

# **MARSHALLTOWN WATER WORKS**

**Independent Auditors' Reports  
Basic Financial Statements and  
Supplementary Information  
Schedule of Findings**

**June 30, 2023 and 2022**

# MARSHALLTOWN WATER WORKS

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# MARSHALLTOWN WATER WORKS

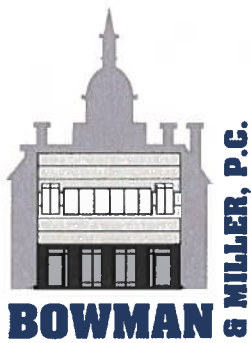
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## MARSHALLTOWN WATER WORKS

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Laura Eilers	Trustee – Chairperson	May 1, 2024
Thomas Mack	Trustee	May 1, 2025
Nick Loney	Trustee	May 1, 2026
Shelli Lovell	CEO/General Manager	Indefinite
Deborah McElroy	Customer Service Manager	Indefinite
Zach Maxfield	Director of Distribution	Indefinite
Pat Willey	Director of Finance	Indefinite
Connor Hunt	Operations Manager	Indefinite
Jared Wall	Facilities Manager	Indefinite



## C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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### Independent Auditors' Report

To the Board of Trustees  
Marshalltown Water Works  
Marshalltown, Iowa

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of the Marshalltown Water Works (Water Works), a component unit of the City of Marshalltown, as of and for the years ended June 30, 2023 and 2022, and the related Notes to Financial Statements, which collectively comprise the Water Works' basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Marshalltown Water Works, a component unit of the City of Marshalltown, as of June 30, 2023 and 2022, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

##### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of Financial Statements section of our report. We are required to be independent of Marshalltown Water Works, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marshalltown Water Works' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Marshalltown Water Works' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marshalltown Water Works' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the Water Works' Proportionate Share of the Net Pension Liability, the Schedule of the Water Works' Net Pension Liability and the Schedules of the Water Works' Contributions on pages 5 through 7 and 28 through 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Marshalltown Water Works' basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report the financial statements for the nine years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in pages 39 through 47, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information included in pages 39 through 47 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2023, on our consideration of Marshalltown 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Marshalltown Water Works' 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 Marshalltown Water Works' internal control over financial reporting and compliance.

*Bowman and Miller, P.C.*

Marshalltown, Iowa  
November 10, 2023

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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This section of the Marshalltown Water Works' Annual Financial Report presents our discussion of the Water Works' financial performance during the fiscal year ending June 30, 2023.

Use this discussion in conjunction with the financial report to better understand the Water Works' financial condition, which follows this section.

### **2023 FINANCIAL HIGHLIGHTS AND NOTEWORTHY ISSUES**

- ◆ Operating revenues of the Water Works increased 13%, or approximately \$905,000, from fiscal year 2022 to fiscal year 2023. The increase in operating revenues reflects a rate increase that went into effect July 1, 2022.
- ◆ Operating expenses of the Water Works increased 18.4%, or approximately \$792,000, from fiscal year 2022 to fiscal year 2023. The increase was attributed to an increase in salaries and benefits as well as inflation increasing the cost of both goods and services purchased by the Water Works.
- ◆ The Water Works net position increased 15%, or approximately \$3.1 million.

### **OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements as well as other information, as follows:

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

These 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 Marshalltown Water Works 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 financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Water Works' budget for the year, the Water Works' proportionate share of the net pension liability and related contributions for both IPERS and the Water Works' Supplemental Retirement and Pension Plan.

Supplementary information provides detailed information about the Statements of Net Position and various department expense accounts.

The financial statements report information about the Water Works using the accounting method similar to those used by private sector companies. The Statements of Net Position include all of the Water Works' assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus.



All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statements of Net Position present financial information on all of the Water Works' assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in the Water Works' net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Water Works is considered a business type activity because it charges fees to customers to cover the costs of all services it provides.

### **FINANCIAL ANALYSIS OF THE WATER WORKS AS A WHOLE**

- ◆ Operating revenues for the Water Works increased approximately \$905,000 over fiscal year 2022 and operating expenses increased approximately \$792,000 resulting in operating income of approximately \$2.8 million. After all non-operating income and expenses were recorded, the Water Works reported a net increase in net position of approximately \$3.1 million for the year ending June 30, 2023.
- ◆ The Water Works' operating revenues were approximately \$7.9 million, which resulted in an increase from the previous year and was approximately 108% of the budgeted revenues. Total expenses for fiscal year 2023 were approximately \$5.2 million and were approximately 90% of the budgeted amount approved by the Board of Trustees in March 2022.

### **DEBT ADMINISTRATION**

- ◆ During fiscal year 2023 the Marshelltown Water Works paid \$334,000 in principal, \$93,275 in interest and \$13,325 in service fees towards their water revenue capital loan note leaving a remaining balance of \$4,996,000 at June 30, 2023.

### **CONDITIONS OF THE WATER WORKS' INFRASTRUCTURE**

- ◆ The Marshelltown Water Works has spent and continues to spend a large portion of our resources maintaining and upgrading its existing infrastructure. We have developed a capital improvement plan that focuses on repair and replacement of infrastructure at the water treatment plant and in the distribution system. Water treatment plant repairs are focused on our wells and treatment and control equipment. We have prioritized needed valve, hydrant and water main repair and replacement projects based on operational needs and by the number of leaks and water main breaks. We also look at opportunistic water main replacements during city street renovations if the water main along the street warrants replacement.
- ◆ The Water Works, with the help of our planning agency, looks at proposed development sites within the City limits to be sure that we are adequately planning for capacity needed to service growth in those areas.

### **ECONOMIC FACTORS AND NEXT YEAR'S RATES**

- ◆ The Water Works implemented an 8% water rate increase effective July 1, 2023. This increase was based on a water rate study completed in 2022 that recommended the increase based on projected operational costs and approximately \$4.8 million in planned capital improvements, including water treatment plant expansion and repairs, distribution system repairs and upgrades, well repairs and tower maintenance.

## **CONTACTING THE WATER WORKS' FINANCIAL MANAGEMENT**

This financial report is designed to provide customers, investors, and creditors of the Marshalltown Water Works with a general overview of its financial situation and to demonstrate the accountability of the Water Works for the money it receives. If you have any questions about this report, you may contact either Shelli Lovell or Pat Willey at 205 East State Street, P.O. Box 1420, Marshalltown, IA 50158 or at (641) 753-7913.

