERAL DESCRIPTION OF SYSTEM OPERATIONS

The Narrows Water Purification Plant's main source of water is the Missouri River. Four low service pumps are located at the intake pump station. #1 pump is rated at 12.5 million gallons per day (MGD) and is a dual drive pump (electric or gas engine). #2 pump is rated at 5.5 MGD. #3 pump is a variable speed with a maximum capacity of 9.0 MGD. #4 pump is also variable speed with a maximum capacity of 12.5 MGD. Any single pump can be run from a standby generator if commercial power fails.

The secondary source of water is the Missouri River Alluvium. Two wells at a depth of 150 feet have a capacity of 4.5 MGD each.

Traveling screens at the Intake Pump Station remove large debris before it is pumped to twin preliminary settling basins where the sand and heavy silt settle out. Polyelectrolytes are added when necessary to enhance the settling process. Well water is blended with the cold river water in the winter to minimize icing problems within the basins. Water then flows by gravity through the remaining treatment steps.

There are two independent treatment trains at the purification plant. Typically, the plant operates in a split treatment mode where lime is added to approximately 70% of the water to elevate the pH sufficiently to precipitate magnesium and calcium ions. This softened water is blended with un-softened water as needed to adjust the pH and hardness of the water. Soda Ash and Ferric Sulfate are added as required to complete the coagulation and softening process. A series of mixers and flocculators ensure a complete chemical reaction prior to the clarification basins. Solids are recycled to the mixers as a catalyst for the chemical reactions.

Water then flows to 8 gravity multi-media filters. Each filter has a rated capacity of 3.0 MGD. The filters remove any remaining particles. The filters have a granular activated carbon cap that remove dissolved organic compounds and taste and odor causing compounds by adsorption.

Chlorine is added as a disinfectant before and after the filters. Fluoride is added as a prophylaxis. The water then flows through two 1.5 million gallon baffled clearwells to ensure inactivation of microorganisms. Ammonia is then added to convert the chlorine to chloramines to stabilize the chlorine residual and control disinfection by-products.

There are four high service pumps that deliver water to the City. Two of the pumps have a capacity of 10 MGD, one is 7.5 MGD and the smallest is 6 MGD. Pumps can be run in any combination to meet demand. Typical plant discharge pressure is 90 – 100 pounds per square inch. A 500 kW and 100 kW generators provide emergency backup power to the plant in case of commercial power failure.

The Council Point Water Purification Plant's source of water is nine wells in the Missouri River alluvium to a depth of 100 feet. The groundwater is pumped to the pretreatment building where it is first aerated to oxidize iron followed by chemical addition to oxidize manganese. Insoluble iron and manganese is removed by ultrafiltration. Dissolved minerals are removed by reverse osmosis. Chlorine is added as a disinfectant. Fluoride is added as a prophylaxis. Finished water is stored in a 3.0 million gallon clearwell. There are four high service pumps that deliver water to the City, each with variable frequency drives and capable of delivering 4.0 MGD. The plant is automated and controlled by the water plant operators from the Narrows Water Purification Plant.

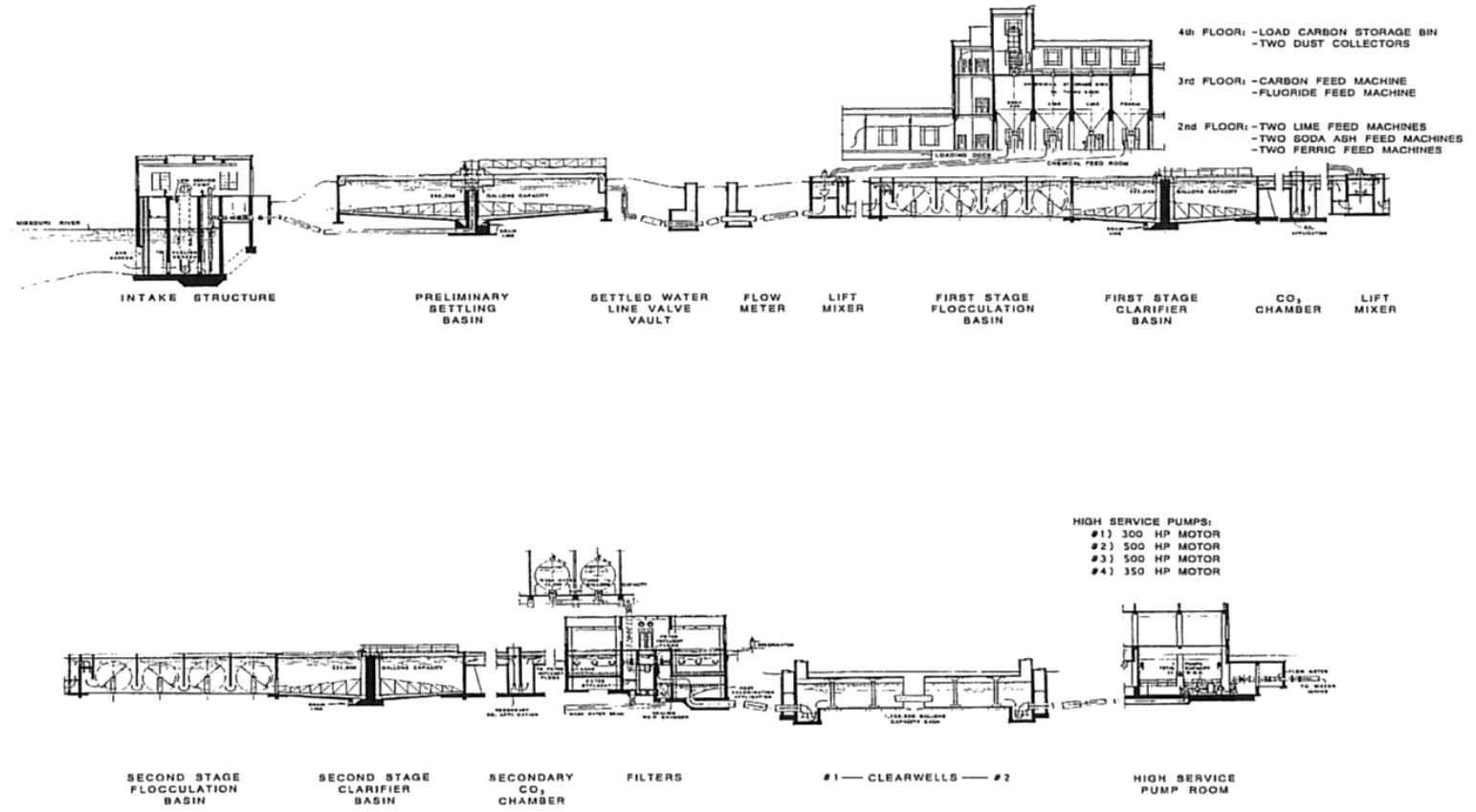
The distribution system has three pressure zones. The first zone is the flat (western and southern) sections of the city and is served by three 2 million gallon reservoirs and one 3-million gallon reservoir. Three of the reservoirs are located downtown and one is located in the southeastern part of the city.

