June 19, 2026

To the Board of Trustees
Central Iowa Water Works
Des Moines, Iowa

We have audited the financial statements of Central Iowa Water Works (CIWW) as of and for the year ended December 31, 2025, and have issued our report thereon dated June 19, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated January 13, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether CIWW complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CIWW's major federal program. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of CIWW solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of CIWW's major federal program compliance, is to express an opinion on the compliance for CIWW's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of CIWW's internal control over compliance.

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We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated June 19, 2026. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance dated June 19, 2026.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CIWW is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such sensitive accounting estimates were identified.

Financial Statement Disclosures

There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected missstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. Except for including a paragraph related to the omission of the management's discussion and analysis, we did not identify any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated June 19, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with CIWW, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as CIWW's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in CIWW's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Trustees and management of CIWW and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Dubuque, Iowa

Financial Statements
December 31, 2025

Central Iowa Water Works (CIWW)

Name	Title	Representing	Term Ending
Jody Smith	Chair	West Des Moines Water Works	December 31, 2026
John Edwards	Vice-Chair	City of Clive	December 31, 2028
Diane Munns	Secretary	Des Moines Water Works	December 31, 2026
Mike Shrock	Trustee	City of Ankeny	December 31, 2028
Susan Huppert	Trustee	Des Moines Water Works	December 31, 2027
Tom Cope	Trustee	City of Johnston	December 31, 2027
Eric Johansen	Trustee	City of Grimes	December 31, 2027
George Meinecke	Trustee	City of Norwalk	December 31, 2028
Nick Otis	Trustee	City of Polk City	December 31, 2028
John McCune	Trustee	Urbandale Water Utility	December 31, 2026
Carol Butler Freeman	Trustee	Warren Rural Water	December 31, 2026
Courtney Clarke	Trustee	City of Waukee	December 31, 2027
Dan Lovett	Trustee	Xenia Rural Water District	December 31, 2027

Independent Auditor's Report

To the Board of Trustees
Central Iowa Water Works
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Central Iowa Water Works (CIWW) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Central Iowa Water Works, as of December 31, 2025, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CIWW and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 CIWW's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CIWW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CIWW's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of CIWW's Proportionate Share of the Net Pension Liability and Contributions to the Iowa Public Employees' Retirement System 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information. The other information comprises the list of officials but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2026, on our consideration of CIWW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CIWW's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CIWW's internal control over financial reporting and compliance.

Eide Bailly LLP

Dubuque, Iowa
June 19, 2026

Financial Statements
December 31, 2025

Central Iowa Water Works (CIWW)

Assets	
Current Assets	
Cash and cash equivalents	$ 95,076,713
Accounts receivable	13,178,755
Prepaid expenses	6,143
	108,261,611
Restricted Assets - Current	
Cash and cash equivalents	3,877,361
Total current assets	112,138,972
Capital Assets	
Capital assets, not being depreciated	28,645,767
Capital assets, net of accumulated depreciation and amortization	235,335,282
Net capital assets	263,981,049
Total Assets	376,120,021
Deferred Outflows of Resources	
Pension related deferred outflows	24,929
Total Assets and Deferred Outflows of Resources	$ 376,144,950

Liabilities, Deferred Inflows of Resources, and Net Position	
Current Liabilities	
Accounts payable	$ 82,696,615
Accrued expenses	16,384
Accrued interest payable	88,452
Accrued compensated absences	22,736
Capital loan notes	2,456,000
Lease liability	13,107
Total current liabilities	85,293,294
Noncurrent Liabilities	
Accrued compensated absences	34,103
Capital loan notes	45,675,027
Lease liability	157,177
Net pension liability	51,909
Total noncurrent liabilities	45,918,216
Total Liabilities	131,211,510
Deferred Inflows of Resources	
Pension related deferred inflows	6,262
Total Liabilities and Deferred Inflows of Resources	131,217,772
Net Position	
Net investment in capital assets	211,614,103
Unrestricted	33,313,075
Total net position	244,927,178
Total liabilities, deferred inflows of resources, and net position	$ 376,144,950