# MARSHALLTOWN WATER WORKS

## Statements of Net Position June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
<b><u>ASSETS:</u></b>			
Current assets:			
Cash and cash equivalents	\$ 4,571,470	5,976,873	(1,405,403)
Receivables:			
Customer accounts	448,621	358,274	90,347
Unbilled water usage	681,351	468,639	212,712
Other receivables	41,283	37,038	4,245
Prepaid expenses	77,740	60,265	17,475
Restricted assets:			
Sinking fund	36,660	36,717	(57)
Total current assets	<u>5,857,125</u>	<u>6,937,806</u>	<u>(1,080,681)</u>
Non-current assets:			
Restricted cash and cash equivalents	818,974	849,037	(30,063)
Certificates of deposit	306,836	300,000	6,836
Capital reserve	404,900	400,208	4,692
Total non-current assets	<u>1,530,710</u>	<u>1,549,245</u>	<u>(18,535)</u>
Capital assets:			
Capital assets	43,093,917	39,039,694	4,054,223
Accumulated depreciation	<u>(18,597,365)</u>	<u>(18,030,805)</u>	<u>(566,560)</u>
Net capital assets	<u>24,496,552</u>	<u>21,008,889</u>	<u>3,487,663</u>
Total assets	<u>31,884,387</u>	<u>29,495,940</u>	<u>2,388,448</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Pension related deferred outflows	<u>292,645</u>	<u>181,791</u>	<u>110,854</u>
Total assets and deferred outflows of resources	\$ <u><u>32,177,032</u></u>	<u><u>29,677,731</u></u>	<u><u>2,499,301</u></u>

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
<b><u>LIABILITIES:</u></b>			
Current liabilities:			
Accounts payable	\$ 125,352	115,715	9,637
Payable from restricted assets:			
Landfill fees	10,685	13,575	(2,890)
Sewer fees	418,824	473,330	(54,506)
Storm sewer fees	104,366	120,387	(16,021)
Customer deposits - sewer	167,098	141,620	25,478
Customer deposits - water	115,365	101,350	14,015
Revenue note	340,000	334,000	6,000
Accrued interest	8,213	8,762	(549)
Accrued liabilities	295,068	191,458	103,610
Deferred revenue	-	375,775	(375,775)
Total current liabilities	<u>1,584,971</u>	<u>1,875,972</u>	<u>(291,001)</u>
Non-current liabilities:			
Revenue note	4,656,000	4,996,000	(340,000)
Net pension liability	<u>1,702,485</u>	<u>1,212,302</u>	<u>490,183</u>
Total non-current liabilities	<u>6,358,485</u>	<u>6,208,302</u>	<u>150,183</u>
Total liabilities	<u>7,943,456</u>	<u>8,084,274</u>	<u>(140,818)</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Unavailable revenues:			
Pension related deferred inflows	<u>55,385</u>	<u>565,228</u>	<u>(509,843)</u>
Total liabilities and deferred inflows of resources	<u>7,998,841</u>	<u>8,649,502</u>	<u>(650,661)</u>
<b><u>NET POSITION:</u></b>			
Net investment in capital assets	19,500,552	15,678,889	3,821,663
Restricted for:			
Revenue note retirement	427,430	427,275	155
Unrestricted	<u>4,250,209</u>	<u>4,922,065</u>	<u>(671,856)</u>
Total net position	<u>24,178,191</u>	<u>21,028,229</u>	<u>3,149,962</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>32,177,032</u>	<u>29,677,731</u>	<u>2,499,301</u>

# MARSHALLTOWN WATER WORKS

## Statements of Revenues, Expenses and Changes in Net Position For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Residential	\$ 2,430,752	2,172,002	258,750
Multi-family	296,390	267,339	29,051
Commercial	683,214	601,457	81,757
Irrigation	128,414	102,965	25,449
Industrial	2,813,988	2,501,276	312,712
Wholesale	1,314,013	1,153,940	160,073
Non-metered	5,459	3,022	2,437
City contract services	80,105	84,499	(4,394)
Penalties	45,866	40,039	5,827
Customer service	68,160	34,740	33,420
Testing laboratory	2,219	2,540	(321)
Total operating revenues	<u>7,868,580</u>	<u>6,963,819</u>	<u>904,761</u>
Operating expenses:			
Salaries and wages	1,689,342	1,359,105	330,237
Payroll taxes and benefits	498,658	390,060	108,598
Utilities	503,118	471,943	31,175
Fuels	41,328	30,535	10,793
Supplies	225,519	178,449	47,070
Maintenance	264,418	261,273	3,145
Chemicals	960,018	875,251	84,767
Contract services	131,706	10,833	120,873
Insurance	107,542	86,150	21,392
Professional fees	32,036	38,343	(6,307)
Other operating expense	77,542	68,241	9,301
Depreciation	566,560	535,935	30,625
Total operating expenses	<u>5,097,787</u>	<u>4,306,118</u>	<u>791,669</u>
Operating income	<u>2,770,793</u>	<u>2,657,701</u>	<u>113,092</u>

# MARSHALLTOWN WATER WORKS

## Statements of Revenues, Expenses and Changes in Net Position (Continued) For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Non-operating revenues (expenses):			
Interest income	54,063	18,457	35,606
Rentals	5,777	3,712	2,065
Timber sales	-	82,745	(82,745)
Contribution of distribution property	-	309,954	(309,954)
Miscellaneous revenue	436,464	43,642	392,822
Interest expense	(106,051)	(112,603)	6,552
Miscellaneous expense	(11,084)	(900)	(10,184)
Net non-operating revenues (expenses)	<u>379,169</u>	<u>345,007</u>	<u>34,162</u>
Changes in net position	3,149,962	3,002,708	147,254
Net position beginning of year	<u>21,028,229</u>	<u>18,025,521</u>	<u>3,002,708</u>
Net position end of year	\$ <u><u>24,178,191</u></u>	<u><u>21,028,229</u></u>	<u><u>3,149,962</u></u>