Four booster pump stations and 4 elevated storage tanks with a combined capacity of 1.2 million gallons serve the second pressure zone (bluffs). Lincoln Pump Station has three pumps rated at 600, 750 and 750 gallons per minute (GPM), one is dual drive (electric or gas). Lincoln Pump Station delivers water to the northern section of the City and pumps to a 500,000 gallon elevated tank at Buena Vista Circle and a 200,000 gallon elevated tank at Simms Avenue. Glen Pump Station has three pumps rated at 1500, 800 and 2500 GPM, the largest being a dual drive. This booster pump station delivers to the eastern section of the city and pumps to a 200,000 gallon elevated tank at Memorial Park and a 300,000 gallon tank on Greenview Drive. The Valley View Pump Station has two pumps rated at 750 GPM and 1500 GPM. A gas fired generator provides emergency backup power. This new pump station supports the rapidly growing eastern sections of the city. Oak Street Pump Station has three pumps rated at 400, 700 and 700 GPM, one is a dual drive. This pump station supports both the northern and eastern sections of the bluffs.

A third pressure zone of the distribution system serves the eastern portions of the system. The Airport/Bentree pump station has three variable speed pumps each with a maximum capacity of 600 gallons per minute and pump to a 400,000 gallon elevated tank on Highway 6. A gas fired generator provides emergency backup power.

A Supervisory Control and Data Acquisition System monitors all pump station and tank operations from the Water Treatment Plant located on North 25th Street.

WATER TREATMENT PROCESS





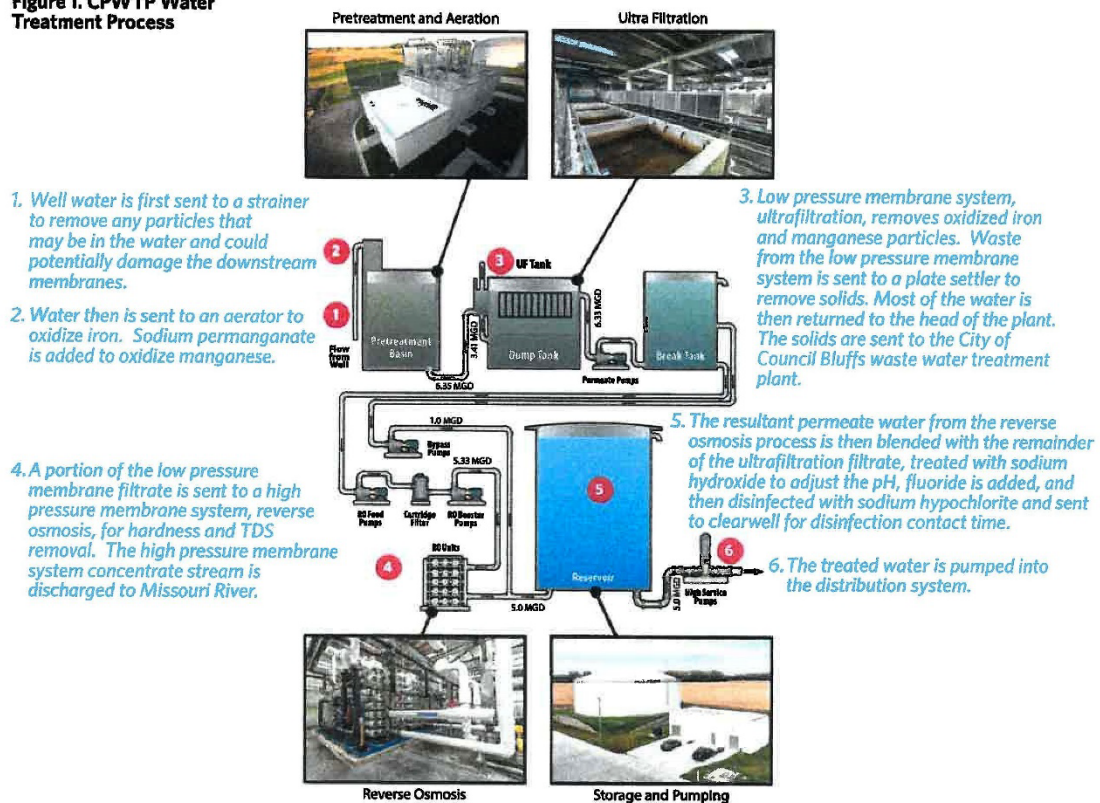
Unique Application of Different Technology, Techniques, Materials or Equipment

The CPWTP uses a process which employs the use of semi-permeable membranes (low pressure followed by high pressure) to separate impurities from well water, as shown in Figure 1 below. **While membrane technology is not a new technology, the application of low pressure membranes followed by high pressure membranes is a unique application that is a model for other communities to follow.** This process has very limited application in the United States and is a unique combination of technology that will serve as a model for other Iowa communities.

The CPWTP includes a level of automation that allows remote operation of the facility. Every component of the facility from the raw water supply to the membrane processes and chemical systems is automated, allowing operation from the Narrows WTP through the CBWW SCADA system. The facility is also monitored from the Narrows WTP through CCTV. The processes in operation at the facility can be easily shutdown, started up, and varied, allowing a quick response to system needs. This automation has allowed CBWW to maintain efficient staffing of their treatment facilities, therefore reducing the costs to their customers.

Another unique application of technology is the **on-site chlorine generation**. Salt (very similar to table salt) is delivered to the site and stored as brine solution in large storage tanks. The brine solution is exposed to high level of electrical current in the generators to make a dilute concentration of liquid sodium hypochlorite. The concentration of the chemical is low and the amount generated can be limited to the amount consumed every day or two, so the quantities on site are smaller and the risks from gaseous or liquid chlorine to the employees and neighboring area are greatly reduced.

