

COUNCIL BLUFFS WATER WORKS
Board of Trustees Agenda
April 20, 2021
4:30 P.M.

**Any person interested in participating in the Via Video Conferencing at zoom.us
may call 1-312-626-6799**

Meeting ID: 816 054 9131 Password: 2000

Chairperson - Martin L. Brooks

Trustees - Carl L. Heinrich
 Maureen R. Kruse
 Michael J. Wallner
 Caitlin A. Beresford

I. Call to Order

II. Public Participation/Comments

III. General Manager's Report

IV. Consent Agenda

1. Approval of the minutes of the March 16, 2021 regular meeting.
2. Claims Register.
3. Monthly Report.

V. Action Items

1. Receive and file CY 2020 Annual Audit.
2. Authorization for the Board Chairperson to sign the Parent Guaranty with Alphabet, Inc.
3. Such other items as may properly come to the attention of the Board.
4. Date of next meeting.

VI. Adjournment

**SUMMARY
WATER WORKS BOARD**

April 20, 2021

II. Public Comments/Participation

III. General Manager's Report

IV. Consent Agenda - For the consent agenda the Chair will ask if there are any items that need to be removed or added.

1. Approval of the minutes of the March 16, 2021 regular meeting.
2. Claims Register.
3. Monthly Report.

The Chairperson will call for a motion and second to approve the consent agenda. After the second the Chair will ask: "All those in favor to indicate by saying "Aye" and those opposed "Nay". No roll call-

V. Action Items

1. Enclosed is the Board Communication concerning the attachments for CY 2020 Annual Audit. The Chairperson will ask: **"Is there a motion to receive and file the Annual Audit and authorize its release as required."** The Chairperson will then ask: **"Is there a second?"** After the second the Chairperson will then ask: **"Is there any discussion?"** Following discussion, the Chairperson will then ask: **"All those in favor to indicate by saying "Aye" and those opposed "Nay". No roll call**
2. Enclosed is the Board Communication concerning the attachment and authorization for the Board Chairperson to sign the Parent Guaranty with Alphabet, Inc. The Chairperson will ask: **"Is there a motion to authorize the Board Chairperson to sign the Parent Guaranty with Alphabet, Inc.?"** After the second the Chairperson will then ask: **"Is there a second?"** After the second the Chairperson will then ask: **"Is there any discussion?"** Following discussion, the Chairperson will then ask: **"All those in favor to indicate by saying "Aye" and those opposed "Nay". No roll call**
3. Such other items as may properly come to the attention of the Board.
4. Date of next meeting. Recommend the meeting be held May 18, 2021.

VI. Adjournment

PROJECT STATUS REPORT

April 16, 2021

1. Council Point Plant Expansion Phase I, II and III.

Install 4 raw water wells, 3 Reverse Osmosis Units and 2 Ultrafiltration Units. Public Hearing (Well) 4.18.17. GE/Suez Procurement package award 6.20.17. Award (Well) 6.20.17. Public Hearing (Plant) 8.15.17. Award (Plant) 10.17.17. Complete (Well) 7.17.18. Plant expansion awarded to Building Crafts. Change order 1 approved 2.20.18 for additional Reverse Osmosis and Ultra Filtration Units. Change Order 3 approved 3.19.19 for drilling Wells 6,7 and 9. Change Order 4 approved 5.21.19 for additional high service pump. Change Order 5 for additional project items and Change Order 6 for wells 6, 7 and 9 facilities approved 12.17.19. wells 6, 7 and 9 are drilled. Well Field pipe work and vaults are underway.

2. West Broadway Reconstruction Avenue A Water Main Segment 2. CBWW Project.

Project limits: West Broadway/Avenue A from 25th Street to 15th Street. Held public hearing 10.16.18. Bid Letting 11.19.18. Award to Compass Utility 11.20.18. Completion date is March 2020. Project is behind schedule due to high ground water. All Water main placed. Project on hold until spring. Punch list, grading and seeding remain.

3. Rivers Edge Phase II Water Main Improvements. Developer Project.

Project limits: 36th Street and Ave E. to Rivers Edge Subdivision. Bid Letting on Hold. Award on Hold. Public hearing 11.20.18. Project is to be rebid after City signs amended and reinstated agreement which is contingent on developer submitting building drawings for City permitting.

4. S. 1st St Neighborhood Phase 11. Joint CBPW/CBWW Project.

Project limits: Part of Franklin Ave. and Part of Charles St. Public Hearing 3.17.20. Bid Letting 4.9.20. Awarded to Carley on 4.21.20. All water main complete, working on punch list items. Expect close out this spring.

5. S. 1st St Neighborhood Phase 12. Joint CBPW/CBWW Project.

Project limits: Grace Street from Charles Street to Langstrom Street and part of Langstrom Street west of Grace Street. Public Hearing 5.18.21. Bid Letting 6.1.21. Award 6.15.21. Snyder is working on contract documents.

6. Wendy Heights Rd. CBWW Project.

Project limits: Wendy Heights Road from Franklin Ave to Shady Lane. Public Hearing 9.15.20. Bid Letting 9.10.20. Awarded to Carley Construction 9.15.20. placing water main on Wendy Heights Rd. Project expected to restart this month.

7. E. Manawa Sewer Rehab, Phase X. Joint CBPW/CBWW Project.

Project limits: Pickard Lane from Hall Walk to Navajo Street. Hold public hearing 5.18.21. Bid Letting 6.3.21. Award 6.14.21. HGM preparing contract documents.

8. Oakland Drive. Joint CBPW/CBWW Project.

Project limits: Oakland Drive from Military Ave. to Oakland Ave. Public Hearing 4.21.20. Bid Letting 5.19.20. Awarded to Carley Construction 6.16.20. All work complete. Close out anticipated in May.

9. 40th Street Relocation. CBWW Project.

Project Limits: 40th Street at I-480. Public Hearing 12.16.20. Bid Letting 12.10.20. Award Contract 12.16.20. Awarded to Bluffs Paving. Anticipated project start is June.

10. Miscellaneous Interstate Relocations. CBWW Project.

Project Limits: Various locations around I-480 Interchange and I-29. HGM identified conflicts and CBWW Distribution Department is relocating water mains. Relocations ongoing.

**WATER MAIN EXTENSION AGREEMENTS
STATUS REPORT**

April 16, 2021

ACTIVE

1. **Agri-New Horizon Subdivision; Developer: Jerkovich, McCarthy, James.**

Board approved resolution authorizing MEA 02.16.21.

2. **Mall of the Bluffs Redevelopment; Developer: Menards, Inc.**

Board approved resolution authorizing MEA 08.18.20.

3. **MidAmerican Energy Conveyor Water Main Relocation; Developer: Ames Construction, Inc.**

Board approved resolution authorizing MEA 4.21.2020. MEA executed 06.15.2020.

4. **27th Ave & S. 21st Street (Federal Courthouse); Developer: BGS Development II, LLC.**

Board approved resolution authorizing MEA 03.17.2020. MEA executed 05.18.2020.

5. **34th Street & 1st Avenue Water Main Extension; Developer: Knudson Development Company.**

Board approved resolution authorizing MEA 02.18.2020.

6. **Whispering Oaks Subdivision Phase 3 &4; Developer: TS Development, LLC.**

Board approved resolution authorizing MEA 02.18.2020. MEA executed 10.20.2020

7. **192nd Street Industrial Development; Developer: Jason Armstrong.**

Board approved resolution authorizing MEA 11.19.19. MEA executed 05.18.2020.

8. **River's Edge Development Phase 2; Developer: City of Council Bluffs (Community Development Department).**

Board approved resolution authorizing MEA 09.20.16. MEA executed 03.20.18.

9. **Woodbury Avenue & I-80 Water Main Relocation; Developer: IDOT.**

Board approved resolution authorizing MEA 01.20.15. MEA executed 07.24.15.

10. **Western Engineering Water Main Extension; Developer: Western Engineering.**

Board approved resolution authorizing MEA 06.25.13.

11. **Council Point Transmission Main Extension; Developer: Questa, LLC.**

Board approved resolution authorizing MEA 02.18.14. MEA executed 06.12.14.

PENDING OR ON-HOLD

1. **Bluffs Vision Commercial Subdivision; Developer: E.C.M., Inc. (Principal: Chuck Morris); Location: Mid America Drive, west of the MAC.**

Board approved resolution authorizing MEA 5.16.06. MEA executed 8.4.06.

2. **Bluffs Vision Subdivision Replat I, 24th Avenue Water Main Extension: Developer: CMK (Principal: L. Paul Comeau); Location: N. of the MAC.**

Board approved resolution authorizing MEA 8.13.02. MEA executed 12.2.02. 1st Deposit received. The developer (Comeau) has decided to move forward with the project. Amended & restated MEA was prepared to reflect current conditions and was executed 12/06/13.

Board Minutes
March 16, 2021

The Board of Trustees held their regular session by teleconference with Chairperson Martin L. Brooks and Trustees Carl L. Heinrich, Maureen R. Kruse, Michael J. Wallner and Caitlin A. Beresford. Staff Present: CEO & General Manager Drummey, Administrative Manager Wisniski, Director of Operations Cady and Administrative Assistant Powell.

I. The Chairperson called the meeting to order at 4:30 p.m.

II. Public Comments/Participation

The Chairperson asked if there were any public comments or participation and there were none.

III. General Manager's Report

1. Project Status Report.
2. Main Extension Status Report.
3. Operations.
4. 2021 Financials Update through February.
5. Human Resources
6. Insurance Claims

IV. Consent Agenda

1. Approval of the minutes of the February 16, 2021 regular meeting.
2. Claims Register.
3. Monthly Report.

Trustee Wallner motioned and Trustee Heinrich seconded to approve the consent agenda. The motion carried unanimously.

V. Action Items

1. Trustee Kruse moved to adopt resolution 03-07-21 accepting the work of Compass Utility, L.L.C. and authorizing project closeout in connection with the East Manawa Sewer Rehabilitation, Phase IX Division V Water Main Improvements. Trustee Beresford seconded the motion. Following discussion, the Chairperson called for a roll call vote. The roll call vote was as follows:

Aye: Trustee Heinrich, Trustee Kruse, Trustee Brooks, Trustee Wallner and Trustee Beresford. The Chairperson announced the resolution duly adopted. A copy of the resolution follows these minutes and by reference is made a part thereof.

2. Trustee Wallner moved to approve a return to the Sick Leave and Family Medical Leave Act (FMLA) Leave Policies in effect prior to April 1, 2020. Trustee Heinrich seconded the motion. Following discussion, the motion carried unanimously.