Operating Revenues	
Water sales	$ 66,211,143
Miscellaneous	4,044
Total operating revenues	66,215,187
Operating Expenses	
Salaries	369,065
Payroll taxes	19,605
Retirement and other employee benefits	126,132
Professional services	644,792
Contract operator expenses	38,839,598
Occupancy and office	702,088
Other	142,559
Depreciation and amortization	6,887,199
Total operating expenses	47,731,038
Operating income	18,484,149
Non-operating Revenues (Expenses)	
Interest revenue	510,986
Interest expense	(1,197,456)
Expansion revenue	772,404
Gain on disposal of capital asset	14,529
Total nonoperating revenue	100,463
Gain before unusual or infrequent items	18,584,612
Unusual or Infrequent Items - Member Agencies Contributions at Commencement	
Contributions of water producing capital assets	250,303,139
Debt assumed from member entities	(36,304,399)
Cash contributions for funding of capital projects	12,333,226
Total member agencies contributions at commencement - Note 10	226,331,966
Change in Net Position	244,916,578
Net Position at Beginning of Year	10,600
Net Position at End of Year	$ 244,927,178

Cash Flows from Operating Activities	
Cash received from members for water sales	$ 61,770,023
Cash payments for goods and services	(43,205,464)
Cash payments to employees	(420,700)
Net cash provided by operating activities	18,143,859
Cash Flows from Noncapital Financing Activities	
Member assessments received and due to Des Moines Water Works	69,580,400
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(13,737,692)
Proceeds from sale of assets	14,529
Principal payments on long term debt	(1,743,896)
Interest payments on long term debt	(1,109,005)
Proceeds from long-term debt	13,563,641
Payment from (to) founding members	12,333,226
Net cash provided by capital and financing activities	9,320,803
Cash Flows from Investing Activities	
Interest received	510,986
Net Increase in Cash and Cash Equivalents	97,556,048
Cash and Cash Equivalents Beginning of Year	1,398,026
Cash and Cash Equivalents End of Year	$ 98,954,074
Cash and Cash Equivalents	
Unrestricted	$ 95,076,713
Restricted	3,877,361
Total cash and cash equivalents	$ 98,954,074

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	$ 18,484,149
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	6,887,199
Change in assets	
Accounts receivable	(8,310,343)
Prepaid expenses	(3,793)
Change in liabilities	
Accounts payable	992,545
Accrued payroll	(2,766)
Accrued compensated absences	56,839
Net pension liability and related deferred outflows and deferred inflows of resources	40,029
Total adjustments	(340,290)
Net Cash Provided by Operating Activities	$ 18,143,859
Schedule of Noncash Capital and Related Financing	
Acquisition of capital assets through capital contributions, net	$ 254,206,972
Acquisition of capital assets through construction payables	$ 7,511,172
Acquisition of capital assets through lease obligations	$ 177,167
Transfer of debt from founding members	$ 36,304,399
Schedule of noncash noncapital financing activities	
Payable to founding members	$ 74,448,811
Receivable from founding members	$ (4,868,411)

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Central Iowa Water Works (CIWW) was established on April 11, 2024 under Chapter 28E and Chapter 28F of the Code of Iowa, by the following members: Board of Water Works Trustees of the City of Des Moines, Board of Water Works Trustees of the City of West Des Moines, Water Utility of the Trustees of the City of Urbandale, City of Ankeny, City of Clive, City of Johnston, City of Grimes, City of Polk City, City of Waukee, City of Norwalk, Warren Water District, and Xenia Rural Water District. CIWW was formed to create a separate public entity to act as a regional water wholesale production and supply provider. CIWW operates under the management and control of a Board of Trustees and the accounts are maintained separately from member agencies.

CIWW is exempt from federal income tax pursuant to Internal Revenue Code Section 115 which provides for exemption of divisions of state and local governments.

Accounting principles generally accepted in the United States of America require the reporting entity include (1) the primary government, (2) organization for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. CIWW has the authority to issue bonded debt without approval of another government and there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements.

Basis of Accounting

CIWW accounts for its activities as an enterprise fund. The financial statements are reported using the economic measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues include revenues resulting from the sale of water. Operating expenses include reimbursement of operating expenses incurred by contract operators, depreciation, and administrative and general. Nonoperating revenues and expenses include those derived from capital and related financing activities, noncapital financing activities, and investing activities. Revenues from the sale of water are based on uniform billing rates, which are applied to members' consumption of water.

The financial statements of CIWW are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Standards and Interpretations), constitutes GAAP for governmental units.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid with maturities of three months or less at time of purchase are considered to be cash equivalents. Restricted cash and cash equivalents are set aside and restricted by loan agreements.