Figure 1. CPWTP Water Treatment Process





COUNCIL BLUFFS CITY WATER WORKS

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(With Independent Auditors' Report Thereon)

C O N T E N T S

| | Page |
|--|-------|
| OFFICIALS | |
| INDEPENDENT AUDITOR'S REPORT | |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 1-4 |
| FINANCIAL STATEMENTS | |
| Statements of net position | 5 |
| Statements of revenues, expenses and changes in net position | 6 |
| Statements of cash flows | 7 |
| Notes to financial statements | 8-19 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of the Water Works' proportionate share of the net pension liability | 20 |
| Schedule of Water Works' contributions | 21-22 |
| Notes to required supplementary information – pension liability | 23 |
| OTHER INFORMATION | |
| Budgetary comparison schedule of revenues, expenditures, and changes in balances – budget and actual | 24 |
| Notes to budgetary comparison schedule of revenues, expenditures and changes in balances – budget and actual | 25 |
| 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 <i>GOVERNMENT AUDITING STANDARDS</i> | 26-27 |
| SCHEDULE OF FINDINGS | 28 |

COUNCIL BLUFFS CITY WATER WORKS

OFFICIALS

Board of Trustees

| | | |
|----------------------|-------------|---------------|
| Caitlin A. Beresford | Chairperson | June 30, 2024 |
| Martin L. Brooks | Member | June 30, 2025 |
| Keith R. Jones | Member | June 30, 2027 |
| Glennay V. Jundt | Member | June 30, 2028 |
| Patrick A. Miller | Member | June 30, 2028 |

Water Works' Officials

| | | |
|---------------|-----------------------|------------|
| Brian T. Cady | CEO & General Manager | Indefinite |
|---------------|-----------------------|------------|



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Council Bluffs City Water Works
Council Bluffs, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Council Bluffs City Water Works, Council Bluffs, Iowa (Water Works) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Council Bluffs City Water Works' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Council Bluffs City Water Works as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Council Bluffs City Water Works and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Council Bluffs City Water Works ability to continue as a going concern for the period January 1, 2024, through December 31, 2024.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Water Works 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 Water Works' 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.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 1 through 4), Schedule of the Utility's Proportionate Share of the Net Pension Liability (page 20) and the Schedule of the Utility's Contributions (pages 21 through 22) be presented to supplement the basic financial statements. Such information, 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.

Other Information

The Budgetary Comparison Schedule on page 24 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024 on our consideration of the Council Bluffs City Water Works 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 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 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 Council Bluffs City Water Works internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hamilton Associates, P.C." The signature is written in a cursive, flowing style.

Council Bluffs, Iowa
May 16, 2024

**Council Bluffs Water Works
Council Bluffs, Iowa**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calendar Year Ending December 31, 2023

Council Bluffs Water Works provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the calendar year ending December 31, 2023. We encourage readers to consider this information in conjunction with our financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ The Water Works' operating revenues increased 9.75% or \$1,465,543 from calendar year 2022 to 2023.
- ◆ The Water Works' operating expenses increased by 12.51% or \$1,545,383, from calendar year 2022 to 2023.
- ◆ The Water Works' net position increased 26.76% or \$18,983,534, from December 31, 2022 to December 31, 2023.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Water Works financial activities.

Financial Statements consist of Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. These provide information about the activities of the Council Bluffs Water Works as a whole and present an overall view of the Water Works finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the net pension liability and IPERS contributions.

Other Information further explains and supports the financial statement with a comparison of the Water Works' budget for the year.

**Council Bluffs Water Works
Council Bluffs, Iowa**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calendar Year Ending December 31, 2023

FINANCIAL ANALYSIS

Statements of Net Position

The statements of net position present the assets, liabilities, and net position of the Water Works, as of the end of the calendar year. The purpose of this statement is to present a summary of the Water Works to the readers of the financial statements. The statements of net position include year-end information concerning current assets and liabilities, and net position (assets less liabilities). Readers of the financial statements are able to determine the Water Works financial position by analyzing the increases and decreases in fund equity. This statement is a good source for readers to determine how much the Water Works owes to outside vendors and creditors. The statement presents the available assets that can be used to satisfy those liabilities.

The largest portion of the Water Works' net position 88.4% is the investment in capital assets (building and structures, furniture and fixtures, tools and equipment, distribution system, meters, and automotive equipment), less the related debt. The restricted portion of the net position 0.4% includes resources that are subject to restrictions. The remaining net position 11.2% is the unrestricted position that can be used to meet the Water Works' obligations as they come due.

| Statements of Net Position December 31, 2023 and 2022 | | |
|--|-----------------------|-----------------------|
| | <u>2023</u> | <u>2022</u> |
| Current assets | \$ 14,391,075 | \$ 12,534,155 |
| Restricted assets | 1,822,146 | 2,104,384 |
| Capital assets | <u>101,635,672</u> | <u>86,494,622</u> |
| Total assets | <u>\$ 117,848,893</u> | <u>\$ 101,133,161</u> |
| Deferred outflows of resources | <u>\$ 408,413</u> | <u>\$ 217,787</u> |
| Current liabilities (payable from current assets) | \$ 3,815,374 | \$ 3,758,714 |
| Current liabilities (payable from restricted assets) | 1,676,705 | 1,803,266 |
| Revenue bonds payable | 19,960,668 | 21,948,000 |
| Other liabilities | <u>2,754,080</u> | <u>2,674,126</u> |
| Total liabilities | <u>\$ 28,206,827</u> | <u>\$ 30,184,106</u> |
| Deferred inflows of resources | <u>\$ 122,472</u> | <u>\$ 222,369</u> |
| Net investment in capital assets | \$ 79,507,900 | \$ 62,472,977 |
| Restricted | 315,447 | 664,354 |
| Unrestricted | <u>10,104,660</u> | <u>7,807,142</u> |
| Total net position | <u>\$ 89,928,007</u> | <u>\$ 70,944,473</u> |

**Council Bluffs Water Works
Council Bluffs, Iowa**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calendar Year Ending December 31, 2023

Statement of Revenues and Expenses

The Statement of Revenues and Expenses reflects a positive with an increase in the net assets at the end of the calendar year.

In calendar year 2023, operating revenues increased by \$1,465,543 or 9.8%, due primarily to a 4.95% increase in average gallons-per-day consumption and an average 6.3% rate increase for 2023.

A summary of revenues and expenses for the years ending December 31, 2023 and 2022 is presented below:

| Statements of Revenues and Expenses December 31, 2023 and 2022 | | |
|---|---------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Operating revenues | | |
| Metered water sales | \$ 15,519,572 | \$ 13,958,527 |
| Rental | 178,609 | 174,536 |
| Other | 800,267 | 899,842 |
| | <hr/> | <hr/> |
| Total operating revenues | \$ 16,498,448 | \$ 15,032,905 |
| | <hr/> | <hr/> |
| Operating expenses | | |
| Facilities and grounds | \$ 1,134,240 | \$ 954,481 |
| Inventory adjustment | (19,438) | (43,927) |
| Purification | 3,186,257 | 2,528,390 |
| Distribution and meter | 1,824,370 | 1,694,081 |
| Customer accounting | 752,813 | 678,174 |
| Administration and general | 2,814,393 | 2,800,279 |
| Pension and social security | 338,606 | 169,392 |
| Depreciation | 3,867,209 | 3,572,197 |
| | <hr/> | <hr/> |
| Total operating expenses | \$ 13,898,450 | \$ 12,353,067 |
| | <hr/> | <hr/> |
| Nonoperating revenues (expenses) | | |
| Interest on investments | \$ 592,594 | \$ 230,722 |
| Interest expense | (502,716) | (539,465) |
| Loss on disposal of equipment | (17) | (9) |
| | <hr/> | <hr/> |
| Nonoperating revenues, net | \$ 89,861 | \$ (308,752) |
| | <hr/> | <hr/> |
| Change in net position | <u>\$ 2,689,859</u> | <u>\$ 2,371,086</u> |

**Council Bluffs Water Works
Council Bluffs, Iowa**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calendar Year Ending December 31, 2023

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities include metered water sales, miscellaneous water sales, penalty charges, and service charges. Cash used from capital and related financing activities includes: principal payment of revenue bonds, interest paid on revenue bonds, interest paid on consumer deposits, additions to property, plant, and equipment, and contributions-in-aid of construction. Cash used by investing activities includes interest income.