3. The Chairperson asked if there were other items to come before the Board.

4. The Board set the date of the next regular meeting as April 20, 2021 at 4:30 p.m.

VI. There being no further business the Chairperson adjourned the meeting at 5:18 p.m.

Martin L. Brooks, Chairperson

Carl L. Heinrich, Vice-Chairperson

Douglas P. Drummey, General Manager

Maureen R. Kruse, Trustee

Celestine Powell, Recording Secretary

Michael J. Wallner, Trustee

Caitlin A. Beresford, Trustee

Council Bluffs Water Works

Claims Register

April 20, 2021

Vendor Name	Description	Amount
A + A LAWN AND LANDSCAPING	Maintenance of Grounds	\$ 224.00
A RELIEF SERVICES	COVID 19 Expense	444.00
ALLIED ELECTRONICS INC	Maintenance of Equipment	57.50
ALLIED OIL & TIRE COMPANY	Vehicle Expense	2,010.94
AMERICAN MACHINE WORKS INC	Maintenance of Equipment	2,018.55
AMERICAN UNDERGROUND SUPPLY	Distribution Supplies	21,171.28
AMERICAN WATER WORKS ASSOCIATION	Administrative Expense	123.50
AMSAN/SUPPLYWORKS	Janitor Expense	231.86
ARMORED KNIGHTS, INC	Security Expense	313.13
AUTOMOTIVE WAREHOUSE	Vehicle Expense	24.57
BADGER METER INC.	Meters	3,679.96
BARCO MUNICIPAL PRODUCTS INC	Distribution Expense	1,037.50
BERESFORD, CAITLIN A	Trustee Fees	100.00
BILLY'S ICE COMPANY	Operating Expense	195.00
BISHOP BUSINESS EQUIPMENT	Computer Expense	626.27
BLACKBURN MANUFACTURING CO	Distribution Supplies	847.00
BOMGAARS HARDWARE	Uniform Expense	1,385.89
BRENNTAG GREAT LAKES	Purification Expense	12,778.85
BRICK GENTRY PC	Legal Expense	165.00
BROOKS, MARTIN	Trustee Fees	100.00
BUILDING CRAFTS INC	Contract	169,312.73
C J COOPER & ASSOCIATES INC	Administrative Expense	105.00
CARD CENTER	Credit Card Payment	2,124.25
CFI TIRE SERVICE	Vehicle Expense	430.00
CHEM SULT CHEMICAL	Purification Expense	12,559.32
CHI HEALTH CLINIC OHS/EAP	Administrative Expense	95.00
CITY OF COUNCIL BLUFFS	Capital Improvement Project	9,366.60
CLAY'S PUMP & EQUIPMENT CO	Maintenance of Equipment	44.00
COGSDALE CORPORATION	Capital Improvement Project	6,187.50
COMPASS UTILITY LLC	Capital Improvement Project	23,318.22
CORE & MAIN COMPANY	Distribution Expense	1,233.27
COUNCIL BLUFFS RECYCLING CENTER	Janitor Expense	67.84
COUNCIL BLUFFS WINSUPPLY CO	Capital Improvement Project	992.76
CRISSY LYNN MASKER	Distribution Expense	400.00
DAILY NONPAREIL	Legal Publication	403.99
DAVIDSON FIRST AID SYSTEMS	Safety & Health Expense	313.75
DAY, JOHN COMPANY	Maintenance of Equipment	199.41
DIAMOND VOGEL PAINT COMPANY	Maintenance of Facilities	562.35
DPC INDUSTRIES, INC	Purification Expense	10,062.55

Council Bluffs Water Works

Claims Register

April 20, 2021

Vendor Name	Description	Amount
E H WACHS CO	Distribution Expense	\$ 95.81
ECHO ELECTRIC SUPPLY * BR 21	Maintenance of Equipment	94.50
EDWARDS CHEVROLET - CADILLAC	Vehicle Expense	1,137.75
EVOQUA WATER TECHNOLOGIES	Maintenance of Equipment	220.10
FASTENAL COMPANY	Maintenance of Equipment	841.33
FILTER SHOP COMPANY	Maintenance of Facilities	843.92
FIREGUARD INC	Maintenance of Facilities	197.68
FITCH-PREMEAUX W C INC	Maintenance of Facilities	300.00
HACH COMPANY	Laboratory Supplies	1,618.56
HAMILTON ASSOCIATES PC	Auditing Fees	5,825.00
HARMS OIL AND PETROLEUM	Gasoline	3,624.81
HDR ENGINEERING INC	Engineering Expense	13,961.19
HEINRICH, CARL	Trustee Fees	100.00
HGM ASSOCIATES INC	Engineering Expense	7,046.84
HOSE & HANDLING, INC	Distribution Expense	127.74
IDEXX LABORATORIES	Laboratory Supplies	2,982.85
INDELCO PLASTICS	Maintenance of Equipment	708.66
INNOVATIVE LABS	Laboratory Supplies	568.01
INTERSTATE BATTERIES OF OMAHA	Vehicle Expense	226.00
INTERSTATE INDUSTRIAL SERVICE	Safety & Health Expense	243.00
IOWA DIVISION OF LABOR	Maintenance of Facilities	390.00
IOWA ONE CALL	Distribution Expense	314.10
KEMIRA WATER SOLUTIONS INC	Purification Expense	18,549.59
KONICA MINOLTA BUSINESS SOLUTIONS	Service Contract	709.59
KRUSE, MAUREEN	Trustee Fees	100.00
LAYNE CHRISTENSEN COMPANY	Capital Improvement Project	34,097.28
LINCOLN WINWATER WORKS	Capital Improvement Project	132.55
LOGAN CONTRACTORS SUPPLY	Distribution Supplies	500.00
MAC PIPE INSULATION	Capital Improvement Project	5,829.00
MALLOY ELECTRIC	Capital Improvement Project	1,363.39
MCMULLEN FORD	Vehicle Expense	585.04
MEGADUTY BATTERY	Maintenance of Equipment	2,519.20
MENARDS	Operating Expense	140.75
MIDLAND SCIENTIFIC INC	Laboratory Supplies	945.51
MIDWEST LABORATORIES INC	Outside Laboratory Expense	1,320.00
MOTION INDUSTRIES INC	Maintenance of Equipment	30.24
MUNICIPAL SUPPLY INC.	Meters	5,526.00
NAPA AUTO PARTS	Vehicle Expense	663.99
NEBRASKA MACHINERY COMPANY	Vehicle Expense	17.81

Council Bluffs Water Works

Claims Register

April 20, 2021

Vendor Name	Description	Amount
OMAHA SLING COMPANY	Maintenance of Equipment	\$ 678.97
OMAHA TRUCK CENTER INC	Vehicle Expense	300.40
OXEN TECHNOLOGY COMPANY	Capital Improvement Project	9,848.00
PAYLESS OFFICE SUPPLIES	Office Supplies	403.25
PEERLESS WIPING CLOTH CO	Operating Expense	570.00
PETE LIEN & SONS LLC	Purification Expense	30,569.90
PIPING RESOURCES INC	Maintenance of Equipment	1,071.35
PITNEY BOWES INC	Postage Expense	467.62
POLYDYNE INC	Purification Expense	2,852.00
PRECISION INDUSTRIES	Maintenance of Equipment	1,171.22
PSI WATER TECHNOLOGIES	Maintenance of Equipment	1,249.83
RASMUSSEN MECHANICAL SERVICE	Maintenance of Facilities	702.95
READING TRUCK EQUIPMENT	Vehicle Expense	259.43
READY MIXED CONCRETE COMPANY	Distribution Expense	10,504.28
ROTARY CLUB OF COUNCIL BLUFFS	Administrative Expense	325.00
SCHEMMER	Engineering Expense	325.00
SMITH PETERSON LAW FIRM	Legal Expense	2,423.77
STATE HYGIENIC LABORATORY	Outside Laboratory Expense	191.50
STETSON BUILDING PRODUCTS LLC	Maintenance of Facilities	862.32
SUEZ WATER TECHNOLOGIES	Purification Expense	7,416.80
TED'S MOWER SALES & SERVICE	Vehicle Expense	220.48
THATCHER CO OF MONTANA	Purification Expense	7,115.70
TITAN MACHINERY	Vehicle Expense	17.96
TOTAL TOOL SUPPLY INC	Maintenance of Equipment	199.00
ULINE COMPANY	Safety & Health Expense	2,694.69
UNIFIRST CORPORATION	Janitor & Uniform Expense	1,395.19
UPS STORE #5186	Postage Expense	348.74
VESSCO INC	Capital Improvement Project	26,049.98
WALLNER, MICHAEL J	Trustee Fees	100.00
WASTE MANAGEMENT	Janitor Expense	237.01
WILSON TRUCKING	Distribution Expense	900.00
SUB TOTAL FOR NON-APPROVED CHECKS		\$ 511,283.47
ARISTA INFORMATION SYSTEMS INC	Postage & Printing Expense	\$ 7,489.21
EMPLOYEE BENEFIT SYSTEMS	Medical, Dental & Life Insurance	101,135.54
MIDAMERICAN ENERGY	Electricity	49,963.62

Council Bluffs Water Works

Claims Register

April 20, 2021

Vendor Name	Description	Amount
DOUGLAS P DRUMMEY	Telephone Expense	\$ 225.00
BRIAN T CADY	Telephone Expense	180.00
PHIL V KINART	Telephone Expense	180.00
IA ASSOCIATION OF MUNICIPAL UTILITIES	Membership Dues	1,765.00
DOUGLAS L ADKINS	Telephone Expense	180.00
PETTY CASH	Operating Expense	499.71
JOSHUA W RYAN	Telephone Expense	180.00
ROBERT J SEKERA	Telephone Expense	180.00
WILLIAM E WIGGINS	Telephone Expense	180.00
KAREN A WISNISKI	Telephone Expense	180.00
BLACK HILLS ENERGY	fuel	300.16
COX BUSINESS SERVICE	Computer & Telephone Expense	1,094.42
JACOB E HENRY	Refund Medical & Dental Insurance	59.34
CENTRURYLINK	Wire Service	342.05
BLACK HILLS ENERGY	fuel	2,005.80
POTTAWATTAMIE COUNTY RECORDER	Recording Fees	32.00
EMPLOYEE BENEFIT SYSTEMS	Medical, Dental & Life Insurance	99,155.22
CENTRURYLINK	Wire Service	76.00
YMCA OF GREATER OMAHA	Public Relations & Promotion Expense	250.00
SUB TOTAL FOR APPROVED CHECKS		\$ 265,653.07
PREAPPROVED NET PAYROLL		
DETAILS IN ACCOUNTING		
	Payroll ending 03/20/21	\$ 77,424.55
	Payroll ending 04/03/21	76,202.77
		\$ 153,627.32
GRAND TOTAL FOR CLAIMS REGISTER		\$ 930,563.86

Council Bluffs Water Works

Claims Register

April 20, 2021

ATTEST:

APPROVED:

Martin L. Brooks, Chairperson

Douglas P. Drummey
Secretary of the Board of Trustees
CEO & General Manager

Carl L. Heinrich, Vice-Chairperson

Maureen R. Kruse, Trustee

Michael J. Wallner, Trustee

Caitlin A. Beresford, Trustee

COUNCIL BLUFFS WATER WORKS
MONTHLY REPORT
March 31, 2021

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
<u>CONSUMPTION - (1,000' GALLONS)</u>				
Total for Month	268,583	253,452	15,131	5.97%
Total to Date	775,216	730,695	44,521	6.09%
<u>PUMPAGE - (1,000' GALLONS)</u>				
Total for Month	320,960	299,475	21,485	7.17%
Total to Date	886,539	851,242	35,297	4.15%
Average GPD for Month	10,354	9,660	694	7.18%
Average GPD to Date	9,850	9,354	496	5.30%
<u>SERVICE CONNECTIONS</u>				
Total Metered Customers	22,351	22,289	62	0.28%
<u>REVENUE</u>				
Gross Operating Revenue for Month	1,002,618	948,620	53,998	5.69%
Non-Operating Revenue for Month	36,078	31,848	4,230	13.28%
Total Revenue for Month	1,038,696	980,468	58,228	5.94%
Gross Operating Revenue to Date	2,943,384	2,804,447	138,937	4.95%
Non-Operating Revenue to Date	99,950	110,264	(10,314)	(9.35%)
Total Revenue to Date	3,043,334	2,914,711	128,623	4.41%
<u>EXPENSE</u>				
Operating Expense for Month	706,724	703,301	3,423	0.49%
Operating Expense to Date	1,989,966	2,139,175	(149,209)	(6.98%)
<u>NON-OPERATING EXPENSE:</u>				
Non-Operating Expense for Month	5,877	6,229	(352)	(5.65%)
Non-Operating Expense to Date	17,634	18,614	(980)	(5.26%)
<u>NET REVENUE</u>				
Net Revenue for Month	326,095	270,938	55,157	20.36%
Net Revenue to Date	1,035,734	756,922	278,812	36.83%
<u>DEBT SERVICE</u>				
Debt Service for Month	196,083	211,833	(15,750)	(7.44%)
Debt Service to Date	588,250	635,500	(47,250)	(7.44%)
<u>NET REVENUE FOR CAPITAL PROJECTS</u>				
Net Revenue for Month	130,012	59,105	70,907	119.97%
Net Revenue to Date	447,484	121,422	326,062	268.54%
<u>EXPENDITURES FOR CAPITAL PROJECTS</u>				
Total to Date	270,178	957,531	(687,353)	(71.78%)
Surplus (Deficit) from Operations	177,306	(836,109)	1,013,415	121.20%
Water Revenue Bonds (SRF Loan)	97,436	820,043	(722,607)	(88.12%)
Surplus (Deficit)	274,742	(16,066)	290,808	1810.08%
Cash Reserve	-	16,066	(16,066)	---

**COUNCIL BLUFFS WATER WORKS
OPERATING STATEMENT
March 31, 2021**

	<u>FOR MONTH</u>		<u>TO DATE</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUE:</u>				
Metered Water Sales	957,056	910,904	2,825,777	2,698,617
Misc. Water Sales	5,335	5,007	9,817	8,126
Penalty Charges	14,179	7,859	37,561	23,154
Services Charges	26,048	24,850	70,229	74,550
Gross Operating Revenue	1,002,618	948,620	2,943,384	2,804,447
<u>OPERATING EXPENSE:</u>				
Facilities & Maintenance	69,785	73,442	196,338	236,904
Purification	202,414	216,418	566,223	621,091
Distribution & Meter	144,197	137,147	361,592	368,771
Customer Accounting	44,184	42,411	124,238	132,009
Administration & General	246,123	233,873	741,521	780,391
Cash Over & Short	21	10	54	9
Total Operating Expense	706,724	703,301	1,989,966	2,139,175
Net Operating Revenue	295,894	245,319	953,418	665,272
<u>NON-OPERATING REVENUE:</u>				
Rentals	-	-	27,948	27,244
Tap Fees	81	2,416	(108)	885
Lab Test Fees	1,200	1,600	3,675	4,275
Capital Facilities Charges	12,455	7,155	13,250	25,175
Main Connection Fees	-	10,000	-	10,743
Hydrant Permit Fees	700	500	900	1,100
Miscellaneous Fees	15,688	(351)	37,416	9,818
Interest Earned	5,955	10,528	16,870	31,030
Disposal of Equipment	(1)	-	(1)	(6)
Total Non-Operating Revenue	36,078	31,848	99,950	110,264
<u>NON-OPERATING EXPENSE:</u>				
Inventory Adjustment	-	-	82	-
Consumer Deposit Expense	44	62	52	114
Revenue Bond Service Fee	5,833	6,167	17,500	18,500
Total Non-Operating Expense	5,877	6,229	17,634	18,614
Net Revenue Available for Debt Services	326,095	270,938	1,035,734	756,922
Debt Services	196,083	211,833	588,250	635,500
Available for Capital Improvements	130,012	59,105	447,484	121,422
Expenditures for Capital Projects	68,879	191,976	270,178	957,531
SURPLUS (DEFICIT) from Operations	61,133	(132,871)	177,306	(836,109)
Water Revenue Bonds (SRF Loan)	-	144,546	97,436	820,043
Surplus (Deficit)	61,133	11,675	274,742	(16,066)
Cash Reserve	-	-	-	16,066

**COUNCIL BLUFFS WATER WORKS
INCOME STATEMENT
March 31, 2021**

	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUE:</u>		
Metered Water Sales	\$ 2,825,777	\$ 2,698,617
Misc. Water Sales	9,817	8,126
Penalty Charges	37,561	23,154
Services Charges	<u>70,229</u>	<u>74,550</u>
Gross Operating Revenue	\$ 2,943,384	\$ 2,804,447
<u>OPERATING EXPENSE:</u>		
Facilities & Maintenance	196,338	236,904
Purification	566,223	621,091
Distribution	361,592	368,771
Customer Account & Meter	124,238	132,009
Administration & General	741,521	780,391
Cash Over & Short	<u>54</u>	<u>9</u>
Total Operating Expense	\$ 1,989,966	\$ 2,139,175
Net Operating Revenue	\$ 953,418	\$ 665,272
<u>NON-OPERATING REVENUE:</u>		
Rentals	\$ 27,948	\$ 27,244
Tap Fees	(108)	885
Lab Test Fees	3,675	4,275
Capital Facilities Charges	13,250	25,175
Main Connection Fees	-	10,743
Hydrant Permit Fees	900	1,100
Miscellaneous Fees	37,416	9,818
Interest Earned	16,870	31,030
Disposal of Equipment	<u>(1)</u>	<u>(6)</u>
Total Non-Operating Revenue	\$ 99,950	\$ 110,264
<u>NON-OPERATING EXPENSE:</u>		
Inventory Adjustment	\$ 82	\$ -
Consumer Deposit Expense	52	114
Revenue Bond Service Fee	<u>17,500</u>	<u>18,500</u>
Total Non-Operating Expense	\$ 17,634	\$ 18,614
<u>OTHER EXPENSE:</u>		
Annual Depreciation Expense	\$ 852,495	\$ 861,559
Revenue Bond Interest Expense	<u>117,500</u>	<u>178,750</u>
Total Other Expense	\$ 969,995	\$ 1,040,309
<u>NET INCOME</u>	<u><u>\$ 65,739</u></u>	<u><u>\$ (283,387)</u></u>

**COUNCIL BLUFFS WATER WORKS
BALANCE SHEETS
March 31, 2021**

ASSETS

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<u>CURRENT ASSETS:</u>		
Cash on Hand	\$ 1,800	\$ 1,800
Cash In General Fund	1,391,978	818,818
General Fund for Improvemer	4,544,000	4,144,000
Accounts Receivable (Net)	2,327,776	2,137,074
Material Inventory	1,201,160	1,199,389
Prepaid Insurance	87,872	93,779
Prepaid Computer Expense	67,770	64,543
Prepaid Insight Expense	19,205	
Prepaid Treatment Expense	416,097	318,017
	<hr/>	<hr/>
Total Current Assets	\$ 10,057,658	\$ 8,777,420
<u>RESTRICTED ASSETS:</u>		
Consumer Deposit Cash	\$ 1,141,316	\$ 1,147,041
Sinking Fund Cash	605,750	654,000
Plant Expansion Fund	3,463,428	5,781,461
Main Extension Deposit	-	99,566
	<hr/>	<hr/>
Total Restricted Assets	\$ 5,210,494	\$ 7,682,068
<u>FIXED ASSETS:</u>		
Building & Structures	\$ 36,829,265	\$ 36,568,955
Furniture & Fixtures	104,985	104,985
Tools & Equipment	18,439,308	18,560,059
Distribution System	68,492,286	66,339,971
Meters	2,351,264	2,245,214
Automotive Equipment	1,749,112	1,672,474
	<hr/>	<hr/>
	\$ 127,966,220	\$ 125,491,658
Less: Allowance for Depreciatic	67,507,369	64,470,996
	<hr/>	<hr/>
	\$ 60,458,851	\$ 61,020,662
Land	3,500,307	3,500,307
Capital Improvements in Prog	6,501,955	4,389,723
	<hr/>	<hr/>
Total Fixed Assets	\$ 70,461,113	\$ 68,910,692
TOTAL ASSETS	<hr/> <hr/>	<hr/> <hr/>
	\$ 85,729,265	\$ 85,370,180

**COUNCIL BLUFFS WATER WORKS
BALANCE SHEETS
March 31, 2021**

LIABILITIES & EQUITY

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 142,467	\$ 260,516
Accrued Liabilities	79,133	68,627
Sewer Collection Payable	574,431	594,585
Current Revenue Bond Payable	470,750	456,750
Interest Payable Revenue Bonds	117,500	178,750
Accrued Revenue Bond Service Fee	17,500	18,500
Plant Expansion Deposit Payable	3,463,428	5,781,461
Main Extension Deposits Payable	295,494	305,155
	<hr/>	<hr/>
Total Current Liabilities	\$ 5,160,703	\$ 7,664,344
<u>OTHER LIABILITIES:</u>		
Consumer Deposits	\$ 833,685	\$ 822,355
Consumer Deposit Interest	275,855	267,008
SRF Construction Loan Series 2010A	3,556,500	3,683,500
SRF Construction Loan Series 2008	5,839,250	6,341,500
SRF Construction Loan Series 2010B	12,311,000	13,255,750
SRF Land Purchase Loan Series 2015	831,250	890,250
SRF Land Purchase Loan Series 2018	4,701,961	2,576,771
	<hr/>	<hr/>
Total Other Liabilities	\$ 28,349,501	\$ 27,837,134
<u>EQUITY:</u>		
Contribution by Government	\$ 1,793,021	\$ 1,588,627
Contribution by Developer	4,866,787	5,377,845
Retained Earnings-Operations	45,559,253	42,902,230
	<hr/>	<hr/>
Total Equity	\$ 52,219,061	\$ 49,868,702
	<hr/>	<hr/>
TOTAL LIABILITIES & EQUITY	\$ 85,729,265	\$ 85,370,180
	<hr/>	<hr/>