Accounts Receivable

Accounts receivable and revenues are recorded at the time that service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and show as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, equipment and vehicles, infrastructure, leased assets, and intangibles, are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by CIWW as assets with an initial, individual cost in excess of $5,000 and estimated useful lives in excess of two years. Capital assets of CIWW are depreciated/amortized using the straight-line method over estimated useful lives of three to one hundred years.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used for acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CIWW’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of contributions from the employer after the measurement date but before the end of the employer’s reporting period.

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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standard

As of January 1, 2025, CIWW adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis 2) Proprietary fund reporting 3) Unusual or infrequent items and 4) Budgetary comparison schedules.

Note 2 - Cash and Cash Equivalents

CIWW's deposits in financial institutions as of December 31, 2025, are covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides additional assessments against the depositories to ensure that there is no loss of public funds.

CIWW's cash and cash equivalents are as follows:

Cash deposits	$ 80,152,809
Iowa Public Agency Investment Trust	18,801,265
Total cash and cash equivalents	$ 98,954,074

At December 31, 2025, CIWW had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost, respectively, pursuant to rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. CIWW's investment in IPAIT is unrated.

CIWW had no investments meeting the disclosure requirement of Government Accounting Standards Board Statement No. 72.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with CIWW's investment policy, CIWW minimizes the market value risk of investments in the portfolio by structuring its investment portfolio so that securities mature to meet cash requirement for operations, thereby avoiding the need to sell securities in the open market prior to maturity.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. CIWW's investment in IPAIT is unrated.

Note 3 - Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance January 1, 2025	Commencement of Operations on Jan 1, 2025	Increases	Decreases	Balance December 31, 2025
Capital Assets Not Being Depreciated					
Land	$ -	$ 8,010,653	$ -	$ -	$ 8,010,653
Construction in progress	-	21,039,506	16,484,107	(16,888,499)	20,635,114
Total capital assets not being depreciated	-	29,050,159	16,484,107	(16,888,499)	28,645,767
Capital Assets Being Depreciated					
Buildings and machinery	-	199,957,178	2,500,577	-	202,457,755
Water supply system	-	76,812,619	36	-	76,812,655
Pipelines	-	75,265,243	14,018,986	-	89,284,229
Treatment and labortory equipment	-	6,248,511	-	-	6,248,511
Mobile equipment	-	726,773	106,468	(24,110)	809,131
Vehicles	-	1,056,767	262,434	(55,398)	1,263,803
Intangible right-to-use lease	-	-	177,167	-	177,167
Total capital assets being depreciated	-	360,067,091	17,065,668	(79,508)	377,053,251
Less Accumulated Depreciation/Amortization					
Buildings and machinery	-	91,563,648	4,532,767	-	96,096,415
Water supply system	-	25,578,611	920,467	-	26,499,078
Pipelines	-	13,280,440	972,786	-	14,253,226
Treatment and labortory equipment	-	3,678,539	214,802	-	3,893,341
Mobile equipment	-	266,581	76,473	(24,110)	318,944
Vehicles	-	542,459	161,046	(55,398)	648,107
Intangible right-to-use lease	-	-	8,858	-	8,858
Total accumulated depreciation	-	134,910,278	6,887,199	(79,508)	141,717,969
Total capital assets being depreciated, net	-	225,156,813	10,178,469	-	235,335,282
Net capital assets	$ -	$ 254,206,972	$ 26,662,576	$ (16,888,499)	$ 263,981,049

Operations commenced on January 1, 2025, with the initial member capital contributions of $254,206,972. See Note 10 - Unusual or Infrequent Items for additional information.

Note 4 - Long Term Debt

A summary of the changes in long-term liabilities for the year ended December 31, 2025, is as follows:

	Balance January 1, 2025	Commencement of Operations on Jan 1, 2025	Increases	Decreases	Balance December 31, 2025	Due Within One Year
Capital loan notes	$ -	$ 40,233,162	$ 9,634,878	$ (1,737,013)	$ 48,131,027	$ 2,456,000
Lease liability	-	-	177,167	(6,883)	170,284	13,107
Compensated absences	-	-	56,839	-	56,839	22,736
	$ -	$ 40,233,162	$ 9,868,884	$ (1,743,896)	$ 48,358,150	$ 2,491,843

Operations commenced on January 1, 2025, with the initial member debt transfers noted above. The initial draw downs of capital loan notes included debt service reserves, issuance costs, and initiation fees of $3,928,763.

The roll-forward schedule only reports the net change in the compensated absences liability.