CAPITAL ASSETS

At December 31, 2023 the Water Works had \$101,635,672 invested in capital assets, net of accumulated depreciation of \$76,775,220. Depreciation expense totaled \$3,867,209 for calendar year 2023. More detailed information about the Water Works' capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At December 31, 2023, the Water Works had \$24,132,003 debt outstanding. See Note 5 to the financial statements for more information.

ECONOMIC FACTORS

Council Bluffs Water Works continued to support development throughout the community to improve its financial position during the current calendar year.

Facilities and the distribution system operated by Water Works require constant maintenance and upkeep.

Chemical cost, electricity, maintenance of mains and services, and health insurance continue to place pressure on the Water Works resources.

Continued growth in the community requires the Water Works to invest in new infrastructure to meet the growing demands of the community.

Vulnerability and security improvement of our system will be an ongoing process.

CONTACTING THE COUNCIL BLUFFS WATER WORKS FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Water Works finances and operating activities. If you have any questions or require additional information please contact the General Manager, 2000 North 25th Street, PO Box 309, Council Bluffs, Iowa 51502.

FINANCIAL STATEMENTS

COUNCIL BLUFFS CITY WATER WORKS

STATEMENTS OF NET POSITION

December 31, 2023 and 2022

| ASSETS | 2023 | 2022 |
|--|-----------------------|-----------------------|
| CURRENT ASSETS | | |
| Cash (Note 2) | \$ 9,639,684 | \$ 8,115,918 |
| Inventory | 2,011,884 | 1,736,130 |
| Receivables: | | |
| Consumer accounts | 1,793,078 | 1,597,485 |
| Unbilled revenues | 474,553 | 429,034 |
| Total receivables | \$ 2,267,631 | \$ 2,026,519 |
| Prepaid expense | 471,876 | 655,588 |
| Total current assets | \$ 14,391,075 | \$ 12,534,155 |
| RESTRICTED ASSETS (Note 3) | 1,822,146 | 2,104,384 |
| PROPERTY, PLANT AND EQUIPMENT, NET (Note 4) | 101,635,672 | 86,494,622 |
| Total assets | <u>\$ 117,848,893</u> | <u>\$ 101,133,161</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension-related deferred outflows (Note 9) | <u>\$ 408,413</u> | <u>\$ 217,787</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES (payable from current assets): | | |
| Accounts payable | \$ 322,119 | \$ 398,977 |
| Accrued wages and payroll taxes | 63,056 | 67,436 |
| Accrued compensated absences | 243,570 | 305,980 |
| Accrued interest payable | 35,631 | 38,864 |
| Construction costs payable | 92,007 | 56,376 |
| Retainage payable | 18,096 | 18,269 |
| Due to City of Council Bluffs | 983,895 | 873,812 |
| Current portion of long term debt (Note 5) | 2,057,000 | 1,999,000 |
| Total current liabilities (payable from current assets) | \$ 3,815,374 | \$ 3,758,714 |
| CURRENT LIABILITIES (payable from restricted assets): | | |
| Consumer deposits | \$ 879,000 | \$ 842,825 |
| Plant expansion and main extension escrow deposits | 487,575 | 664,040 |
| Accrued interest on consumer deposits | 310,130 | 296,401 |
| Total current liabilities (payable from restricted assets) | \$ 1,676,705 | \$ 1,803,266 |
| LONG TERM DEBT (Note 5) | \$ 19,960,668 | \$ 21,948,000 |
| OTHER LIABILITIES | | |
| Deferred revenue (Note 6) | \$ 1,191,520 | \$ 1,218,600 |
| Net pension liability (Note 9) | 1,562,560 | 1,455,526 |
| Total other liabilities | \$ 2,754,080 | \$ 2,674,126 |
| Total liabilities | <u>\$ 28,206,827</u> | <u>\$ 30,184,106</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension-related deferred inflows (Note 9) | <u>\$ 122,472</u> | <u>\$ 222,369</u> |
| NET POSITION | | |
| Net investment in capital assets | \$ 79,507,900 | \$ 62,472,977 |
| Restricted | 315,447 | 664,354 |
| Unrestricted | 10,104,660 | 7,807,142 |
| Total net position | <u>\$ 89,928,007</u> | <u>\$ 70,944,473</u> |

See Notes to Financial Statements

COUNCIL BLUFFS CITY WATER WORKS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|-----------------------------|-----------------------------|
| OPERATING REVENUES | | |
| Metered water sales | \$ 15,519,572 | \$ 13,958,527 |
| Rental | 178,609 | 174,536 |
| Other | <u>800,267</u> | <u>899,842</u> |
| Total operating revenues | <u>\$ 16,498,448</u> | <u>\$ 15,032,905</u> |
| OPERATING EXPENSES | | |
| Facilities and grounds | \$ 1,134,240 | \$ 954,481 |
| Inventory adjustment | (19,438) | (43,927) |
| Purification | 3,186,257 | 2,528,390 |
| Distribution and meter | 1,824,370 | 1,694,081 |
| Customer accounting | 752,813 | 678,174 |
| Administration and general | 2,814,393 | 2,800,279 |
| Pension and Social Security | 338,606 | 169,392 |
| Depreciation | <u>3,867,209</u> | <u>3,572,197</u> |
| Total operating expenses | <u>\$ 13,898,450</u> | <u>\$ 12,353,067</u> |
| Operating income | <u>\$ 2,599,998</u> | <u>\$ 2,679,838</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest on investments | \$ 592,594 | \$ 230,722 |
| Interest expense | (502,716) | (539,465) |
| Loss on disposal of equipment | <u>(17)</u> | <u>(9)</u> |
| Nonoperating revenues, net | <u>\$ 89,861</u> | <u>\$ (308,752)</u> |
| Change in net position | <u>\$ 2,689,859</u> | <u>\$ 2,371,086</u> |
| NET POSITION - BEGINNING | <u>\$ 70,944,473</u> | <u>\$ 68,146,984</u> |
| Contributions in aid of construction (Note 7) | <u>16,293,675</u> | <u>426,403</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 89,928,007</u></u> | <u><u>\$ 70,944,473</u></u> |