COUNCIL BLUFFS WATER WORKS
BUDGET COMPARISON
March 31, 2021

	Budget	Budget Year To Date	3 Months Actual	Actual Expenditures Over or (Under)
Operating Revenue:				
Metered Water Sales	12,400,000	3,100,000	2,825,777	(274,223)
Misc. Water Sales	75,000	18,750	9,817	(8,933)
Penalty Charges	102,000	25,500	37,561	12,061
Service Charges	300,000	75,000	70,229	(4,771)
Gross Operating Revenue	12,877,000	3,219,250	2,943,384	(275,866)
Operating Expense:				
Facilities & Maintenance	1,000,000	250,000	196,338	(53,662)
Purification	2,759,000	689,750	566,223	(123,527)
Distribution & Meter	1,465,000	366,250	361,592	(4,658)
Customer Accounting	517,000	129,250	124,238	(5,012)
Administration & General	3,282,400	820,600	741,521	(79,079)
Cash Short & Over	-	-	54	54
Total Operating Expense	9,023,400	2,255,850	1,989,966	(265,884)
Net Operating Revenue:	3,853,600	963,400	953,418	(9,982)
Non Operating Revenue:				
Rental	121,000	30,250	27,948	(2,302)
Tap Fees	10,000	2,500	(108)	(2,608)
Lab Test Fees	22,000	5,500	3,675	(1,825)
Capital Facilities Fees	120,000	30,000	13,250	(16,750)
Main Connection Fees	4,000	1,000	-	(1,000)
Hydrant Permit Fees	4,000	1,000	900	(100)
Miscellaneous Fees	40,000	10,000	37,416	27,416
Interest Earned	85,000	21,250	16,870	(4,380)
Disposal of Equipment	(5,000)	(1,250)	(1)	1,249
Total Non Operating Revenue	401,000	100,250	99,950	(300)
Non Operating Expense:				
Inventory Adjustment	5,000	1,250	82	(1,168)
Consumer Deposit Expense	40,000	10,000	52	(9,948)
Revenue Bond Service Fee	70,000	17,500	17,500	-
Total Non Operating Expense	115,000	28,750	17,634	(11,116)
Net Revenue Available for Debt Service	4,139,600	1,034,900	1,035,734	834
Debt Service	2,353,000	588,250	588,250	-
Revenue Available for Capital Outlay	1,786,600	446,650	447,484	834
Capital Outlay:				
Building & Structures	510,000	127,500	21,929	(105,571)
Tools & Equipment	215,000	53,750	53,732	(18)
Distribution System	1,820,000	455,000	187,035	(267,965)
Meter	40,000	10,000	2,754	(7,246)
Automotive	260,000	65,000	4,728	(60,272)
Total Capital Expenditures	2,845,000	711,250	270,178	(441,072)
Surplus (Deficit) from Operations	(1,058,400)	(264,600)	177,306	441,906
Water Revenue Bonds (SRF Loans)	87,500	21,875	97,436	75,561
Surplus (Deficit)	(970,900)	(242,725)	274,742	517,467
Cash Reserve	970,900	242,725	(274,742)	(517,467)
Earnings	1.76	1.76	1.76	

Capital Outlay Summary
CY2021 Budget
 March 31, 2021

	Budgeted Projects	Expenditures to Date	Total Not Spent for Year
Building & Structures	510,000	21,929	488,071
Tools & Equipment	215,000	53,732	161,268
Distribution System	1,820,000	187,035	1,632,965
Meters	40,000	2,754	37,246
Vehicles/Heavy Equipment	260,000	4,728	255,272
Totals	\$ 2,845,000	\$ 270,178	\$ 2,574,822

Capital Improvement Projects Summary for CY2021

March 31, 2021

	Budgeted Amount	Expenditures to Date
<u>Building & Structures:</u>		
2020 Carryover Projects		
Narrows Electrical Service Improvements	\$ 80,000	\$ -
Lower Yard Improvements	70,000	-
2021 Projects		
Narrows Piping/Valve Replacement	125,000	5,581
Johnson (Hwy 6) Elevated Water Tank	120,000	-
Chemical Feeders - Narrows Plant	50,000	
Ferric Feeder		8,330
Low Service #4 Pump and Motor Rebuild	25,000	1,552
Council Point Asphalt /Concrete Rehabilitation	20,000	-
Elevator Thermal Overload Contacts	20,000	
Well #5 Rehabilitation	-	6,466
	\$ 510,000	\$ 21,929
<u>Tools & Equipment:</u>		
2020 Carryover Projects		
Radio Telecommunication Network	\$ 50,000	\$ -
Website - Update	-	(7,000)
Leak Detection Correlator	-	7,300
2021 Projects		
Information Technology System Hardware/Software	125,000	40,846
Narrows Plant Air Compressor	40,000	12,586
	\$ 215,000	\$ 53,732
<u>Distribution System:</u>		
2020 Water Main Carryover Projects:		
West Broadway - Avenue A - Segment 2 (25th St to 15th St)	\$ 400,000	\$ 105,326
Wendy Heights Neighborhood Water Main Replacement- Phase 2	290,000	41,265
1st Street Neighborhood Rehabilitation - Phase 11	10,000	2,596
East Manawa Storm Sewer Rehabilitation - Phase 9	10,000	4,530
Oakland Drive Rehabilitation	10,000	240
2021 Water Main Projects:		
40th Street Water Main Relocation	450,000	17,154
1st Street Neighborhood Rehabilitation - Phase 12	300,000	-
East Manawa Storm Sewer Rehabilitation - Phase 10	200,000	2,513
Miscellaneous Water Main Projects	100,000	
Interstate Relocation		9,154
North Broadway Box Crossing		4,257
Fire Hydrant Painting Project	50,000	-
	\$ 1,820,000	\$ 187,035
<u>Meters:</u>		
Large Water Meters	\$ 40,000	\$ 2,754
	\$ 40,000	\$ 2,754
<u>Vehicles/Heavy Equipment</u>		
Service Truck #5 - Hydrant Truck with Service Box - Dist. Dept	\$ 130,000	\$ -
Tractor with Backhoe #32 - Distribution Department	130,000	-
Arrowboard - Distribution Department	-	4,719
Crew Truck #14 - Distribution Department	-	9
	\$ 260,000	\$ 4,728
Grand Total	\$ 2,845,000	\$ 270,178

Council Bluffs Water Works
STATEMENT OF FUNDS
March 31, 2021

WATER WORKS BALANCE
2021 2020

Unrestricted Funds:

General Fund Cash in Bank	\$	1,391,978	\$	818,818
General Fund Cash for Improvements		4,544,000		4,144,000
Petty Cash		600		600
Change Fund		1,200		1,200
Fund Balance	\$	5,937,778	\$	4,964,618

Restricted Funds:

Consumer Deposit Fund	\$	1,141,316	\$	1,147,041
Sinking Fund Cash		605,750		654,000
Plant Expansion Fund		3,463,428		5,781,461
Main Extension Deposit		-		99,566
Total Restricted Funds	\$	5,210,494	\$	7,682,068

Liabilities & Reserved Retained Earnings:

Consumer Deposit Payable	\$	833,685	\$	822,355
Interest Payable - Consumer Deposits		275,855		267,008
Transferable to General Fund		31,776		57,678
Plant Expansion Deposit Payable		3,463,428		5,781,461
Main Extension Deposit Payable		-		99,566
Revenue Bond Interest Payable		117,500		178,750
Revenue Bond Payable		470,750		456,750
Revenue Bond Service Fee Payable		17,500		18,500
Total Liability & Reserved Retained Earnings	\$	5,210,494	\$	7,682,068

Total Unrestricted Funds	\$	5,973,778	\$	4,964,618
Total Restricted Funds		5,210,494		7,682,068
Total Funds	\$	11,184,272	\$	12,646,686

COUNCIL BLUFFS WATER WORKS
STATEMENT OF FUNDS
March 31, 2021

	From March 1st to March 31st	
	<u>2021</u>	<u>2020</u>
Beginning General Ledger Balance	1,548,136	1,027,115
<u>Cash Receipts:</u>		
Water Works Charges	893,709	851,650
Sewer Collections	690,648	640,063
Misc. Accounts Receivable	31,190	165,785
Tap Permits	3,220	3,560
Capital Facilities	12,455	7,155
Rental	-	-
Main Connection Fees	-	10,000
Interest Earned	5,532	9,288
Transfer from Plant Expansion Fund	61,687	149,814
Transfer from SRF Loan Series 2018	-	144,546
Miscellaneous	18,375	509
Total Cash Receipts	1,716,816	1,982,370
<u>Cash Disbursements:</u>		
Payroll (Net)	156,354	157,740
Federal Withholding	23,567	22,819
State Withholding	10,031	9,977
Water Works Medicare	3,223	3,230
Employees Medicare	3,223	3,230
Water Works Social Security	13,779	13,809
Employees Social Security	13,779	13,809
Water Works IPERS	22,024	21,954
Employees IPERS	14,675	14,628
Sales Tax	17,884	16,941
Water Service Excise Tax	44,523	44,745
Inventory Purchased	146,620	194,037
Prepaid Insurance	-	-
Medical, Dental & Life Insurance	101,136	96,691
Sewer Collections	690,648	640,063
Telephone	3,435	3,317
Capital Improvement Projects	68,879	191,976
Other Accounts	336,358	522,908
Sinking Fund	201,917	218,000
Returned Checks	919	793
	1,872,974	2,190,667
Ending General Ledger Balance	1,391,978	818,818

Council Bluffs Water Works
BANK RECONCILIATION GENERAL FUND
March 31, 2021

	<u>2021</u>	<u>2020</u>
Bank Balance	\$ 6,941,438	\$ 5,927,204
Less: Outstanding Checks	\$ 439,000	\$ 342,189
Sinking Fund	605,750	654,000
Improvement Fund	<u>4,544,000</u>	<u>4,144,000</u>
	<u>\$ 5,588,750</u>	<u>\$ 5,140,189</u>
Add: Outstanding Deposits	<u>\$ 39,290</u>	<u>\$ 31,803</u>
General Ledger Bank Balance	<u><u>\$ 1,391,978</u></u>	<u><u>\$ 818,818</u></u>