Capital Loan Notes

Loans and interest are payable from the future net earnings of CIWW and the net earnings of the CIWW are pledged to the payment of the loans and interest. The total principal and interest remaining to be paid on the capital loan notes is $56,545,839. For the current year, principal and interest paid and total customer net receipts were $2,508,005 and $25,371,348.

The required amount to be deposited in the Sinking Fund for the capital loan notes in any month shall be an amount equal to 1/6th of the installment of interest coming due on the next interest payment date on the then outstanding notes plus 1/12th of the installment of principal coming due on such notes on the next succeeding principal payment date until the full amount of such installment is on hand. The balance at December 31, 2025 is $293,514.

Interest is payable on the first day of June and December.

Revenue capital loans notes have been issued for the planning and construction of water capital projects through the State of Iowa Revolving Loan Funds. CIWW pledged income derived from the acquired or constructed assets to pay debt service.

Details of capital loan notes at December 31, 2025, are as follows:

	Date of Issue	Interest Rate	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding Dec. 31, 2025
2025A-1	1/3/25	1.75%	12/1/2033	$119,000-$136,000	$ 1,157,065	$ 1,018,000
2025A-2	1/3/25	1.75%	12/1/2037	164,000-205,000	2,359,282	2,208,000
2025A-3	1/3/25	1.75%	12/1/2039	192,000-249,000	3,272,316	3,070,000
2025A-4	1/3/25	1.75%	12/1/2044	181,000-258,000	3,771,931	3,578,780
2025A-5	1/3/25	2.50%	12/1/2044	628,000-1,024,000	13,708,965	13,706,132
2025B-1	1/3/25	1.75%	12/1/2036	30,000-37,000	399,500	368,000
2025B-2	1/3/25	1.75%	12/1/2039	78,000-100,000	1,322,000	1,239,000
2025B-3	1/3/25	1.75%	12/1/41	1,064,000-1,432,000	20,762,867	19,829,000
2025C	1/3/25	1.75%	7/14/26	161,114-207,000	3,114,115	3,114,115
						$ 48,131,027

Lease Agreement

In July 2025, CIWW entered into a lease agreement for office space. An initial lease liability was recorded in the amount of $177,167. The agreement requires annual payments of $20,457 over 10 years with an implicit interest rate of 4.35% and final payment due in 2035. During the year ended December 31, 2025, principal and interest paid were $6,883 and $3,141, respectively.

A summary of the annual capital loan note and lease principal and interest requirements to maturity as of December 31, 2025, is as follows:

	Water Revenue Capital Loans		Lease Liability		
	Principal	Interest	Principal	Interest	Total
2026	$ 2,456,000	$ 880,156	$ 13,107	$ 7,145	$ 3,356,408
2027	2,511,000	832,994	14,106	6,556	3,364,656
2028	2,565,000	784,748	15,150	5,922	3,370,820
2029	2,782,114	762,682	16,249	5,242	3,566,287
2030	2,841,000	736,698	17,406	4,513	3,599,617
2031-2035	14,877,000	2,845,328	94,266	9,838	17,826,432
2036-2040	14,978,000	1,388,144	-	-	16,366,144
Totals	$ 48,131,027	$ 8,414,812	$ 170,284	$ 39,216	$ 56,755,339

Note 5 - Pension and Retirement Benefits

Plan Description

IPERS membership is mandatory for employees of CIWW. Employees of CIWW 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 9177, 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 early-retirement reductions. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability 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 benefits 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. 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.

Pursuant to the required rate, regular members contributed 6.29% of pay and CIWW contributed 9.44% for a total rate of 15.73% from January 1, 2025 to December 31, 2025.

CIWW's contributions to IPERS for the year ended December 31, 2025 were $27,935.

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

At December 31, 2025, CIWW reported a liability of $51,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. CIWW's proportion of the net pension liability was based on CIWW's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2025, CIWW's collective proportion was 0.0021260%, which was an increase of 0.0021260% from its proportion measured as of June 30, 2024, of 0.0000000%.

For the year ended December 31, 2025, CIWW recognized pension expense (reduction of pension expense) of $67,695. At December 31, 2025, CIWW reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7,654	$ -
Change of assumptions	-	1
Net difference between projected and actual earnings on Pension Plan investments	-	6,261
Changes in proportion and differences between Water Works contributions and proportionate share of contributions	-	-
CIWW's contributions subsequent to the measurement date	17,275	-
Total	$ 24,929	$ 6,262

Deferred outflows of resources of $17,275 related to pensions resulting from CIWW's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

Fiscal Year Ended	
December 31, 2026	$ 15,069
December 31, 2027	(3,256)
December 31, 2028	(10,715)
December 31, 2029	294
	$ 1,392

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2025 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 (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investments rate of return (effective June 30, 2017)	7.0%, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% annum based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2025, valuation were based on the results of actuarial experience study dated June 16, 2022.