See Notes to Financial Statements

COUNCIL BLUFFS CITY WATER WORKS

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers and users | \$ 15,278,460 | \$ 14,112,473 |
| Cash received from other revenues | 951,796 | 1,047,298 |
| Cash paid to suppliers for goods and services | (6,656,795) | (5,961,619) |
| Cash paid to employees and on their behalf | (3,757,450) | (3,549,334) |
| (Payments) receipts for City sewer services net of collections | 110,083 | 146,971 |
| Net cash provided by operating activities: | <u>\$ 5,926,094</u> | <u>\$ 5,795,789</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Principal payment of long-term debt | \$ (1,999,000) | \$ (1,940,000) |
| Long-term debt issued | 69,668 | - |
| Interest paid on long-term debt | (463,953) | (501,443) |
| Interest paid on consumer deposits | (28,267) | (34,179) |
| Additions to property, plant, and equipment | (18,972,818) | (2,595,777) |
| Plant expansion and main extension escrow deposits | (176,465) | (376,997) |
| Contributions-in-aid of construction | 16,293,675 | 426,403 |
| Net cash provided by (used in) capital and related financing activities | <u>\$ (5,277,160)</u> | <u>\$ (5,021,993)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received on investments | 592,594 | 230,722 |
| Net cash provided by investing activities | <u>\$ 592,594</u> | <u>\$ 230,722</u> |
| NET INCREASE (DECREASE) IN CASH | <u>\$ 1,241,528</u> | <u>\$ 1,004,518</u> |
| CASH - BEGINNING OF YEAR | <u>10,220,302</u> | <u>9,215,784</u> |
| CASH - END OF YEAR | <u><u>\$ 11,461,830</u></u> | <u><u>\$ 10,220,302</u></u> |
| RECONCILIATION TO BALANCE SHEETS | | |
| Cash | \$ 9,639,684 | \$ 8,115,918 |
| Cash included in restricted assets | <u>1,822,146</u> | <u>2,104,384</u> |
| | <u><u>\$ 11,461,830</u></u> | <u><u>\$ 10,220,302</u></u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ 2,599,998 | \$ 2,679,838 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 3,867,209 | 3,572,197 |
| Changes in assets and liabilities: | | |
| (Increase) Decrease in inventory | (275,754) | (251,634) |
| (Increase) Decrease in receivables | (241,112) | 153,946 |
| (Increase) Decrease in prepaid insurance | 183,712 | (149,428) |
| (Increase) Decrease in deferred outflows of resources | (190,626) | 6,029 |
| Increase (Decrease) in accounts payable | (76,858) | 199,680 |
| Increase (Decrease) in salaries payable | (4,380) | 7,027 |
| Increase (Decrease) in accrued compensated absences | (62,410) | (3,780) |
| Increase (Decrease) in due to City of Council Bluffs | 110,083 | 146,971 |
| Increase (Decrease) in deferred revenue | (27,080) | (27,080) |
| Increase (Decrease) in net pension liability | 107,034 | 1,404,326 |
| Increase (Decrease) in consumer deposits | 36,175 | 4,190 |
| Increase (Decrease) in deferred inflows of resources | (99,897) | (1,734,071) |
| Net cash provided by operating activities | <u><u>\$ 5,926,094</u></u> | <u><u>\$ 6,008,211</u></u> |

See Notes to Financial Statements

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

The Council Bluffs City Water Works ("Water Works") is a related organization to the City of Council Bluffs, Iowa ("City") and is not included in the City's financial statements. The Mayor, with City Council concurrence, appoints individuals to the Water Works' Board of Trustees. The Water Works' Board of Trustees maintains oversight responsibility and, therefore, is responsible for selection of management personnel and all financial matters. The authority to adopt the annual budget, to incur debt and to fix rates and charges is vested in the Board of Trustees. The Water Works is exempt from state and Federal income taxes. The Water Works' financial statements are prepared on the accrual basis of accounting.

Reporting Entity:

For financial reporting purposes, the Water Works has included all funds, organizations, agencies, boards, commissions, and authorities. The Water Works has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Water Works are such that exclusion would cause the Water Works' financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and 1) the ability of the Water Works to impose its will on that organization or 2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Water Works. The Water Works has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation:

The accounts of the Water Works are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (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 governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Statement of Net Position presents the Water Works assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Use of net position is externally imposed.

Unrestricted – The portion of net position that is not in restricted or net of investment in capital assets.

Measurement Focus and Basis of Accounting:

The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies - Continued

Measurement Focus and Basis of Accounting - Continued:

Water Works distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Water Works' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of estimates:

In preparing the accompanying financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Water Works considers all highly liquid instruments with a maturity date of three months or less when purchased to be cash equivalents.

Consumer Accounts Receivable:

The consumer accounts receivable balance includes an assessment for sewer fees, which the Water Works bills on behalf of the City. A corresponding liability represents the amount of consumer accounts receivable that will be remitted to the City upon collection.

Revenues:

Metered water sales include amounts billed to customers on a monthly and bimonthly cycle basis and unbilled amounts based on estimated usage from the latest meter reading to the end of the accounting period.

Valuation of Inventories:

Inventories are valued at the lower of cost (average cost method) or market.

Contributions-in-Aid of Construction and Contributed Capital:

Contributions of cash by governments, customers or developers are maintained by the Water Works as restricted assets and restricted liabilities until expended. When expended the contributor's costs of construction are recorded as property, plant and equipment and contributed capital. Further, a contribution may be in the form of a completed project in which the contributor's costs of construction is recorded directly into the property, plant and equipment and contributed capital accounts. Depreciation expense recognized on these assets is charged to contributed capital.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies - Continued

Property, Plant and Equipment:

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method based on estimated useful lives.

Maintenance and repair of property, plant and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property, plant and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Deferred Outflows of Resources:

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Accrued Compensated Absences:

Accrued compensated absences represent vacation time, which has been earned by employees in the current year to be used in subsequent years. Sick leave does not vest and, therefore, is not accrued.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources:

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources represent the difference between projected and actual earnings on pension plan investments.

Subsequent Events:

Subsequent events have been evaluated through May 16, 2024, which is the date the financial statements were available to be issued.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

2. Cash and Short-Term Investments

Below is a summary of the deposit and investment portfolios that comprise cash and investments on the December 31, 2023 balance sheet including restricted cash and cash equivalents and investments:

Deposits:

At December 31, 2023, deposits consisted of demand deposits and certificates of deposits and had the following balances:

| | |
|--------------|---------------|
| Book Balance | \$ 11,460,030 |
| Bank Balance | \$ 11,880,221 |

Of the total deposits, \$250,000 was covered by federal depository insurance and \$11,630,221 was covered by pledged securities that are being held in the pledging bank's trust department in the Board's name in the form of a joint safekeeping receipt.