COUNCIL BLUFFS WATER WORKS
CONSUMER DEPOSIT FUND
March 31, 2021

	<u>2021</u>	<u>2020</u>
Consumer Fund Beginning Balance	\$ 1,141,224	\$ 1,143,300
<u>Cash Receipts:</u>		
Consumer Deposits	\$ 12,000	\$ 12,240
Transfer of Deposits	-	120
Interest Earned	924	1,739
Total Cash Receipts	<u>\$ 12,924</u>	<u>\$ 14,099</u>
<u>Cash Disbursements:</u>		
Consumer Deposits Closed	\$ 5,319	\$ 3,067
Transfer of Deposits	-	120
Applied Transfer to General Fund	7,513	7,171
Total Cash Disbursements	<u>\$ 12,832</u>	<u>\$ 10,358</u>
Consumer Deposit Fund Ending Balance	<u><u>\$ 1,141,316</u></u>	<u><u>\$ 1,147,041</u></u>
 Bank Balance	 \$ 1,157,034	 \$ 1,156,459
Less: Outstanding Checks	<u>\$ 16,118</u>	<u>\$ 10,138</u>
	<u>\$ 16,118</u>	<u>\$ 10,138</u>
Add: Deposit	<u>\$ 400</u>	<u>\$ 720</u>
General Ledger Bank Balance	<u><u>\$ 1,141,316</u></u>	<u><u>\$ 1,147,041</u></u>

BOARD COMMUNICATION

Department: Administration	Resolution No.	N/A	Public Hearing:	N/A
Subject Title				
Receive and file the CY 2020 Annual Audit.				
Background/Discussion				
Paul Hamilton & Associates will participate in the meeting via video conferencing, brief the Board and answer your questions.				
Recommendation				
Recommend that the Board receive and file the CY 2020 Annual Audit and authorize its release as required.				
Attachment: CY 2020 Annual Audit				
Prepared by: Karen Wisniski, Administrative Manager <i>Kaw</i>				

COUNCIL BLUFFS CITY WATER WORKS

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

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COUNCIL BLUFFS CITY WATER WORKS

OFFICIALS

Board of Trustees

Martin L. Brooks	Chairperson	June 30, 2025
Carl L. Heinrich	Vice-Chairperson	June 30, 2021
Maureen R. Kruse	Member	June 30, 2022
Caitlin A. Beresford	Member	June 30, 2024
Michael J. Wallner	Member	June 30, 2022

Water Works' Officials

Douglas P. Drummey	CEO & General Manager	Indefinite
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Council Bluffs City Water Works, as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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 April 14, 2021 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.

Hamilton Associates, P.C.

Council Bluffs, Iowa
April 14, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Calendar Year Ending December 31, 2020

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, 2020. We encourage readers to consider this information in conjunction with our financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ The Water Works' operating revenues increased 7.7% or \$998,539 from calendar year 2019 to 2020.
- ◆ The Water Works' operating expenses increased by 1.8% or \$206,345, in calendar year 2019 to 2020.
- ◆ The Water Works' net position increased 4.3% or \$2,014,378, from December 31, 2019 to December 31, 2020.

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, 2020

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 89.4% 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 .6% includes resources that are subject to restrictions. The remaining net position 10% is the unrestricted position that can be used to meet the Water Works' obligations as they come due.

Statements of Net Position December 31, 2020 and 2019		
	<u>2020</u>	<u>2019</u>
Current assets	\$ 9,580,628	\$ 8,649,703
Restricted assets	5,035,929	7,222,000
Capital assets	<u>71,649,685</u>	<u>69,287,604</u>
Total assets	<u>\$ 86,266,242</u>	<u>\$ 85,159,307</u>
 Deferred outflows of resources	 <u>\$ 437,653</u>	 <u>\$ 389,513</u>
Current liabilities (payable from current assets)	\$ 3,890,052	\$ 3,735,727
Current liabilities (payable from restricted assets)	4,660,945	6,973,086
Revenue bonds payable	25,730,275	24,557,478
Other liabilities	<u>3,888,757</u>	<u>3,501,311</u>
Total liabilities	<u>\$ 38,170,029</u>	<u>\$ 38,767,602</u>
 Deferred inflows of resources	 <u>\$ 80,273</u>	 <u>\$ 342,003</u>
Net investment in capital assets	\$ 43,310,042	\$ 42,394,310
Restricted	274,983	248,915
Unrestricted	<u>4,868,568</u>	<u>3,795,990</u>
Total net position	<u>\$ 48,453,593</u>	<u>\$ 46,439,215</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Calendar Year Ending December 31, 2020

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 2020, operating revenues increased by \$998,539 or 7.7%, due to an 8.7% increase in consumption.

A summary of revenues and expense for the years ending December 31, 2020 and 2019 is presented below:

Statements of Revenues and Expenses December 31, 2020 and 2019		
	<u>2020</u>	<u>2019</u>
Operating revenues		
Metered water sales	\$ 13,206,758	\$ 12,246,243
Rental	145,416	134,544
Other	664,019	636,867
Total operating revenues	<u>\$ 14,016,193</u>	<u>\$ 13,017,654</u>
Operating expenses		
Facilities and grounds	\$ 944,193	\$ 973,801
Inventory adjustment	9,062	(6,352)
Purification	2,353,693	2,265,885
Distribution and meter	1,422,004	1,345,107
Customer accounting	585,617	557,416
Administration and general	2,626,271	2,518,503
Pension and social security	603,511	601,513
Depreciation	3,390,876	3,473,009
Total operating expenses	<u>\$ 11,935,227</u>	<u>\$ 11,728,882</u>
Nonoperating revenues (expenses)		
Interest on investments	\$ 150,035	\$ 308,077
Interest expense	(663,340)	(779,851)
Loss on disposal of equipment	(1,268)	-
Nonoperating revenues, net	<u>\$ (514,573)</u>	<u>\$ (471,774)</u>
Change in net position	<u>\$ 1,566,393</u>	<u>\$ 816,998</u>
Total Net Position	48,453,593	46,439,215

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Calendar Year Ending December 31, 2020

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, 2020 the Water Works had \$138,413,233 invested in capital assets, net of accumulated depreciation of \$66,763,548. Depreciation expense totaled \$3,390,876 for calendar year 2020. More detailed information about the Water Works' capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At December 31, 2020, the Water Works had \$27,613,275 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 put pressure on the Water Works resources.

Continued growth in the community requires the Water Works to invest in new infrastructures 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, P O Box 309, Council Bluffs, Iowa 51502.

FINANCIAL STATEMENTS

COUNCIL BLUFFS CITY WATER WORKS

STATEMENTS OF NET POSITION

December 31, 2020 and 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash (Note 2)	\$ 5,878,786	\$ 5,240,178
Inventory	1,142,823	1,133,103
Receivables:		
Consumer accounts	1,605,730	1,466,415
Unbilled revenues	432,345	409,626
Total receivables	\$ 2,038,075	\$ 1,876,041
Prepaid expense	520,944	400,381
Total current assets	\$ 9,580,628	\$ 8,649,703
RESTRICTED ASSETS (Note 3)	5,035,929	7,222,000
PROPERTY, PLANT AND EQUIPMENT, NET (Note 4)	71,649,685	69,287,604
Total assets	<u>\$ 86,266,242</u>	<u>\$85,159,307</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows (Note 9)	<u>\$ 437,653</u>	<u>\$ 389,513</u>
LIABILITIES		
CURRENT LIABILITIES (payable from current assets):		
Accounts payable	\$ 283,424	\$ 290,947
Accrued wages and payroll taxes	51,495	146,735
Accrued compensated absences	310,784	304,077
Accrued interest payable	44,822	60,576
Construction costs payable	343,239	187,346
Retainage payable	383,128	321,469
Due to City of Council Bluffs	590,160	597,577
Current portion of long term debt (Note 5)	1,883,000	1,827,000
Total current liabilities (payable from current assets)	<u>\$ 3,890,052</u>	<u>\$ 3,735,727</u>
CURRENT LIABILITIES (payable from restricted assets):		
Consumer deposits	\$ 837,725	\$ 815,355
Plant expansion and main extension escrow deposits	3,538,242	5,883,260
Accrued interest on consumer deposits	284,978	274,471
Total current liabilities (payable from restricted assets)	<u>\$ 4,660,945</u>	<u>\$ 6,973,086</u>
LONG TERM DEBT (Note 5)	<u>\$ 25,730,275</u>	<u>\$24,557,478</u>
OTHER LIABILITIES		
Deferred revenue (Note 6)	\$ 1,272,760	\$ 1,299,840
Net pension liability (Note 9)	2,615,997	2,201,471
Total other liabilities	<u>\$ 3,888,757</u>	<u>\$ 3,501,311</u>
Total liabilities	<u>\$ 38,170,029</u>	<u>\$38,767,602</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows (Note 9)	<u>\$ 80,273</u>	<u>\$ 342,003</u>
NET POSITION		
Net investment in capital assets	\$ 43,310,042	\$42,394,310
Restricted	274,983	248,915
Unrestricted	4,868,568	3,795,990
Total net position	<u>\$ 48,453,593</u>	<u>\$46,439,215</u>

See Notes to Financial Statements

COUNCIL BLUFFS CITY WATER WORKS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Metered water sales	\$ 13,206,758	\$ 12,246,243
Rental	145,416	134,544
Other	<u>664,019</u>	<u>636,867</u>
Total operating revenues	<u>\$ 14,016,193</u>	<u>\$ 13,017,654</u>
OPERATING EXPENSES		
Facilities and grounds	\$ 944,193	\$ 973,801
Inventory adjustment	9,062	(6,352)
Purification	2,353,693	2,265,885
Distribution and meter	1,422,004	1,345,107
Customer accounting	585,617	557,416
Administration and general	2,626,271	2,518,503
Pension and social security	603,511	601,513
Depreciation	<u>3,390,876</u>	<u>3,473,009</u>
Total operating expenses	<u>\$ 11,935,227</u>	<u>\$ 11,728,882</u>
Operating income	<u>\$ 2,080,966</u>	<u>\$ 1,288,772</u>
NONOPERATING REVENUES (EXPENSES)		
Interest on investments	\$ 150,035	\$ 308,077
Interest expense	(663,340)	(779,851)
Loss on disposal of equipment	<u>(1,268)</u>	<u>-</u>
Nonoperating revenues, net	<u>\$ (514,573)</u>	<u>\$ (471,774)</u>
Change in net position	<u>\$ 1,566,393</u>	<u>\$ 816,998</u>
NET POSITION - BEGINNING	<u>\$ 46,439,215</u>	<u>\$ 44,825,088</u>
Contributions in aid of construction (Note 7)	<u>447,985</u>	<u>797,129</u>
NET POSITION - END OF YEAR	<u>\$ 48,453,593</u>	<u>\$ 46,439,215</u>