# MARSHALLTOWN WATER WORKS

## Statements of Cash Flows For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 7,561,276	6,880,380
Cash payments to suppliers for goods and services	(2,116,605)	(2,261,186)
Cash payments to employees and professional contractors for services	(2,859,063)	(1,718,974)
Net cash provided by operating activities	<u>2,585,608</u>	<u>2,900,220</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	700,208	701,893
Purchase of investments	(711,736)	(701,155)
Investment income	54,063	18,457
Receipt of rental income	5,777	3,712
Other non-operating revenues	425,380	435,441
Net cash provided by investing activities	<u>473,692</u>	<u>458,348</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,054,223)	(1,504,904)
Principal paid on revenue note	(334,000)	(327,000)
Interest paid on revenue note	(106,600)	(113,140)
Net cash used for capital and related financing activities	<u>(4,494,823)</u>	<u>(1,945,044)</u>
Net change in cash and cash equivalents	(1,435,523)	1,413,524
Cash and cash equivalents at beginning of year	<u>6,862,627</u>	<u>5,449,103</u>
Cash and cash equivalents at end of year	<u>\$ 5,427,104</u>	<u>6,862,627</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 2,770,793	2,657,701
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	566,560	535,935

# MARSHALLTOWN WATER WORKS

## Statements of Cash Flows (Continued) For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
(Increase) decrease in assets:		
Accounts receivable	(90,347)	(15,155)
Unbilled water usage	(212,712)	(68,839)
Other receivables	(4,245)	555
Prepaid expenses	(17,475)	(7,601)
Deferred outflows of resources	(110,854)	87,380
Increase (decrease) in liabilities:		
Accounts payable	9,637	(7,865)
Payable to sewer fund	(54,506)	(15,047)
Payable to landfill fund	(2,890)	(479)
Payable to storm sewer fund	(16,021)	(5,207)
Customer deposits-sewer	25,478	4,470
Customer deposits-water	14,015	6,915
Accrued liabilities	103,610	30,477
Deferred revenue	(375,775)	(34,999)
Net pension liability	490,183	(647,649)
Deferred inflows of resources	<u>(509,843)</u>	<u>379,628</u>
Net cash provided by operating activities	<u>\$ 2,585,608</u>	<u>2,900,220</u>
 <b>Reconciliation of cash and cash equivalents at year end to specific assets included in the Statements of Net Position:</b>		
Current assets:		
Cash and cash equivalents	\$ 4,571,470	5,976,873
Sinking fund	36,660	36,717
Restricted assets:		
Cash and cash equivalents:		
Water deposits	115,365	101,350
Sewer deposits	167,098	141,620
Sewer cash	421,714	473,034
Storm sewer cash	104,112	119,458
Landfill cash	<u>10,685</u>	<u>13,575</u>
Cash and cash equivalents at year end	<u>\$ 5,427,104</u>	<u>6,862,627</u>



# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements June 30, 2023 and 2022

### Note 1. Summary of Significant Accounting Policies

The Marshalltown Water Works (the Water Works) is a component unit of the City of Marshalltown, as determined by criteria specified by the Governmental Accounting Standards Board. The Marshalltown Water Works is governed by a three-member board of trustees appointed by the mayor and confirmed by the City Council, which exercises oversight responsibility under this criteria.

The financial statements of the Water Works have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

The accounts of the Water Works are primarily organized as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that 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.

The financial statements are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

The 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 regarding the Water Works' principal ongoing operations. The principal operating revenues of the Water Works are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### A. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, all short-term investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

#### B. Customer Accounts and Unbilled Usage

Accounts receivable represent uncollected amounts billed for water usage at June 30, 2023 and 2022. Because of the Water Works' policy to deny continued service to customers with past due bills, management believes uncollectible accounts are negligible. Therefore, no allowance for uncollectible accounts has been recorded. Unbilled usage for service consumed between periodic schedule billing dates is estimated and is recognized as revenue in the period in which the service is provided.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Budgets

In accordance with the Code of Iowa, the Water Works annually adopts a budget on the accrual basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

#### D. Estimates

The Water Works uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

#### E. Capital Assets

Additions to the plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Reportable capital assets are defined by the Water Works as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Plants, wells, storage and distribution	\$5,000
Meters	5,000
Equipment and vehicles	1,000

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Asset Class	Estimated Useful Lives (In Years)
Plants, wells and storage	10-40 years
Distribution property	50-99 years
Meters	10-20 years
Vehicles	5 years
Equipment	7-10 years

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Restricted Assets

Restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers and amounts due to the City of Marshalltown for collection of sewer, landfill and storm sewer fees.

#### G. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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 Water Works after the measurement date but before the end of the Water Works' reporting period.

#### H. 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.

#### I. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which 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 Statements of Net Position consist of unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 1. Summary of Significant Accounting Policies (Continued)

#### J. Net Position

Net Position is reported in the following categories:

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

#### K. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

### Note 2. Cash, Cash Equivalents and Pooled Investments

The Water Works' deposits at June 30, 2023 and 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The Water Works' investments consist entirely of certificates of deposits at June 30, 2023 and 2022. The Water Works had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk – The Water Works' investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Water Works.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 3. Compensated Absences

Water Works employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death and unused sick leave for subsequent use or payment upon retirement or death. The liability is recorded in the Statements of Net Position based on current rates of pay at year end.

### Note 4. Pension Plan – IPERS

Plan Description – IPERS membership is mandatory for employees of the Water Works, except for those covered by the Marshalltown Water Works Supplemental Retirement and Pension Plan. 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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date 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% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% 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.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 4. Pension Plan – IPERS (Continued)

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.