3. Restricted Assets

Restricted assets represent funds set aside for payment of bonds, proceeds from bond issues to be used for capital improvements, or contributions of cash by governments, customers, or developers for costs of construction. These contributions are reflected as restricted assets until expended. Details of the accounts comprising restricted assets as of December 31, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|---------------------|---------------------|
| Consumer deposit fund cash | \$ 1,212,433 | \$ 1,128,272 |
| Plant expansion deposit | 292,143 | 675,307 |
| Main extension deposit | 317,570 | 300,805 |
| | <u>\$ 1,822,146</u> | <u>\$ 2,104,384</u> |

4. Property, Plant and Equipment

Property, plant and equipment at December 31, 2023 and 2022 consisted of the following:

| <u>Description</u> | <u>Useful Life in Years</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------|---------------------------------|-----------------------|-----------------------|
| Land | - | \$ 3,500,307 | \$ 3,500,307 |
| Building and Structures | 20 - 50 | 38,783,596 | 37,983,648 |
| Water Distribution System | 20 - 75 | 94,928,403 | 93,082,915 |
| Meters | 25 - 40 | 2,554,398 | 2,417,221 |
| Tools and Equipment | 3 - 20 | 34,087,994 | 18,637,697 |
| Automobiles and Trucks | 5 | 2,331,277 | 2,113,594 |
| Office Equipment | 15 | 104,985 | 104,985 |
| Work in Progress | - | 2,119,932 | 1,655,803 |
| | | <u>\$ 178,410,892</u> | <u>\$ 159,496,170</u> |
| Less Accumulated Depreciation | | <u>(76,775,220)</u> | <u>(73,001,548)</u> |
| | | <u>\$ 101,635,672</u> | <u>\$ 86,494,622</u> |

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

5. Revenue Bonds

In 2010, the Water Works executed the final \$25 million of its \$35.353 million Water Revenue Bonds for construction of a second water treatment facility. The Water Revenue Bonds originally bore interest at 3.00% due in 2040. In 2019, \$7,416,000 of these bonds were refinanced at an interest rate of 1.75%. In 2020 the remaining original balance of \$17,205,000 was also refinanced at an interest rate of 1.75%. The Iowa Finance Authority also charges an annual service fee of 0.25%. As of December 31, 2013, the Water Works had drawn down the \$35,353,000.

In 2015, the Water Works issued Water Revenue Bonds in the amount of \$1,200,000 for the purchase of land adjacent to their treatment plant to protect existing wells from potential contamination by farming practices and industries wanting to locate on adjacent property. The bonds are non-interest bearing, and are due in 2034. The Iowa Finance Authority charges an annual service fee of 0.25%.

In 2018, the Water Works issued Water Revenue Bonds in the amount of \$5,025,000 for the construction of a West Broadway transmission water main project. The Water Revenue Bonds bear interest at 1.75% due in 2039. The Iowa Finance Authority also charges an annual service fee of 0.25%. As of December 31, 2023, the Water Works had drawn down \$5,025,000.

In 2023, the Water Works issued Water Revenue Bonds in the amount of 1,503,400 to roll into the construction bond once all funds have been drawn. As of December 31, 2023, Water Works has drawn down \$69,668. This bond is non-interest bearing with no service fee until all funds have been drawn, and is due in 2026.

All of the bonds require that the Water Works produce and maintain net revenues at a level not less than 110% of the amount of principal and interest on the Revenue Bond falling due in the same year. The Water Works was in compliance with this requirement for the years ended December 31, 2023 and 2022.

Principal and interest requirements to maturity on revenue bonds outstanding at December 31, 2023 are as follows:

| | Principal | Interest | Total Requirements |
|-----------|----------------------|---------------------|-----------------------|
| 2024 | \$ 2,057,000 | \$ 361,130 | \$ 2,418,130 |
| 2025 | 2,190,668 | 326,183 | 2,516,851 |
| 2026 | 2,185,000 | 293,808 | 2,478,808 |
| 2027 | 2,250,000 | 252,928 | 2,502,928 |
| 2028 | 2,320,000 | 214,585 | 2,534,585 |
| 2029-2033 | 7,710,000 | 516,355 | 8,226,355 |
| 2034-2038 | 2,533,000 | 142,958 | 2,675,958 |
| 2039-2040 | 772,000 | 6,388 | 778,388 |
| | <u>\$ 22,017,668</u> | <u>\$ 2,114,335</u> | <u>\$ 24,132,003</u> |

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

6. Deferred Revenue

In 2017, the Water Works signed an agreement that provided the buyer an exclusive communications easement and non-exclusive access and utility easement for 50 years. In 2018, the Water Works received \$1,354,000 for a 50-year communications easement. Revenue of \$27,080 will be recognized ratably each year over the 50-year agreement period. The deferred revenue balances as of 2023 and 2022, respectively, of \$1,191,520 and \$1,218,600 represent remaining cash received that has not yet been recognized.

7. Contributions-in-Aid of Construction and Contributed Capital

The following is a schedule of contributions of cash by governments and customers or developers:

| | Other Governments | Customers and Developers | Total |
|--|----------------------|--------------------------------|----------------------|
| Balances at January 1, 2022 | \$ 1,652,969 | \$ 21,248,607 | \$ 22,901,576 |
| Contributions-in-aid of construction | - | 426,404 | 426,404 |
| Transfers – Depreciation of contributed property, plant and equipment | <u>(140,058)</u> | <u>(913,935)</u> | <u>(1,053,993)</u> |
| Balances at December 31, 2022 | \$ 1,512,911 | \$ 20,761,076 | \$ 22,273,987 |
| Contributions-in-aid of construction | 54,625 | 16,239,050 | 16,293,675 |
| Transfers – Depreciation of contributed property, plant and equipment | <u>(126,247)</u> | <u>(1,435,182)</u> | <u>(1,561,429)</u> |
| Balances at December 31, 2023 | <u>\$ 1,441,289</u> | <u>\$ 35,564,944</u> | <u>\$ 37,006,233</u> |

8. Risk Management

The Water Works is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Water Works carries commercial insurance for all risks of loss, including errors and omissions, destruction of assets and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Water Works participates in a partially self-funding benefit plan for its employees' health insurance. The plan is administered by a third party, which estimates the Water Works maximum annual exposure to be \$429,550. The Water Works contributes funds monthly to a separate bank account to supplement the employee's deductible. The balance in this account as of December 31, 2023 and 2022 was \$104,365 and \$32,659, respectively.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

9. Pension Plan

Plan Description:

IPERS membership is mandatory for employees of the Water Works, except for those covered by another retirement system. Employees of the Water Works are provided with pensions through a cost-sharing multiple employer-defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits:

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits:

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

9. Pension Plan – Continued

Contributions:

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the year ending December 31, 2023, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the Water Works contributed 9.44 percent for a total rate of 15.73 percent.