See Notes to Financial Statements

COUNCIL BLUFFS CITY WATER WORKS

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 13,044,724	\$ 12,083,984
Cash received from other revenues	782,355	744,331
Cash paid to suppliers for goods and services	(5,046,912)	(4,963,458)
Cash paid to employees and on their behalf	(3,596,752)	(3,477,603)
(Payments) receipts for City sewer services net of collections	(7,417)	46,179
Net cash provided by operating activities:	<u>\$ 5,175,998</u>	<u>\$ 4,433,433</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payment of long term debt	\$ (1,827,000)	\$ (1,572,000)
Long term debt issued	3,055,797	1,663,478
Interest paid on long term debt	(638,789)	(748,325)
Interest paid on consumer deposits	(29,798)	(31,385)
Additions to property, plant, and equipment	(5,536,673)	(4,537,955)
Plant expansion and main extension escrow deposits	(2,345,018)	4,873,474
Contributions-in-aid of construction	447,985	797,129
Net cash provided by (used in) capital and related financing activities	<u>\$ (6,873,496)</u>	<u>\$ 444,416</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	150,035	308,077
Net cash provided by investing activities	<u>\$ 150,035</u>	<u>\$ 308,077</u>
NET INCREASE (DECREASE) IN CASH	<u>\$ (1,547,463)</u>	<u>\$ 5,185,926</u>
CASH - BEGINNING OF YEAR	<u>12,462,178</u>	<u>7,276,252</u>
CASH - END OF YEAR	<u>\$ 10,914,715</u>	<u>\$ 12,462,178</u>
RECONCILIATION TO BALANCE SHEETS		
Cash	\$ 5,878,786	\$ 5,240,178
Cash included in restricted assets	5,035,929	7,222,000
	<u>\$ 10,914,715</u>	<u>\$ 12,462,178</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 2,080,966	\$ 1,288,772
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,390,876	3,473,009
Changes in assets and liabilities:		
(Increase) Decrease in inventory	(9,720)	(164,438)
(Increase) Decrease in receivables	(162,034)	(162,259)
(Increase) Decrease in prepaid insurance	(120,563)	(215,096)
(Increase) Decrease in deferred outflows of resources	(48,140)	95,384
Increase (Decrease) in accounts payable	(7,523)	69,640
Increase (Decrease) in salaries payable	(95,240)	13,232
Increase (Decrease) in accrued compensated absences	6,707	(8,138)
Increase (Decrease) in due to City of Council Bluffs	(7,417)	46,179
Increase (Decrease) in deferred revenue	(27,080)	(27,080)
Increase (Decrease) in net pension liability	414,526	(165,622)
Increase (Decrease) in consumer deposits	22,370	6,230
Increase (Decrease) in deferred inflows of resources	(261,730)	183,620
Net cash provided by operating activities	<u>\$ 5,175,998</u>	<u>\$ 4,433,433</u>

See Notes to Financial Statements

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

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.

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, 2020 and 2019

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, 2020 and 2019

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 represents the difference between projected and actual earnings on pension plan investments.

Subsequent Events:

Subsequent events have been evaluated through April 14, 2021, 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, 2020 and 2019

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, 2020 balance sheet including restricted cash and cash equivalents and investments:

Deposits:

At December 31, 2020, deposits consisted of demand deposits and certificates of deposits and had the following balances:

Book Balance	\$ 10,912,914
Bank Balance	\$ 11,381,211

Of the total deposits, \$250,000 was covered by federal depository insurance and \$11,131,211 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 money 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Consumer deposit fund cash	\$ 1,151,266	\$ 1,135,386
Plant expansion deposit	3,884,663	5,987,506
Main extension deposit	-	99,108
	<u>\$ 5,035,929</u>	<u>\$ 7,222,000</u>

4. Property, Plant and Equipment

Property, plant and equipment at December 31, 2020 and 2019 consisted of the following:

<u>Description</u>	<u>Useful Life in Years</u>	<u>2020</u>	<u>2019</u>
Land	-	\$ 3,500,307	\$ 3,500,307
Building and Structures	20 - 50	36,829,265	36,568,955
Water Distribution System	20 - 75	68,322,768	66,339,971
Meters	25 - 40	2,290,399	2,246,957
Tools and Equipment	3 - 20	18,486,297	18,560,059
Automobiles and Trucks	5	1,661,359	1,672,474
Office Equipment	15	104,985	104,985
Work in Progress	-	7,217,853	3,905,070
		<u>\$ 138,413,233</u>	<u>\$ 132,898,778</u>
Less Accumulated Depreciation		<u>(66,763,548)</u>	<u>(63,611,174)</u>
		<u>\$ 71,649,685</u>	<u>\$ 69,287,604</u>

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

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 with an interest rate of 1.75%. In 2020 the remaining original balance of \$17,205,000 were also refinanced with 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, 2020, the Water Works had drawn down \$4,864,275.

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, 2020 and 2019.

Principal and interest requirements to maturity on revenue bonds outstanding at December 31, 2020 are as follows:

Years ended December 31,	Principal	Interest	Total Requirements
2021	\$ 1,883,000	\$ 468,427	\$ 2,351,427
2022	1,940,000	436,507	2,376,507
2023	2,000,000	403,601	2,403,601
2024	2,058,000	369,657	2,427,657
2025	2,121,000	334,692	2,455,692
2026-2030	11,610,000	1,113,497	12,723,497
2031-2035	3,870,000	332,244	4,202,244
2036-2040	2,131,275	100,609	2,231,884
	<u>\$ 27,613,275</u>	<u>\$ 3,559,234</u>	<u>\$ 31,172,509</u>

6. Deferred Revenue

In 2017, the Water Works signed an agreement that provided the buyer 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 2020 and 2019 respectively of \$1,272,760 and \$1,299,840 represent remaining cash received that has not yet been recognized.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

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, 2019	\$ 1,601,408	\$ 5,396,063	\$ 6,997,471
Contributions-in-aid of construction	164,672	632,457	797,129
Transfers – Depreciation of contributed property, plant and equipment	<u>(177,453)</u>	<u>(650,674)</u>	<u>(828,127)</u>
Balances at December 31, 2019	\$ 1,588,627	\$ 5,377,846	\$ 6,966,473
Contributions-in-aid of construction	346,488	101,497	447,985
Transfers – Depreciation of contributed property, plant and equipment	<u>(142,094)</u>	<u>(612,556)</u>	<u>(754,650)</u>
Balances at December 31, 2020	<u>\$ 1,793,021</u>	<u>\$ 4,866,787</u>	<u>\$ 6,659,808</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 \$576,400. 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, 2020 and 2019 was \$39,896 and \$84,505, respectively.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

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, anytime 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, 2020 and 2019

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, 2020, 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, 2020 and 2019 were \$289,698 and \$274,517, respectively.

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

At December 31, 2020 and 2019, the Water Works reported a liability of \$2,615,997 and \$2,201,471, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and June 30, 2019, 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, 2020, the Water Works' collective proportion was .0372398 percent which was a decrease of .000778 percent from its proportion measured as of June 30, 2019. At June 30, 2019, the Water Works' collective proportion was .0380176 percent which was an increase of .000612 percent from its proportion measured as of June 30, 2018.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

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, 2020 and 2019, the Water Works recognized pension expense of \$386,078 and \$389,397, respectively. The Water Works reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at December 31:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,890	\$ 62,006	\$ 6,103	\$ 79,153
Changes of assumptions	134,278	-	235,809	-
Net difference between projected and actual earnings on pension plan investments	147,060	-	-	248,079
Changes in proportion and differences between Water Works contributions and proportionate share of contributions	15,054	18,267	20,068	14,771
Water Works' contributions subsequent to the measurement date	138,371	-	127,533	-
	<u>\$ 437,653</u>	<u>\$ 80,273</u>	<u>\$ 389,513</u>	<u>\$ 342,003</u>

\$138,371 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2020, will be recognized in pension expense as follows:

Year Ended December 31,	
2021	\$ 34,001
2022	53,125
2023	50,975
2024	83,188
2025	(2,280)
Total	<u>\$ 219,009</u>

There were no non-employer contributing entities at IPERS.

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

9. Pension Plan – Continued

Actuarial Assumptions:

The total pension liability in the June 30, 2020 and June 30, 2019 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, 2020 and June 30, 2019 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 2019 valuations were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments. Mortality rates used in the 2020 valuation were based on the RP-2014 Generational Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups.

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	22%	5.60%
International Equity	15	6.08
Global smart beta equity	3	5.82
Core-plus fixed income	27	1.71
Public Credit	3.5	3.32
Public real assets	7	2.81
Cash	1	(0.21)
Private equity	11	10.13
Private real assets	7.5	4.76
Private credit	3	3.01
Total	100%	

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

9. Pension Plan – Continued

Discount Rate:

The discount rate used to measure the total pension liability was 7 percent for 2020 and 2019. 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, 2020 using the discount rate of 7 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 - 2020	\$ 4,361,955	\$ 2,615,997	\$ 1,152,039

The following presents the Water Works' proportionate share of the net pension liability recorded at December 31, 2019 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 - 2019	\$ 3,909,102	\$ 2,201,471	\$ 769,129

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO FINANCIAL STATEMENTS Years Ended December 31, 2020 and 2019

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, 2020, the Water Works reported payables to the defined benefit pension plan of \$4,524 for legally required employer contributions and \$3,019 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS. At December 31, 2019, the Water Works reported payables to the defined benefit pension plan of \$12,800 for legally required employer contributions and \$8,605 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

10. Commitments

As of December 31, 2020, the Water Works had construction contracts in progress with remaining future commitments totaling \$3,163,650. 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.

11. Coronavirus Pandemic

On March 10, 2020 the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States. While it is unknown how long these conditions will last and what the complete financial effect will be to the world economy, and the economy of the United States, the State of Iowa and our local economy, the Council Bluffs Water Works is experiencing disruption in daily activities.