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 that 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 fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Water Works contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Water Works' contributions to IPERS for the year ended June 30, 2023 totaled \$92,498.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the Water Works reported a liability of \$351,042 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Works' proportion of the net pension liability was based on the Water Works' share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the Water Works' collective proportion was 0.009291%, which was an increase of 0.012689% from its proportion measured as of June 30, 2021.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 4. Pension Plan – IPERS (Continued)

For the year ended June 30, 2023, the Water Works recognized pension expense of \$10,488. At June 30, 2023, the Water Works reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$	15,562	4,808
Changes of assumptions		298	8
Net difference between projected and actual earnings on IPERS' investments		-	37,578
Changes in proportion and differences between Water Works contributions and the Water Works' proportionate share of contributions		30,145	12,991
Water Works contributions subsequent to the measurement date		92,498	-
Total	\$	138,503	55,385

\$92,498 reported as deferred outflows of resources related to pensions resulting from Water Works contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2024	\$ (25,612)
2025	(23,163)
2026	(44,054)
2027	80,900
2028	2,549
	<u>\$ (9,380)</u>

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 4. Pension Plan – IPERS (Continued)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation	
(effective June 30, 2017)	2.60% per annum.
Rates of salary increase	3.25 to 16.25% average, including inflation. Rates
(effective June 30, 2017)	vary by membership group.
Long-term investment rate of return	7.00%, compounded annually, net of investment
(effective June 30, 2017)	expense, including inflation.
Wage growth	3.25% per annum based on 2.60% inflation and
(effective June 30, 2017)	0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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	22.0 %	3.57 %
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	100.0 %	



# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 4. Pension Plan – IPERS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Water Works will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' 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 IPERS' 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 calculated using the discount rate of 7.00%, as well as what the Water Works' proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Works' proportionate share of the net pension liability	\$ 654,033	351,042	84,023

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – All legally required Water Works contributions and legally required employee contributions which had been withheld from employee wages were remitted by the Water Works to IPERS by June 30, 2023.

### Note 5. Pension Plan – Marshalltown Water Works Supplemental Retirement and Pension Plan

Plan Description – The Water Works maintains the Marshalltown Water Works Supplemental Retirement and Pension Plan, which is a single employer defined benefit plan administered by United Bank and Trust.

The Plan was established by the Marshalltown Water Works' Board of Trustees on September 30, 1953. The Plan was restated and amended on January 1, 2014. The Board of Trustees has the authority to amend the Plan at any time.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 5. Pension Plan – Marshalltown Water Works Supplemental Retirement and Pension Plan (Continued)

Pension Benefits – Employees who retire at or after age 65, or age 62 with 25 years of credited service, are entitled to retirement benefits payable monthly for life. Monthly benefits are equal to 2.12% of the employee's five-year final average salary multiplied by the number of years of consecutive service for the year ended June 30, 2023. Service prior to January 1, 1986 shall be limited to 25 years. Benefits are fully vested on reaching 10 or more years of credited service.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability benefits is eligible to claim Water Works pension benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement and has participated in the plan for 10 or more years prior to death, and is totally vested, the surviving spouse may request a return of the participant's accrued contributions with interest to the date of the participant's death, or may leave the balance in the pension plan and be entitled to a joint and 100% survivor annuity at the time the participant would have become eligible for pension benefits.

Contributions – The Water Works' funding policy provides for employer and employee contributions at actuarially determined rates that are sufficient to accumulate assets to pay benefits when due. The entry age normal actuarial cost method is used to determine annual plan costs. The employer contribution rate for the years ended June 30, 2023 and 2022 was 8.93% plus an additional \$5,000 per bi-weekly payroll for fiscal years 2023 and 2022. The employee contribution rate for the years ended June 30, 2023 and 2022 was 4.95%. Contributions paid by the Water Works for the year ended June 30, 2023 totaled \$185,905, and the contributions paid by employees totaled \$30,989.

Net Pension Liability, Pension Income, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the Water Works reported a net pension liability of \$1,351,443. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of March 31, 2023.

For the year ended June 30, 2023, the Water Works recognized pension income of \$48,504. At June 30, 2023 the Water Works reported deferred outflows of resources related to pensions from the following sources:

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

Note 5. Pension Plan – Marshalltown Water Works Supplemental Retirement and Pension Plan (Continued)

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 72,152
Net difference between projected and actual earnings on pension plan investments	81,990
Total	<u>\$ 154,142</u>

Amounts reported as deferred outflows of resources related to the pension will be recognized in pension expense as follows:

Year Ending June 30,	Total
2024	\$ 51,814
2025	1,342
2026	56,252
2027	44,734
	<u>\$ 154,142</u>

Actuarial Assumptions – The total pension liability in the March 31, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rates of salary increase (effective March 31, 2023)	3.00% per annum.
Long-term investment rate of return (effective March 31, 2023)	7.00%, compounded annually.

The actuarial assumptions used in the March 31, 2023 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 5. Pension Plan – Marshalltown Water Works Supplemental Retirement and Pension Plan (Continued)

Mortality rates were based on the 1983 Group Annuity Mortality Table.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.67% based on the target allocation of assets summarized in the following table:

Asset Class	Asset Allocation
Large cap equity	30 %
Small cap equity	10
International equity	10
High dividend equity	10
Fixed income	40
Total	100 %

Sensitivity of the Water Works' Net Pension Liability to Changes in the Discount Rate – The following presents the Water Works' net pension liability calculated using the discount rate of 7.00%, as well as what the Water Works' net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Works' net pension liability	\$ 1,586,621	1,351,443	1,148,573

### Note 6. Concentrations of Credit Risk

Concentrations of credit risk with respect to accounts receivable is limited due to the large number of customers comprising the Water Works' customer base and the Water Works' policy of receiving a deposit amount or a credit reference from another utility before beginning service. However, some risk exists due to the small geographic location of the receivables.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 7. Capital Assets

Capital assets are stated at cost as follows at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,115,721	1,115,721
Construction in progress	1,512,996	44,197
Plant and source of supply	19,612,468	19,114,552
Booster station	220,653	220,653
Distribution system and pipe	16,559,341	14,892,045
Meters	1,761,883	1,510,094
Machinery and equipment	498,410	451,765
Vehicles	364,485	321,034
Capital improvements	113,916	113,916
Capital improvements - buildings	864,188	811,284
Office equipment and furnishings	469,856	444,433
	<u>43,093,917</u>	<u>39,039,694</u>
Less accumulated depreciation	<u>(18,597,365)</u>	<u>(18,030,805)</u>
	<u>\$ 24,496,552</u>	<u>21,008,889</u>

Depreciation expense was \$566,560 for the year ended June 30, 2023 and \$535,935 for the year ended June 30, 2022.