The Water Works' total contributions to IPERS for the year ended December 31, 2023 and 2022 were \$292,806 and \$276,452, respectively.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2023 and 2022, the Water Works reported a liability of \$1,562,560 and \$1,455,526, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Works' proportion of the net pension liability was based on the Water Works' share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the Water Works' collective proportion was (.033864) percent which was an increase of .002808 percent from its proportion measured as of June 30, 2022. At June 30, 2022, the Water Works' collective proportion was (.036672) percent which was a decrease of .021841 percent from its proportion measured as of June 30, 2021.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

9. Pension Plan – Continued

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued:

For the year ended December 31, 2023 and 2022, the Water Works recognized pension expense of \$107,084 and (\$46,648), respectively. The Water Works reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at December 31:

\$142,042 reported as deferred outflows of resources related to pensions resulting from the Water Works contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2023, will be recognized in pension expense as follows:

| | 2023 | | 2022 | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 132,195 | \$ 6,423 | \$ 62,789 | \$ 19,938 |
| Changes of assumptions | - | 25 | 1,234 | 35 |
| Net difference between projected and actual earnings on pension plan investments | 144,713 | - | - | 155,810 |
| Changes in proportion and differences between Water Works contributions and proportionate share of contributions | 10,963 | 46,586 | 10,963 | 46,586 |
| Water Works' contributions subsequent to the measurement date | 142,042 | | 142,801 | - |
| | <u>\$ 429,913</u> | <u>\$ 53,034</u> | <u>\$ 217,787</u> | <u>\$ 222,369</u> |

Year Ended
December 31,

| | |
|-------|----------------|
| 2024 | \$ (47,632) |
| 2025 | (126,606) |
| 2026 | 341,941 |
| 2027 | 58,710 |
| 2028 | 8,424 |
| Total | <u>234,837</u> |

There were no non-employer contributing entities at IPERS.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

9. Pension Plan – Continued

Actuarial Assumptions:

The total pension liability in the June 30, 2023 and June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Rate of inflation (effective June 30, 2017) | 2.60 percent per annum |
| Rates of salary increase (effective June 30, 2017) | 3.25 to 16.25 percent, average, including inflation Rates vary by membership group. |
| Long-term investment rate of return (effective June 30, 2017) | 7.00 percent, compounded annually, net of investment expense, including inflation. |
| Wage growth (effective June 30, 2017) | 3.25 percent per annum based on 2.60 percent inflation and .65 percent real wage inflation. |

The actuarial assumptions used in the June 30, 2023 and June 30, 2022 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2023 and 2022 valuations were based on the Pub2010 General Employees Mortality Tables, projected generationally using Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|---------------------|---|
| Domestic equity | 21.0% | 8.03% |
| International equity | 16.5 | 3.08 |
| Global smart beta equity | 5.0 | 3.66 |
| Core plus fixed income | 19.0 | (0.84) |
| Public credit | 3.0 | 1.77 |
| Cash | 1.0 | 2.76 |
| Private equity | 17.0 | 1.6 |
| Private real assets | 9.5 | -2.88 |
| Private credit | 8.0 | 1.85 |
| Total | <u>100%</u> | |

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

9. Pension Plan – Continued

Discount Rate:

The discount rate used to measure the total pension liability was 7 percent for 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Water Works will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Water Works' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Water Works' proportionate share of the net pension liability recorded at December 31, 2023 using the discount rate of 7.0 percent, as well as what the Water Works' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

| | 1% Decrease | Discount Rate | 1% Increase |
|---|----------------|------------------|----------------|
| Water Works' proportionate share of the net pension liability - 2023 | \$ 3,322,370 | \$ 1,562,569 | \$ 87,827 |

The following presents the Water Works' proportionate share of the net pension liability recorded at December 31, 2022 using the discount rate of 7.0 percent, as well as what the Water Works' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

| | 1% Decrease (6.0%) | Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|--------------------------|----------------------------|--------------------------|
| Water Works' proportionate share of the net pension liability - 2022 | \$ 2,711,834 | \$ 1,455,526 | \$ 348,388 |

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

9. Pension Plan – Continued

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan:

At December 31, 2023, the Water Works reported payables to the defined benefit pension plan of \$1,287 for legally required employer contributions and \$858 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS. At December 31, 2022, the Water Works reported payables to the defined benefit pension plan of \$5,923 for legally required employer contributions and \$3,660 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

10. Commitments

As of December 31, 2023, the Water Works had construction contracts in progress with remaining future commitments totaling \$5,634,751. Funding for these projects is expected to be obtained through drawing down funds on the 2018 Water Revenue Bonds, and contributions in aid of construction from customers and developers.

REQUIRED SUPPLEMENTARY INFORMATION

COUNCIL BLUFFS CITY WATER WORKS

SCHEDULE OF THE WATER WORKS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Iowa Public Employee's Retirement System

Last Year*, ended June 30

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------|------------|-------------|------------|------------|------------|------------|------------|------------|
| Water Works' proportion of the net pension liability (asset) | 0.034619% | 0.0366717% | -0.0148305% | 0.0372398% | 0.0380176% | 0.0374052% | 0.0369811% | 0.0373848% | 0.0405283% |
| Water Works' proportionate share of the net pension liability | 1,562,569 | 1,455,526 | 51,200 | 2,615,997 | 2,201,471 | 2,367,093 | 2,463,408 | 2,352,748 | 1,607,315 |
| Water Works' covered-employee payroll | 3,102,960 | 2,928,520 | 3,011,382 | 3,068,838 | 2,983,267 | 2,811,350 | 2,760,458 | 2,682,875 | 2,595,093 |
| Water Works' proportionate share of the net pension liability as a percentage of its covered-employee payroll | 50.36% | 49.70% | 1.70% | 85.24% | 73.79% | 84.20% | 89.24% | 87.70% | 61.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.13% | 91.40% | 100.81% | 82.90% | 85.45% | 83.62% | 82.21% | 87.82% | 87.61% |

* The amounts presented for each year were determined as of June 30.

See accompanying independent auditor's report

Note: GASB Statement No.68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the Water Works will present information for those years for which information is available.