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

	2020	2019	2018	2017	2016	2015
Water Works' proportion of the net pension liability (asset)	0.0372398%	0.0380176%	0.0374052%	0.0369811%	0.0373848%	0.0405283%
Water Works' proportionate share of the net pension liability	2,615,997	2,201,471	2,367,093	2,463,408	2,352,748	1,607,315
Water Works' covered-employee payroll	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	85.24%	73.79%	84.20%	89.24%	87.70%	61.94%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	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 ten 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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contributions	\$ 290	\$ 275	\$ 262	\$ 249
Contributions in relation to the statutorily required contribution	<u>(290)</u>	<u>(275)</u>	<u>(262)</u>	<u>(249)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Water Works' covered-employee payroll	\$ 3,068	\$ 2,912	\$ 2,857	\$ 2,788
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	9.17%	8.93%

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 243	\$ 235	\$ 234	\$ 228	\$ 204	\$ 181
<u>(243)</u>	<u>(235)</u>	<u>(234)</u>	<u>(228)</u>	<u>(204)</u>	<u>(181)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,720	\$ 2,628	\$ 2,620	\$ 2,594	\$ 2,434	\$ 2,409
8.93%	8.94%	8.93%	8.79%	8.38%	7.51%

COUNCIL BLUFFS CITY WATER WORKS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Year ended December 31, 2020

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, 2020

	2020 Actual	2020 Budget	Budget Variance Favorable (Unfavorable)
Operating revenues:			
Metered water sales	\$ 13,206,758	\$ 12,380,000	\$ 826,758
Rental	145,416	120,000	25,416
Other	664,019	635,000	29,019
Total operating revenues	<u>\$ 14,016,193</u>	<u>\$ 13,135,000</u>	<u>\$ 881,193</u>
Operating expenses:			
Facilities and grounds	\$ 944,193	\$ 1,110,000	\$ 165,807
Inventory adjustment	9,062	5,000	(4,062)
Purification	2,353,693	2,485,000	131,307
Distribution and meter	1,422,004	1,421,000	(1,004)
Customer accounting	585,617	497,000	(88,617)
Administration and general	2,626,271	2,690,000	63,729
Pension and social security	498,855	505,000	6,145
Total operating expenses	<u>\$ 8,439,695</u>	<u>\$ 8,713,000</u>	<u>\$ 273,305</u>
Operating income	<u>\$ 5,576,498</u>	<u>\$ 4,422,000</u>	<u>\$ 1,154,498</u>
Nonoperating revenues (expenses):			
Interest on investments	\$ 150,035	\$ 293,000	\$ (142,965)
Interest expense	(663,340)	(828,000)	164,660
Loss on disposal of equipment	(1,268)	(5,000)	3,732
Nonoperating revenues, net	<u>\$ (514,573)</u>	<u>\$ (540,000)</u>	<u>\$ 25,427</u>
Surplus (Deficit) from Operations	\$ 5,061,925	\$ 3,882,000	\$ 1,179,925
Debt Service	(1,827,000)	(1,827,000)	-
Capital Outlay	(5,088,688)	(6,107,000)	1,018,312
Bond Proceeds	3,055,797	3,300,000	(244,203)
Surplus (Deficit)	<u>\$ 1,202,034</u>	<u>\$ (752,000)</u>	<u>\$ 1,954,034</u>
Reconciliation to statement of revenues and expenses:			
Budget Basis Deficit	\$ 1,202,034		
Debt Service	1,827,000		
Capital Outlay	5,088,688		
Bond Proceeds	(3,055,797)		
Pension Expense	(104,656)		
Depreciation and Amortization	(3,390,876)		
Excess of revenues over expenses	<u>\$ 1,566,393</u>		

COUNCIL BLUFFS CITY WATER WORKS

**BUDGETARY COMPARISON SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN BALANCES – BUDGET AND ACTUAL**
Year ended December 31, 2020

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 2020, there were no budget amendments and disbursements 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, 2020 and have issued our report thereon dated April 14, 2021. 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, 2020 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
April 14, 2021

COUNCIL BLUFFS CITY WATER WORKS

SCHEDULE OF FINDINGS

Year ended December 31, 2020

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 twelve months ended December 31, 2020 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, 2020, 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 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, 2020, 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.

Council Bluffs City Water Works

Report to the Board of Trustees

April 20, 2021

 ***Hamilton Associates, P.C.***



April 20, 2021

Board of Trustees

Council Bluffs City Water Works

Council Bluffs, Iowa

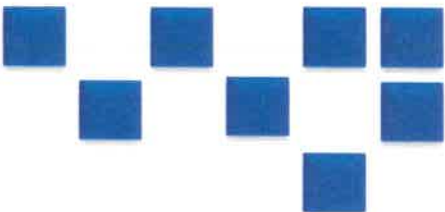
We are pleased to present this report related to our audit of the financial statements of Council Bluffs City Water Works for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Council Bluffs City Water Works' financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Council Bluffs City Water Works.

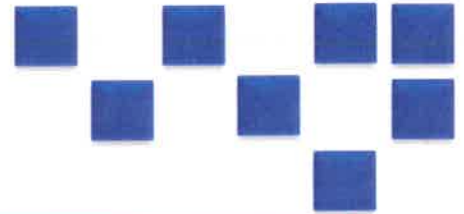
Hamilton Associates, P.C.

Council Bluffs, Iowa

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REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated January 11, 2021.
Accounting Practices	<p>Preferability of Accounting Policies and Practices</p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Basis of Accounting</p> <p>The financial statements were prepared on the assumption that Council Bluffs Water Works will continue as a going concern.</p> <p>Significant or Unusual Transactions</p> <p>No significant or unusual transactions were noted.</p>
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Area	Comments
Audit Adjustments	Audit adjustments recorded by Council Bluffs City Water Works are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."
Departure From the Auditor's Standard Report	We included an Other Matter paragraph in our report where we gave an in relation to opinion on the Management's Discussion and Analysis, Schedule of the Utility's Proportionate Share of the Net Pension Liability and the Schedule of the Utility's Contributions be presented to supplement the basic financial statements. We did not express an opinion on the Budgetary Comparison Schedule. See the Independent Auditor's Report for the entire paragraph. This Other Matter did not modify our opinion on the financial statements as a whole.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Certain Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Council Bluffs City Water Works, including the representation letter provided to us by management, are attached as Exhibit A.

COUNCIL BLUFFS CITY WATER WORKS

SUMMARY OF ACCOUNTING ESTIMATES

YEAR ENDED DECEMBER 31, 2020

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Organization's December 31, 2020, financial statements.

Area	Accounting Policy	Estimation Process	Comments
Accumulated Depreciation	Long lived assets are depreciated over their "useful" lives.	Management's experience and industry knowledge is used to determine the "useful" lives of assets.	"Useful" lives of long lived assets were examined and found to be reasonable and consistently applied.
Inventories	To reduce obsolete, damaged, or excess inventories to the estimated net realizable values.	The Water Works values its inventories at the lower of cost (average cost method) or market.	This valuation appears reasonable. Most of the inventory items are used internally for repairs and capital improvements. When the items are placed into service, they are depreciated over 20 years.
Uninsured Losses	A liability for all losses or loss retentions attributable for events occurring through December 31, 2020 should be included in the financial statements.	For the partially self-insured health insurance, the Water Works' makes monthly deposits in a separate bank account for potential claims. Deposits are made as recommended by the third party administer. Adjustments will be made as considered necessary.	Each year, we receive confirmation from the Water Works' legal counsel about potential losses. At December 31, 2020, there were no such instances identified. At December 31, 2020, there was \$39,896 set aside for employee health insurance claims.

Environmental Clean-Up Obligations	The Water Works' management should establish a reserve for the potential of environmental clean-up costs.	The Water Works does not consider there to be a material obligation for environmental clean-up costs.	
Contingent Liabilities and Subsequent Events	Conditions existing at the balance sheet date or thereafter, which contain uncertainty as to possible gains or losses that will ultimately be resolved in some future period are to be properly recorded or disclosed at the balance sheet date.	Management evaluates all current conditions through the date the financial statements are issued which may require recording or modifying of gains, losses, disclosures, or current estimates at the balance sheet date.	Independent expectations for possible liabilities, inquiries with management and other personnel, and external communications were performed and it was concluded that the financial statements are fairly stated.

COUNCIL BLUFFS CITY WATER WORKS

SUMMARY OF RECORDED AUDIT ADJUSTMENTS

YEAR ENDED DECEMBER 31, 2020

<i>Description</i>	<i>EFFECT - INCREASE (DECREASE)</i>				
	<i>Assets & Deferred Outflows</i>	<i>Liabilities & Deferred Inflows</i>	<i>Net Position</i>	<i>Revenue</i>	<i>Expense</i>
Adjust for prior year audit adjustments approved by management but not entered into the accounting software	\$ 1,167,577	\$ 4,880,451	\$ (3,712,874)	\$ -	\$ -
True up allowance of doubtful accounts	(7,913)	-	-	-	7,913
Record accounts payable and reversal of prior year accounts payable entry	133,376	146,764	-	-	13,388
To adjust for earned easement revenue	-	(27,080)	-	27,080	-
Adjust payroll accruals		(96,810)			(96,810)
True up bond interest and service fee to actual		(15,754)	-	-	(15,754)
To record items related to net pension liability	48,140	152,796			104,656
Change in Net Position Effect			\$ 13,687	\$ 27,080	\$ 13,393
Net Position Effect	\$ 1,341,180	\$ 5,040,367	\$ (3,699,187)		

COUNCIL BLUFFS CITY WATER WORKS

SUMMARY OF UNCORRECTED MISSTATEMENTS

YEAR ENDED DECEMBER 31, 2020

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of net position, revenues, expenses and changes in net position, and cash flows and to the related financial statement disclosures. Following is a summary of those differences.

<i>Description</i>	<i>EFFECT - INCREASE (DECREASE)</i>				
	<i>Assets & Deferred Outflows</i>	<i>Liabilities & Deferred Inflows</i>	<i>Net Position</i>	<i>Revenue</i>	<i>Expense</i>
Current Year Misstatements					
Credit balances in accounts receivable	\$ 117,470	\$ 117,470	\$ -	\$ -	\$ -
Change in Net Position Effect			\$ -	\$ -	\$ -
Net Position Effect	\$ 117,470	\$ 117,470	\$ -		

EXHIBIT A - SIGNIFICANT WRITTEN COMMUNICATIONS BETWEEN MANAGEMENT AND OUR FIRM



January 11, 2021

Board of Trustees, General Manager, Administrative Manager
Council Bluffs City Water Works
2000 North 25th Street
Council Bluffs, IA 51502

Attention: Douglas P. Drummey, General Manager

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit Council Bluffs City Water Works (the "Water Works") which comprise business-type activities as of and for the year ending December 31, 2020, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to the Water Works' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Trustees (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. 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; and
4. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that Water Works complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information (RSI) in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI in any document that contains the supplementary information and indicates that the auditor has reported on such RSI. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily

available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Trustees is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

Water Works agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, Water Works agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering. Our association with an official statement is a matter for which separate arrangements may be necessary. Water Works agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when Water Works seeks such consent, we will be under no obligation to grant such consent or approval.

Records and Assistance

If circumstances arise relating to the condition of Water Works' records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in Water Works' books and records. Water Works' will determine that all such data, if necessary, will be so reflected. Accordingly, Water Works' will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Water Works' personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Karen Wisniski, Administrative Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Accounting Services

In connection with our audit, you have requested us to perform the following accounting services:

1. Prepare book depreciation schedules
2. Drafting the financial statements

Karen Wisniski, Administrative Manager, will oversee the services, make all significant judgments that are the proper responsibility of management, evaluate the adequacy of the services, make an informed judgment about the results of the services, and accept responsibility for them. You also agree to establish and maintain internal control over these services, including ongoing monitoring activities. At the conclusion of our audit, we will ask you to provide written representations to that effect.