### Note 8. Risk Management

The Water Works is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Water Works assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for 2023 and 2022. There have been no reductions in insurance coverage from prior years.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 9. Long-Term Liabilities

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Revenue note	\$ 5,330,000	-	334,000	4,996,000	340,000
Net pension liability	1,212,302	490,183	-	1,702,485	-
Total	\$ 6,542,302	490,183	334,000	6,698,485	340,000

#### Revenue Note – Direct Borrowing

On July 29, 2016, the Water Works entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$7,833,531 of a revenue capital loan note with interest at 1.75% per annum. The agreement also requires the Water Works to annually pay a 0.25% servicing fee. The note was issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for improvements to the water plant. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever action as law or equity may appear necessary or desirable to collect the amounts due. During the year ended June 30, 2023, the Water Works paid principal of \$334,000 and interest of \$106,600 on the note.

The Water Works has pledged future water revenues, net of specified operating expenses to repay the revenue note. The note is payable solely from water customer net revenues and is payable through 2036. Annual principal and interest payments on the note is expected to require 16.5% of net receipts. The total principal and interest remaining to be paid on the note is \$5,632,354. For the current year, principal and interest paid and total net receipts were \$440,600 and \$2,770,793, respectively.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- (a) The note will only be redeemed from the future earnings of the water fund and the note holders hold a lien on the future earnings of the fund.
- (b) Sufficient monthly transfers shall be made to a revenue note retirement account for the purpose of making the note principal and interest payments when due.
- (c) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the note falling due in the same year.

During the year ended June 30, 2023, the Water Works was in compliance with the revenue note provisions.

# MARSHALLTOWN WATER WORKS

## Notes to Financial Statements (Continued) June 30, 2023 and 2022

### Note 9. Long-Term Liabilities (Continued)

A summary of the annual revenue note principal and interest requirements to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 340,000	87,430	427,430
2025	347,000	81,480	428,480
2026	354,000	75,408	429,408
2027	361,000	69,213	430,213
2028	368,000	62,895	430,895
2029-2033	1,956,000	215,180	2,171,180
2034-2036	1,270,000	44,748	1,314,748
Total	<u>\$ 4,996,000</u>	<u>636,354</u>	<u>5,632,354</u>

### Note 10. Construction Commitments

The Water Works has entered into an engineering contract totaling \$2,450,408 for the design and construction of a new reverse osmosis membrane treatment process train at the water treatment plant. As of June 30, 2023 there have been \$1,183,201 of costs incurred on the project.

### Note 11. Date of Management Evaluation

Management has evaluated subsequent events through November 10, 2023, the date on which the financial statements were available to be issued.

## **Required Supplementary Information**



# MARSHALLTOWN WATER WORKS

## Budgetary Comparison Schedule of Revenues, Expenses and Changes in Balances - Budget to Actual Required Supplementary Information For the Year Ended June 30, 2023

	<u>Actual</u>	<u>Budgeted Amounts Original/Final</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for services	\$ 7,868,580	7,216,928	651,652
Miscellaneous	<u>496,304</u>	<u>64,000</u>	<u>432,304</u>
Total revenues	8,364,884	7,280,928	1,083,956
Expenses:			
Business type activities	<u>5,214,922</u>	<u>5,774,039</u>	<u>559,117</u>
Increase in net position	3,149,962	1,506,889	1,643,073
Net position beginning of year	<u>21,028,229</u>	<u>19,435,839</u>	<u>1,592,390</u>
Net position end of year	\$ <u><u>24,178,191</u></u>	<u><u>20,942,728</u></u>	<u><u>3,235,463</u></u>

# **MARSHALLTOWN WATER WORKS**

## **Notes to Required Supplementary Information – Budgetary Reporting June 30, 2023**

In accordance with the Code of Iowa, the Water Works' Board of Trustees annually adopts a budget on the accrual basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

During the year ended June 30, 2023 expenditures did not exceed the amounts budgeted.

# MARSHALLTOWN WATER WORKS

## Schedule of the Water Works' Proportionate Share of the Net Pension Liability Iowa Public Employees' Retirement System For the Last Nine Years\* Required Supplementary Information

	2023	2022	2021
Water Works' proportion of the net pension liability (asset)	0.009291 %	(0.003398) %	0.008433 %
Water Works' proportionate share of the net pension liability	\$ 351,042	11,732	592,438
Water Works' covered payroll	\$ 748,328	679,199	669,308
Water Works' proportionate share of the net pension liability as a percentage of its covered payroll	46.91 %	1.73 %	88.52 %
Plan fiduciary net position as a percentage of the total pension liability	91.40 %	100.81 %	82.90 %

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

2020	2019	2018	2017	2016	2015
0.008842 %	0.008313 %	0.007153 %	0.007343 %	0.007330 %	0.007533 %
512,025	526,041	476,503	462,143	362,120	298,746
672,930	624,770	533,963	526,989	502,146	492,923
76.09 %	84.20 %	89.24 %	87.69 %	72.11 %	60.61 %
85.45 %	83.62 %	82.21 %	81.82 %	85.19 %	87.61 %

# MARSHALLTOWN WATER WORKS

## Schedule of the Water Works' Net Pension Liability Supplemental Retirement and Pension Plan For the Last Nine Years\* Required Supplementary Information

	2023	2022	2021
Water Works' net pension liability	\$ 1,351,443	1,200,570	1,267,513
Water Works' covered payroll	\$ 626,039	574,573	570,838
Water Works' net pension liability as a percentage of its covered payroll	216 %	209 %	222 %
Plan fiduciary net position as a percentage of the total pension liability	53.12 %	57.58 %	54.97 %

\* The amounts presented for each fiscal year were determined as of March 31.