Mortality rates were based on the Pub G-2010 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	21%	3.33%
International Equity	13.0	4.99
Global Smart Beta Equity	5.0	3.87
Core Plus Fixed Income	25.0	2.84
Public Credit	3.0	4.21
Cash	1.0	124
Private Equity	17.0	7.68
Private Real Assets	9.0	4.62
Private Credit	6.0	6.23
Total	100%	

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 that employee contributions will be made at the contractually required rate and that contributions from CIWW 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 benefits payments to determine the total pension liability.

Sensitivity of CIWW's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents CIWW's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what CIWW's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
CIWW's proportionate share of the net pension liability (asset) at June 30, 2025	$ 170,648	$ 51,909	$ (47,460)

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.

Payable to the Pension Plan

At December 31, 2025, CIWW had no payables to the defined benefit pension plan for legally required employer contributions or legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 6 - Risk Management

CIWW carries commercial insurance purchased from other insurers for coverage associated with workers compensation, cybersecurity, and employee blanket bonds. CIWW assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage since inception.

Note 7 - Commitments

As of December 31, 2025, CIWW had outstanding contractual commitments totaling approximately $7.45 million. Significant commitments include approximately $6.77 million related to the design and construction of treatment expansion projects. These projects are expected to be financed through future debt issuances. CIWW also had outstanding commitments of approximately $257,000 for professional service agreements, including engineering, legal, financial advisory, and accounting and audit services.

Note 8 - Related Party Transactions

CIWW conducts various transactions with its member governments and related organizations. These relationships exist as a result of contractual operating agreements and shared service arrangements established to operate and manage the regional water system. The significant related party transactions are summarized below:

	Amount
Water sales for the year ended December 31, 2025	$ 66,983,547
Accounts receivable at December 31, 2025	13,178,755
Contract operator expenses for the year ended December 31, 2025	38,839,599
Accounts payable at December 31, 2025	81,889,633

Capital Assets

CIWW commenced operations January 1, 2025, under operating contracts with four Water Producing member agencies: Des Moines Water Works (DMWW), West Des Moines Water Works (WDMWW), Grimes, and Polk City ("Contract Operators"). CIWW operates as a wholesale provider of water to its member agencies and owns capital assets related to the production of water, including water resources, treatment facilities, and transmission and storage. CIWW receives water revenue from member agencies purchasing water and reimburses Contract Operators for actual costs of operations and maintenance and capital improvement expenditures. The Contract Operators have primary responsibility for initially incurring and recording operational and capital expenditures and seeking reimbursement from CIWW.

See Note 3 – Capital Assets for additional information regarding the capital assets acquired by CIWW on January 1, 2025.

Debt

On January 1, 2025, CIWW issued three series of Revenue Capital Loan Notes to acquire certain water production facilities from its member agencies. The CIWW Notes were purchased by the Iowa Finance Authority ("IFA") via the State Revolving Fund ("SRF") program and are detailed below:

Debt	Rate	Final Maturity	Average Annual Debt Service	Total Notes Issued	Total Debt Transferred on 1/1/2025	Available for Future Draws
Series 2025A - Tax Exempt						
2025A-1	2.00%	12/1/2033	$ 139,000	$ 1,157,065	$ 1,051,000	$ -
2025A-2	2.00%	12/1/2037	208,800	2,359,282	2,161,000	-
2025A-3	2.00%	12/1/2039	253,600	3,272,316	3,004,000	-
2025A-4	2.00%	12/1/2044	263,600	4,326,151	2,799,756	1,177,244
2025A-5	2.75%	12/1/2044	1,051,800	15,407,833	5,995,437	8,204,563
Subtotal - Series 2025A			$ 1,916,800	$ 26,522,647	$ 15,011,193	$ 9,381,807
Series 2025B - Taxable						
2025B-1	2.00%	12/1/2036	$ 37,600	$ 399,500	$ 363,000	$ -
2025B-2	2.00%	12/1/2039	102,300	1,321,999	1,203,000	-
2025B-3	2.00%	12/1/2041	1,460,400	20,762,867	19,134,000	-
Subtotal - Series 2025B			$ 1,600,300	$ 22,484,366	$ 20,700,000	$ -
Series 2025C - Taxable	0.00%	7/14/2026	$ -	$ 10,599,673	$ 593,206	$ 10,006,467
Total			$ 3,517,100	$ 59,606,686	$ 36,304,399	$ 19,388,274