COUNCIL BLUFFS CITY WATER WORKS

SCHEDULE OF WATER WORKS' CONTRIBUTIONS

Iowa Public Employee's Retirement System
Last Ten Calendar Years, ending December 31
(In Thousands)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|--------------|--------------|--------------|--------------|
| Statutorily required contributions | \$ 293 | \$ 276 | \$ 284 | \$ 290 |
| Contributions in relation to the statutorily required contribution | <u>(293)</u> | <u>(276)</u> | <u>(284)</u> | <u>(290)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Water Works' covered-employee payroll | 3,102 | 2,929 | 3,011 | \$ 3,068 |
| Contributions as a percentage of covered-employee payroll | 9.44% | 9.44% | 9.44% | 9.44% |

See accompanying independent auditor's report

COUNCIL BLUFFS CITY WATER WORKS

SCHEDULE OF WATER WORKS' CONTRIBUTIONS

Iowa Public Employee's Retirement System
Last Ten Calendar Years, ending December 31
(In Thousands)

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 275 | \$ 262 | \$ 249 | \$ 243 | \$ 235 | \$ 234 |
| <u>(275)</u> | <u>(262)</u> | <u>(249)</u> | <u>(243)</u> | <u>(235)</u> | <u>(234)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 2,912 | \$ 2,857 | \$ 2,788 | \$ 2,720 | \$ 2,628 | \$ 2,620 |
| 9.44% | 9.17% | 8.93% | 8.93% | 8.94% | 8.93% |

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Year ended December 31, 2023

1. Changes of benefit terms

There are no significant changes in benefit terms.

2. Changes of assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018.

- Changed mortality assumption to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00 percent to 2.60 percent.
- Decreased the assumed rate of interest on member accounts from 3.75 percent to 3.50 percent per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

OTHER INFORMATION

COUNCIL BLUFFS CITY WATER WORKS

**BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES – BUDGET AND ACTUAL**

Year ended December 31, 202

| | 2023 Actual | 2023 Budget | Budget Variance Favorable (Unfavorable) |
|---|----------------------|-----------------------|--|
| Operating revenues: | | | |
| Metered water sales | \$ 15,519,572 | \$ 14,400,000 | \$ 1,119,572 |
| Rental | 178,609 | 150,000 | 28,609 |
| Other | 800,267 | 705,000 | 95,267 |
| Total operating revenues | <u>\$ 16,498,448</u> | <u>\$ 15,255,000</u> | <u>\$ 1,243,448</u> |
| Operating expenses: | | | |
| Facilities and grounds | \$ 1,134,240 | \$ 1,062,000 | \$ (72,240) |
| Inventory adjustment | (19,438) | 5,000 | 24,438 |
| Purification | 3,186,257 | 3,019,000 | (167,257) |
| Distribution and meter | 1,824,370 | 1,770,000 | (54,370) |
| Customer accounting | 752,813 | 650,000 | (102,813) |
| Administration and general | 2,814,393 | 3,056,000 | 241,607 |
| Pension and Social Security | 338,606 | 470,000 | 131,394 |
| Total operating expenses | <u>\$ 10,031,241</u> | <u>\$ 10,032,000</u> | <u>\$ 759</u> |
| Operating income | <u>\$ 6,467,207</u> | <u>\$ 5,223,000</u> | <u>\$ 1,244,207</u> |
| Nonoperating revenues (expenses): | | | |
| Interest on investments | \$ 592,594 | \$ 120,100 | \$ 472,494 |
| Interest expense | (502,716) | (505,100) | 2,384 |
| Loss on disposal of equipment | (17) | (5,000) | 4,983 |
| Nonoperating revenues, net | <u>\$ 89,861</u> | <u>\$ (390,000)</u> | <u>\$ 479,861</u> |
| Surplus (Deficit) from Operations | \$ 6,557,068 | \$ 4,833,000 | \$ 1,724,068 |
| Debt Service | (1,999,000) | (2,403,500) | 404,500 |
| Capital Outlay | (3,059,398) | (5,065,000) | 2,005,602 |
| Surplus (Deficit) | <u>\$ 1,498,670</u> | <u>\$ (2,635,500)</u> | <u>\$ 4,134,170</u> |
| Reconciliation to statement of revenues and expenses: | | | |
| Budget Basis Deficit | \$ 1,498,670 | | |
| Debt Service | 1,999,000 | | |
| Capital Outlay | 3,059,398 | | |
| Depreciation and Amortization | (3,867,209) | | |
| Excess of revenues over expenses | <u>\$ 2,689,859</u> | | |

COUNCIL BLUFFS CITY WATER WORKS

**BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES – BUDGET AND ACTUAL**

Year ended December 31, 202

1. Budgetary reporting

In accordance with the Code of Iowa, the Water Works' Board of Trustees adopts a budget following required public notice and hearing. The budget is adopted on a budget basis which consists of accrual basis revenues and expenditures plus cash outlay for debt service and capital improvements and cash receipts of bond proceeds. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. In 2023, there were no budget amendments and total expenses did not exceed the amount budgeted.



**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"**

The Board of Trustees
Council Bluffs City Water Works
Council Bluffs, Iowa

We have audited the financial statements of the Council Bluffs City Water Works as of and for the year ended December 31, 2023 and have issued our report thereon dated May 16, 2024. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Council Bluffs City Water Works' internal control over financial reporting (internal control) as a basis for designing 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 Council Bluffs City Water Works' internal control. Accordingly, we do not express an opinion on the effectiveness of Council Bluffs City Water Works' 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council Bluffs City Water Works' 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 direct and material effect on the financial statements. 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*.

Comments involving statutory and other legal matters about the Water Works' operations for the year ended December 31, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Water Works. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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 result of that testing and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hamilton Associates, P.C.

Council Bluffs, Iowa
May 16, 2024

COUNCIL BLUFFS CITY WATER WORKS

SCHEDULE OF FINDINGS

Year ended December 31, 2022

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None reported

II. OTHER FINDINGS RELATED TO STATUTORY REPORTING

II-A-20 Certified Budget – We compared the Water Works disbursements for the 12 months ended December 31, 2022 with the published budget and found that disbursements did not exceed the amounts budgeted.

II-B-20 Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an attorney general's opinion dated April 25, 1979 were noted.

II-C-20 Travel Expense – No expenditures of funds for travel expenses of spouses of Water Works' officials or employees were noted.

II-D-20 Business Transactions – During the course of our audit of Water Works as of December 31, 2022, we looked at many records substantiating disbursements. We noted no business transactions between the Water Works and Water Works' officials or employees.

II-E-20 Bond Coverage – We reviewed the statutory provisions for surety bond coverage of Water Works' officials and employees. The City of Council Bluffs has an ordinance allowing the City to set bonding requirements for the Water Works. Resolution 83-475 sets the amount of surety bond coverage for board members at \$500 annually. Water Works maintains public officials' liability insurance, which sufficiently meets bond coverage requirements.

II-F-20 Board Minutes – We noted no transactions that we believe should have been approved in the Board minutes but were not.

II-G-20 Deposits and Investments – Chapter 12C of the Code of Iowa requires that public bodies approve the financial institutions and maximum amounts that may be kept on deposit in each approved depository. The Water Works has an approved depository resolution and at December 31, 2022, deposits did not exceed the maximum amount approved for deposit in one financial institution.

II-H-20 Revenue Notes – No instances of non-compliance with the revenue bond and note requirements were noted.