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
1,524,033	1,431,248	1,445,910	1,476,868	1,547,805	1,471,746
434,039	365,396	381,898	499,157	462,980	483,147
351 %	392 %	379 %	296 %	334 %	305 %
43.22 %	46.89 %	46.78 %	45.72 %	44.16 %	46.85 %

# MARSHALLTOWN WATER WORKS

## Schedule of Water Works' Contributions Iowa Public Employees' Retirement System For the Last Ten Years Required Supplementary Information

	2023	2022	2021	2020
Statutorily required contribution	\$ 92,498	70,642	64,116	63,183
Contributions in relation to the statutorily required contribution	(92,498)	(70,642)	(64,116)	(63,183)
Contribution deficiency (excess)	\$ -	-	-	-
Water Works' covered payroll	\$ 979,852	748,328	679,199	669,308
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

2019	2018	2017	2016	2015	2014
63,525	55,792	47,683	47,060	44,842	44,018
(63,525)	(55,792)	(47,683)	(47,060)	(44,842)	(44,018)
-	-	-	-	-	-
672,930	624,770	533,963	526,989	502,146	492,923
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%



# MARSHALLTOWN WATER WORKS

## Schedule of Water Works' Contributions Supplemental Retirement and Pension Plan For the Last Ten Years Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially required contribution	\$ 55,905	51,309	50,976	38,760
Contributions in relation to the actuarially required contribution	(175,905)	(181,309)	(180,976)	(168,760)
Contribution deficiency (excess)	<u>\$ (120,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>
Water Works' covered payroll	\$ 626,039	574,573	570,838	434,039
Required contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%

2019	2018	2017	2016	2015	2014
32,630	34,104	44,575	41,344	43,145	44,683
(136,630)	(138,104)	(152,140)	(119,344)	(121,145)	(122,357)
(104,000)	(104,000)	(107,565)	(78,000)	(78,000)	(77,674)
365,396	381,898	499,157	462,980	483,147	500,366
8.93%	8.93%	8.93%	8.93%	8.93%	8.93%

# MARSHALLTOWN WATER WORKS

## Notes to Required Supplementary Information – IPERS Pension Liability Year ended June 30, 2023

### Changes of benefit terms:

There are no significant changes in benefit terms.

### Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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

- Changed mortality assumptions 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% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% 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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% 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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## **Supplementary Information**

# MARSHALLTOWN WATER WORKS

## Schedules of Net Position Detail June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Cash:			
Cash on hand	\$ 1,238	938	300
Petty cash	300	300	-
Cash in bank	4,606,592	6,012,352	(1,405,760)
Water deposits	115,365	101,350	14,015
Total cash	<u>4,723,495</u>	<u>6,114,940</u>	<u>(1,391,445)</u>
Cash held for city:			
Sewer deposit fund	167,098	141,620	25,478
Sewer cash	421,714	473,034	(51,320)
Storm sewer cash	104,112	119,458	(15,346)
Landfill cash	10,685	13,575	(2,890)
Total cash held for city	<u>703,609</u>	<u>747,687</u>	<u>(44,078)</u>
 Total cash and cash equivalents	 \$ <u>5,427,104</u>	 <u>6,862,627</u>	 <u>(1,435,523)</u>
Capital assets:			
Land	\$ 1,115,721	1,115,721	-
Construction in progress	1,512,996	44,197	1,468,799
Plant and source of supply	19,612,468	19,114,552	497,916
Accumulated depreciation - plant	(11,036,753)	(10,739,359)	(297,394)
Distribution system and pipe	16,559,341	14,892,045	1,667,296
Accumulated depreciation - distribution	(4,553,444)	(4,382,333)	(171,111)
Booster station	220,653	220,653	-
Accumulated depreciation-booster station	(101,192)	(96,662)	(4,530)
Meters	1,761,883	1,510,094	251,789
Accumulated depreciation - meters	(1,242,373)	(1,218,535)	(23,838)
Machinery and equipment	498,410	451,765	46,645
Accumulated depreciation - machinery and equipment	(409,650)	(397,185)	(12,465)
Vehicles	364,485	321,034	43,451
Accumulated depreciation - vehicles	(256,606)	(230,719)	(25,887)
Capital improvements	113,916	113,916	-
Accumulated depreciation - capital improvements	(93,425)	(93,358)	(67)
Capital improvements - buildings	864,188	811,284	52,904
Accumulated depreciation - buildings	(487,929)	(468,039)	(19,890)
Office equipment and furnishings	469,856	444,433	25,423
Accumulated depreciation - office equipment and furnishings	<u>(415,993)</u>	<u>(404,615)</u>	<u>(11,378)</u>
 Net capital assets	 \$ <u>24,496,552</u>	 <u>21,008,889</u>	 <u>3,487,663</u>

# MARSHALLTOWN WATER WORKS

## Schedules of Net Position Detail (Continued) June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Prepaid expenses:			
Prepaid insurance	\$ 26,773	26,423	350
Prepaid computer maintenance	50,967	29,948	21,019
Prepaid billing supplies	<u>-</u>	<u>3,894</u>	<u>(3,894)</u>
Total prepaid expenses	<u>\$ 77,740</u>	<u>60,265</u>	<u>17,475</u>
Other receivables:			
Miscellaneous accounts receivable billings	\$ 35,712	36,236	(524)
Interest receivable	<u>5,571</u>	<u>802</u>	<u>4,769</u>
Total other receivables	<u>\$ 41,283</u>	<u>37,038</u>	<u>4,245</u>
Accrued liabilities:			
Accrued sales tax	\$ 41,598	9,383	32,215
Accrued F.I.C.A.	4,538	4,084	454
Accrued payroll	61,674	55,299	6,375
Accrued pension	2,031	1,916	115
Accrued vacation	181,552	117,591	63,961
Accrued retirement expense	<u>3,675</u>	<u>3,185</u>	<u>490</u>
Total accrued liabilities	<u>\$ 295,068</u>	<u>191,458</u>	<u>103,610</u>

# MARSHALLTOWN WATER WORKS

## Schedules of Treatment Plant Expenses For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Salaries:			
Operational	\$ <u>582,563</u>	<u>473,144</u>	<u>109,419</u>
Employee benefits:			
Health insurance	53,855	60,330	(6,475)
Dental insurance	420	397	23
Pension	9,175	6,700	2,476
Social security	43,166	34,631	8,535
Life insurance	1,614	1,142	472
Registration	2,617	2,275	342
Lodging	148	1,796	(1,648)
Travel	-	73	(73)
Safety training	875	1,000	(125)
Safety clothing	1,927	1,325	602
Medical	358	537	(179)
Dues	-	375	(375)
Food	-	117	(117)
	<u>114,155</u>	<u>110,698</u>	<u>3,458</u>
Utilities:			
Electric	445,632	428,898	16,734
Gas	33,179	21,541	11,638
Internet	2,218	1,238	980
Telephone	1,197	1,147	50
	<u>482,226</u>	<u>452,824</u>	<u>29,402</u>
Depreciation:			
Plant depreciation	297,394	297,262	132
Equipment depreciation	3,498	-	3,498
Vehicle depreciation	10,140	10,140	-
	<u>311,032</u>	<u>307,402</u>	<u>3,630</u>
Fuels:			
Gas	2,122	1,627	495
Oil	832	-	832
Diesel	5,913	3,106	2,807
LP	758	-	758
	<u>9,625</u>	<u>4,733</u>	<u>4,892</u>