Other Relevant Information

Hamilton Associates, P.C. may mention Water Works' name and provide a general description of the engagement in Hamilton Associates, P.C.'s client lists and marketing materials.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

1. Anticipated cooperation from Water Works' personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Our proposed fees for services described in this letter are \$14,200 for the financial statement audit and \$3,700 for the single audit (if necessary). Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, Water Works agrees it will compensate Hamilton Associates, P.C. for any additional costs incurred as a result of Water Works' employment of a partner or professional employee of Hamilton Associates, P.C..

The audit documentation for this engagement is the property of Hamilton Associates, P.C. and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In the event we are requested or authorized by Water Works or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for Water Works, Water Works will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if: (i) we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

Indemnification and Claim Resolution

Because Hamilton Associates, P.C. will rely on Water Works and its management and Board of Trustees to discharge the foregoing responsibilities, Water Works holds harmless and releases Hamilton Associates, P.C. and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of Water Works' management that has caused, in any respect, Hamilton Associates, P.C.'s breach of contract or negligence.

Water Works and Hamilton Associates, P.C. agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than the earlier of two years after the date of the audit report issued by Hamilton Associates, P.C. or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. Hamilton Associates, P.C.'s liability for all claims, damages and costs of Water Works arising from this engagement is limited to the amount of fees paid by Water Works to Hamilton Associates, P.C. for the services rendered under this arrangement letter.

These provisions shall survive the termination of this arrangement for services.

Information Security - Miscellaneous Terms

Hamilton Associates, P.C. is committed to the safe and confidential treatment of Water Works' proprietary information. Hamilton Associates, P.C. is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. Water Works agrees that it will not provide Hamilton Associates, P.C. with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Water Works information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

Reporting

We will issue a written report upon completion of our audit of Water Works' financial statements. Our report will be addressed to the Board of Trustees of Water Works. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between Hamilton Associates, P.C. and Water Works, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Hamilton Associates, P.C.



Paul Hamilton, CPA

Confirmed on behalf of Council Bluffs City Water Works:

Martin L. Brooks, Board Chair

Date

Douglas P. Drummey, General Manager

Date

Karen Wisniski, Administrative Manager

Date



Council Bluffs Water Works

COUNCIL BLUFFS, IOWA — 51501

Office
2000 NORTH 25TH STREET
Mailing Address
P.O. BOX No. 309 — 51502

Board of Trustees:

MARTIN L. BROOKS, *Chairperson*
CARL L. HEINRICH
MAUREEN R. KRUSE
MICHAEL J. WALLNER
CAITLIN A. BERESFORD
CEO & General Manager & Secretary of Board
DOUGLAS P. DRUMMEY

April 14, 2021

Hamilton Associates, P.C.
20 Pearl Street
Council Bluffs, IA 51502

This representation letter is provided in connection with your audit[s] of the financial statements of Council Bluffs City Water Works (the Water Works), which comprise the statements of net position as of December 31, 2020 and 2019, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of April 14, 2021:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 11, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2020, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

<i>Description</i>	<i>EFFECT - INCREASE (DECREASE)</i>				
	<i>Assets & Deferred Outflows</i>	<i>Liabilities & Deferred Inflows</i>	<i>Net Position</i>	<i>Revenue</i>	<i>Expense</i>
Current Year Misstatements					
Credit balances in accounts receivable	\$ 117,470	\$ 117,470	\$ -	\$ -	\$ -
Change in Net Position Effect			\$ -	\$ -	\$ -
Net Position Effect	\$ 117,470	\$ 117,470	\$ -		

Information Provided

9. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of stockholders, directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of allegations of fraud or suspected fraud affecting Water Works' financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.

- c. Others where the fraud could have a material effect on the financial statements.
- 13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
- 14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 15. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 16. We have disclosed to you the identity of the Water Works' related parties and all the related-party relationships and transactions of which we are aware.
- 17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect Water Works' ability to record, process, summarize and report financial data.
- 18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Required Supplementary Information

- 20. With respect to the Required Supplementary Information related to the net pension liability presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

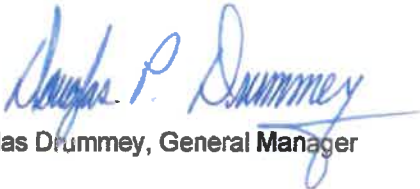
Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

21. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
22. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
23. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
25. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
26. Is responsible 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.
27. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
28. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
29. Has a process to track the status of audit findings and recommendations.
30. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

31. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
32. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Council Bluffs City Water Works



Douglas Drummey, General Manager



Karen Wisniski, Administrative Manager

BOARD COMMUNICATION

Department: Administration	Resolution No.	N/A	Public Hearing:	N/A
Subject Title				
Authorization for the Board Chairperson to sign the Parent Guaranty with Alphabet, Inc.				
Background/Discussion				
<p>The Parent Guaranty with Alphabet Inc. (Google) relates to the Main Extension Agreement (MEA) entered into by the Board with Questa in 2014 to extend a 36-inch transmission main from the Council Point WTP to 192nd Street. The project is completed, and Bill of Sale has recorded the transmission main as a Board asset. As part of the MEA, Questa is required to cause the parent company (Alphabet) to execute and deliver to the Board a Parent Guaranty in the form set out in the agreement to guarantee for a period of two (2) years following the dedication of the water main to the Board to correct any construction defects or deficiencies in the water main.</p> <p>The transmission main has been in-service since August 2015.</p> <p>The final project cost was \$17,126,881.</p>				
Recommendation				
Recommend that the Board authorize the Board Chairperson to sign the Parent Guaranty with Alphabet, Inc.				
Attachment: Parent Guaranty				
Prepared by: Douglas P. Drummey, CEO & General Manager				

PARENT GUARANTY

THIS GUARANTY, dated as of the date stated below, is executed by the company identified below as the guarantor ("**Guarantor**") in favor of the Board of Water Works Trustees of the City of Council Bluffs, Iowa, with its principal place of business at 2000 North 25th Street, Council Bluffs, Iowa 51503 ("**Creditor**").

Whereas, (a) the affiliate of Guarantor identified below ("**Obligor**") has entered into a Main Extension Agreement with Creditor dated the 12th day of June, 2014 (such agreement, as modified from time to time, is referred to herein as the "**Contract**"); and (b) Guarantor is the parent corporation of Obligor and has agreed to guarantee certain of Obligor's obligations under the Contract more particularly described below.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Guarantor and Creditor hereby agree as follows:

1. Guaranty.

(a) The Guarantor hereby unconditionally guarantees and promises to perform the Obligations (as defined below) of Obligor, Questa, LLC, a Delaware limited liability company, and its assignee if Obligor assigns the Contract to an Affiliate, if Obligor or its assignee fails to perform the Obligations. The Obligations are defined as follows: The duty and obligation to correct any construction defects or deficiencies in the Water Main and Appurtenances, for a period of two (2) years following dedication of the Water Main and Appurtenances to the Creditor, all as defined and described in the Contract and specifically the duty and obligation set forth in paragraph 2(g) of the Contract. For purposes of this Guaranty, "Affiliate" means any entity that now or in the future, directly or indirectly controls, is controlled with or by or is under common control with the Obligor. For purposes of the foregoing, "control" shall mean, with respect to: (a) a U.S. corporation, the ownership, directly or indirectly, of fifty percent (50%) or more of the voting power to elect directors thereof or, (b) a non-U.S. corporation, if the voting power to elect directors thereof is less than fifty percent (50%), the maximum amount allowed by applicable law; and (c) any other entity, fifty percent (50%) or more ownership interest in said entity, or the power to direct the management of such entity.

(b) Guarantor's obligations under this Guaranty are continuing obligations, subject to the two (2) year limitation described above in paragraph 1. This Guaranty constitutes an independent guaranty regarding the Contract, and is not conditioned on or contingent upon any attempt to enforce in whole or in part any Obligations of Obligor to Creditor, the existence or continuance of Obligor as a legal entity, the consolidation or merger of Obligor with or into any other entity, the sale, lease or disposition by Obligor of all or substantially all of its assets to any other entity, or the bankruptcy or insolvency of Obligor, the admission by Obligor of its inability to perform any obligation, or the making by Obligor of a general assignment for the benefit of creditors.

(c) Guarantor's obligations hereunder are primary obligations and not those of mere sureties. The obligations of Guarantor may be enforced by Creditor against Guarantor without first having recourse to any of its rights against Obligor or any other person. Notwithstanding anything to the contrary in this Guaranty, in no event shall Guarantor's aggregate liability under this Guaranty exceed U.S. Three Million Dollars (\$3,000,000).

2. Representations and Warranties. Guarantor represents and warrants to Creditor that: (a) Guarantor is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation; and (b) the execution, delivery and performance by Guarantor of this Guaranty have been duly authorized by all necessary actions on the part of Guarantor and this Guaranty constitutes a legally binding obligation of Guarantor.


3. Miscellaneous. All notices or other communications to Creditor or Guarantor under this Guaranty shall be in writing and delivered by courier, signature on receipt required, or via mail with a copy via confirmed facsimile, to the addresses stated in this Guaranty (or such other address as is provided for notice purposes in writing) and shall be effective upon delivery. This Guaranty may not be amended or modified except by written instruments signed by Guarantor and Creditor. This Guaranty shall be binding upon and inure to the benefit of Creditor and Guarantor and their respective successors and assigns, provided, however that neither Guarantor nor Creditor shall assign its rights and obligations hereunder without the prior written consent of the other party, and any assignment without the prior written consent of the other party shall be null and void. If at any time any provision of this Guaranty is deemed to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining provisions of this Guaranty shall not in any way be affected or impaired thereby. This Guaranty shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules. Any action or proceeding arising out of this Guaranty shall be brought and enforced in the courts of the State of Iowa, and the Guarantor hereby irrevocably submits to the jurisdiction of such courts and waives any objection based on forum non-convenience or to venue of any action instituted hereunder.

This Agreement may be executed in any number of counterparts, and all such counterparts shall constitute one

agreement which shall be binding upon the parties hereto. Signatures delivered by facsimile or electronic mail shall be deemed to be original signatures hereunder.

IN WITNESS WHEREOF, the parties have caused this Guaranty to be executed as of the date stated below.

GUARANTOR:
Alphabet Inc.

By: 
Name: Nick Coons
Title: Nicolas Coons, Treasury Director
Date: 3/3/2021

CREDITOR: :Board of Water Works Trustees of the City of Council Bluffs, Iowa

By: _____
Name: _____
Title: _____
Date: _____