# MARSHALLTOWN WATER WORKS

## Schedules of Treatment Plant Expenses (Continued) For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Supplies:			
Lab supplies	38,433	32,899	5,534
Plant supplies	695	377	318
Building supplies	10	1,546	(1,536)
Cleaning supplies	266	325	(59)
General supplies	2,267	1,492	775
Health and first aid	123	133	(10)
Safety equipment	1,763	2,386	(623)
Operational fees and permits	680	4,533	(3,853)
	<u>44,237</u>	<u>43,691</u>	<u>546</u>
Maintenance:			
Building maintenance	3,073	10,474	(7,401)
Machinery maintenance	87,568	90,493	(2,925)
Heating and air conditioner maintenance	23,655	4,319	19,336
Computer maintenance	463	1,389	(926)
Safety equipment maintenance	369	865	(496)
Grounds maintenance	9,070	6,496	2,574
Well field maintenance	11,541	4,964	6,577
Vehicle maintenance	1,080	666	414
Generator	14,526	40,634	(26,108)
	<u>151,345</u>	<u>160,300</u>	<u>(8,955)</u>
Chemicals:			
Pebble-lime	107,964	450,090	(342,126)
CO2	60,988	53,269	7,719
CL2	89,974	56,642	33,332
Fluoride	20,604	18,084	2,520
Poly-phosphate	38,821	13,475	25,346
Lime sludge removal	641,667	283,691	357,976
	<u>960,018</u>	<u>875,251</u>	<u>84,767</u>
Contract services:			
Lab services	<u>5,186</u>	<u>1,013</u>	<u>4,173</u>
Total treatment plant	<u>\$ 2,660,387</u>	<u>2,429,056</u>	<u>231,332</u>



# MARSHALLTOWN WATER WORKS

## Schedules of Construction and Maintenance Expenses For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Salaries:			
General salaries	\$ <u>427,225</u>	<u>296,962</u>	<u>130,263</u>
Employee benefits:			
Health insurance	61,149	39,516	21,633
Dental insurance	534	444	90
Pension	7,561	4,776	2,785
Social security	31,706	22,056	9,650
Life insurance	1,232	660	572
Mileage	120	48	72
Registration	4,225	9,436	(5,211)
Dues	1,264	37	1,227
Travel	148	-	148
Food	236	128	108
Safety training	875	3,250	(2,375)
Safety clothing	3,080	4,315	(1,235)
Medical	7	433	(426)
	<u>112,137</u>	<u>85,099</u>	<u>27,038</u>
Depreciation:			
Distribution depreciation	171,112	153,919	17,193
Booster station depreciation	4,530	4,530	-
Vehicle depreciation	3,624	-	3,624
Equipment depreciation	8,967	11,287	(2,320)
	<u>188,233</u>	<u>169,736</u>	<u>18,497</u>
Fuels:			
Gas	10,741	8,741	2,000
Oil	2,328	295	2,033
Diesel fuel	13,967	11,826	2,141
Grease	156	-	156
	<u>27,192</u>	<u>20,862</u>	<u>6,330</u>

# MARSHALLTOWN WATER WORKS

## Schedules of Construction and Maintenance Expenses (Continued) For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Supplies:			
Distribution supplies	33,941	27,366	6,575
Shop supplies	9,579	4,666	4,913
Leak repair supplies	46,877	41,053	5,824
Hydrant and valve supplies	54,263	24,912	29,351
Booster station supplies	59	-	59
Safety equipment	4,032	-	4,032
Data processing supplies	165	158	7
Operational fees and permits	26	221	(195)
	<u>148,942</u>	<u>98,376</u>	<u>50,566</u>
Maintenance:			
Vehicle maintenance	2,523	5,106	(2,583)
Equipment maintenance	47,746	18,725	29,021
Computer maintenance	59	636	(577)
Reservoir maintenance	-	9,381	(9,381)
Safety equipment maintenance	175	123	52
Tower maintenance	3,500	2,362	1,138
Well field maintenance	-	2,182	(2,182)
Booster station maintenance	989	381	608
	<u>54,992</u>	<u>38,896</u>	<u>16,096</u>
Total construction and maintenance	<u>\$ 958,721</u>	<u>709,931</u>	<u>248,790</u>

# MARSHALLTOWN WATER WORKS

## Schedules of Customer Service and Meter Expenses For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Salaries:			
Salaries	\$ <u>215,363</u>	<u>173,936</u>	<u>41,427</u>
Employee benefits:			
Health insurance	20,941	25,771	(4,830)
Dental insurance	199	288	(89)
Pension	2,503	(1,855)	4,358
Social security	16,017	12,614	3,403
Life insurance	617	434	183
Mileage	226	216	10
Registration	441	210	231
Food	15	46	(31)
Lodging	-	175	(175)
Safety training	875	1,000	(125)
Safety clothing	936	782	154
Dues	500	500	-
Medical	-	186	(186)
	<u>43,270</u>	<u>40,367</u>	<u>2,903</u>
Depreciation:			
Vehicle depreciation	12,123	12,123	-
Meter depreciation	<u>23,838</u>	<u>19,534</u>	<u>4,304</u>
	<u>35,961</u>	<u>31,657</u>	<u>4,304</u>
Fuels:			
Gas	<u>4,511</u>	<u>4,940</u>	<u>(429)</u>
Maintenance:			
Vehicle maintenance	2,484	1,129	1,355
Equipment maintenance	568	1,879	(1,311)
Computer maintenance	120	-	120
Safety equipment maintenance	<u>133</u>	<u>123</u>	<u>10</u>
	<u>3,305</u>	<u>3,131</u>	<u>174</u>
Supplies:			
General supplies	160	5,820	(5,660)
Meter repair supplies	1,957	5,274	(3,317)
Shop supplies	430	815	(385)
Service repair supplies	<u>324</u>	<u>906</u>	<u>(582)</u>
	<u>2,871</u>	<u>12,815</u>	<u>(9,944)</u>
Total customer service and meter	\$ <u>305,281</u>	<u>266,846</u>	<u>38,435</u>

# MARSHALLTOWN WATER WORKS

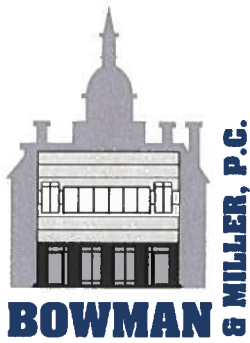
## Schedules of Administrative and Non-Operating Expenses For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Salaries:			
Administrative salaries	\$ 464,191	415,063	49,128
Employee benefits:			
Health insurance	42,193	40,556	1,637
Dental insurance	443	436	7
Pension	11,770	12,813	(1,043)
Pension supplement	120,000	50,650	69,350
Social security	33,867	31,034	2,833
Life insurance	1,549	1,078	471
Mileage	1,514	1,731	(217)
Registration fees	4,011	1,619	2,392
Dues and subscriptions	10,998	12,399	(1,401)
Safety clothing and training	1,063	1,000	63
Lodging	1,452	435	1,017
Food	236	145	91
	<u>229,096</u>	<u>153,896</u>	<u>75,200</u>
Utilities:			
Electricity	9,727	9,608	119
Gas	4,769	4,259	510
Internet expense	3,749	2,313	1,436
Telephone	2,647	2,939	(292)
	<u>20,892</u>	<u>19,119</u>	<u>1,773</u>
Depreciation:			
Building depreciation	19,890	19,242	648
Capital improvement depreciation	67	334	(267)
Equipment depreciation	11,377	7,564	3,813
	<u>31,334</u>	<u>27,140</u>	<u>4,194</u>
General supplies:			
Office supplies	7,946	10,742	(2,796)
Data processing supplies	11,163	1,848	9,315
Building supplies	-	96	(96)
Cleaning supplies	220	643	(423)
General supplies	9,379	6,419	2,960
Operational fees and permits	535	3,534	(2,999)

# MARSHALLTOWN WATER WORKS

## Schedules of Administrative and Non-Operating Expenses (Continued) For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
General Supplies (continued):			
Health and first aid	226	285	(59)
	<u>29,467</u>	<u>23,567</u>	<u>5,900</u>
Maintenance:			
Computer maintenance	46,127	43,633	2,494
Office machine maintenance	5,710	1,954	3,756
Grounds maintenance	-	133	(133)
Storm sewer	860	1,032	(172)
Heating and air conditioning maintenance	411	1,791	(1,380)
Building maintenance	1,668	10,403	(8,735)
	<u>54,776</u>	<u>58,946</u>	<u>(4,170)</u>
Administrative expenses:			
Insurance	107,542	86,150	21,392
Banking services	44,282	35,909	8,373
Legal services	19,520	8,479	11,041
Cleaning services	7,134	6,980	154
Accounting services	12,516	29,864	(17,348)
Postage	22,800	22,680	120
Public notices	3,326	2,672	654
Engineering sevices	6,058	6,651	(593)
Computer services	59,580	-	59,580
Contract labor	58,333	-	58,333
Contract services	2,549	3,169	(620)
	<u>343,640</u>	<u>202,554</u>	<u>141,086</u>
Total administrative expenses	<u>\$ 1,173,398</u>	<u>900,285</u>	<u>273,113</u>
Non-operating expenses:			
Board compensation	\$ 900	900	-
Economic development	10,184	-	10,184
Interest expense	<u>106,051</u>	<u>112,603</u>	<u>(6,552)</u>
Total non-operating expenses	<u>\$ 117,135</u>	<u>113,503</u>	<u>3,632</u>



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' Report on  
Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on Audits  
of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Trustees of the  
Marshalltown Water Works  
Marshalltown, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Marshalltown Water Works, as of and for the years ended June 30, 2023 and 2022, and the related Notes to Financial Statements, and have issued our report thereon dated November 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Marshalltown 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marshalltown Water Works' internal control. Accordingly, we do not express an opinion on the effectiveness of Marshalltown 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 Water Works' financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshalltown 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, non-compliance 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 years ended June 30, 2023 and 2022 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Water Works. Since our audits were 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 results of that testing, and not to provide an opinion on the effectiveness of the Water Works' internal control or on compliance. This report is an integral part of audits performed in accordance with Government Auditing Standards in considering the Water Works' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Marshalltown Water Works during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bowman and Miller, P.C.*

Marshalltown, Iowa  
November 10, 2023

# **MARSHALLTOWN WATER WORKS**

## **Schedule of Findings Years Ended June 30, 2023 and 2022**

### **Part I: Summary of the Independent Auditors' Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed by the audits of the financial statements.
- (c) The audits did not disclose any non-compliance which is material to the financial statements.



# MARSHALLTOWN WATER WORKS

## Schedule of Findings (Continued) Years Ended June 30, 2023 and 2022

### FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

No matters were noted.

### INSTANCES OF NON-COMPLIANCE:

No matters were noted.

### Part II: Other Findings Related to Required Statutory Reporting:

- 2023-A      Certified Budget - Expenditures during the year ended June 30, 2023 did not exceed the amounts budgeted.
- 2023-B      Questionable Expenditures - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2023-C      Travel Expense - No expenditures of Marshalltown Water Works' money for travel expenses of spouses of Marshalltown Water Works officials or employees were noted.
- 2023-D      Business Transactions - No business transactions between the Water Works and Water Works officials or employees were noted.
- 2023-E      Restricted Donor Activity - No transactions were noted between the Water Works, Water Works officials and Water Works employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-F      Bond Coverage - Surety bond coverage of Water Works' officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2023-G      Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- 2023-H      Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Water Works' investment policy were noted.
- 2023-I      Revenue Note - No instances of non-compliance with the water revenue note provisions were noted.

# **MARSHALLTOWN WATER WORKS**

## **Audit Staff**

This report was prepared by:

**BOWMAN AND MILLER, P.C.**  
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**Personnel:**

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