Operating and Administrative Services

Pursuant to operating contracts and related supplements, DMWW provides certain operational and administrative services to CIWW, which are recorded as operating expenses when incurred. These services include:

- **Meter Reading, Billing, and Maintenance**
  Under *Meter to Cash Supplement No. 1 to the DMWW Operating Contract*, DMWW performs customer meter reading, billing, collections, and related system maintenance services on behalf of CIWW. Costs incurred under this agreement are included in operating expenses within contract operator costs.
- **Treasury and Financial Management Services**
  DMWW performs the CIWW's Treasurer function in accordance with the operating contract. These services include cash management, disbursements, and other treasury-related activities and are recorded as operating expenses.
- **System Operations**
  DMWW, WDMWW, the City of Grimes, and Polk City serve as contract operators of portions of CIWW's water system under their respective operating agreements. Costs associated with these services are recognized as operating expenses in the period services are provided.

Use of CIWW-Owned Assets

Under *Supplement No. 2 to the DMWW Operating Contract*, DMWW utilizes certain CIWW-owned motor vehicles, trailers, and equipment in the operation and maintenance of the regional water system. The use of these assets supports system operations and is considered part of overall contract operator services. No separate rental revenue is recognized related to this arrangement.

Capital Projects and Owner's Representative Services

DMWW and WDMWW provide owner's representative services for engineering, construction oversight, and project management related to the CIWW's capital improvement projects. Costs incurred for these services are billed to the CIWW and capitalized as part of the related capital assets in accordance with applicable accounting standards, rather than recorded as operating expenses.

Employee Benefits

CIWW participates in a shared medical benefits arrangement with DMWW pursuant to an intergovernmental agreement. Employer and employee contribution costs associated with CIWW employees are recorded as operating expenses in the period incurred. CIWW does not maintain a separate medical benefits plan.

Nonmonetary Support

During a portion of fiscal year 2025, CIWW was temporarily housed within DMWW office facilities for approximately six months at no cost. This arrangement included limited information technology and human resources support. No amounts were billed to the CIWW and no expense or contribution was recorded for these nonmonetary services, as the value was not readily determinable and the arrangement was temporary in nature.

Note 9 - Subsequent Events

On February 25, 2026, subsequent to fiscal year-end, the Board of Trustees of Central Iowa Water Works approved a resolution authorizing the issuance of $6,380,000 Water Revenue Capital Loan Notes, Series 2026A. The loan closed on March 20, 2026, with a 20-year term bearing interest at 2.90% and an Iowa Finance Authority service fee of 0.25%. The financing will provide funding for capital improvements related to the Hickman Feeder Main project. Management evaluated this transaction through the date the financial statements were available to be issued and determined that disclosure was required; however, no adjustment to the accompanying financial statements was necessary.

Note 10 - Unusual or Infrequent Items - Member Agencies Contributions at Commencement

On January 1, 2025, CIWW obtained water producing capital assets from member agencies and assumed the principal portion of debt related to their borrowings. CIWW also received contributions from founding members related to capital contributions. The inflows and outflows of these types of transactions are presented below:

Contributions of water producing capital assets	$ 254,206,972
Less water producing capital assets paid for directly by CIWW	(3,903,833)
	250,303,139
Debt assumed from member entities	(40,233,162)
Less debt assumed with cash proceeds related to debt reserves	3,928,763
	(36,304,399)
Cash contributions for funding of capital projects	12,333,226
Total unusual or infrequent items	$ 226,331,966

Required Supplementary Information
December 31, 2025

Central Iowa Water Works (CIWW)

Schedule of CIWW's Proportionate Share of the Net Pension Liability and Contributions to the Iowa Public Employees' Retirement System
Last Ten Fiscal Years Ended December 31, 2025

Fiscal Year Ended	Water Works' Proportionate Share of the Net Pension Liability (Asset)	Water Works' Proportion of the Net Pension Liability (Asset)	Water Works' Covered Payroll	Water Works' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.0021260%	$ 51,909	$ 209,142	24.82%	95.27%
2024	-	-	-	-	-
2023	-	-	-	-	-
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-

The amounts presented above were determined as of June 30.

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Water Works' Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 27,935	$ 27,935	$ -	$ 295,922	9.44%
2024	6,787	6,787	-	71,896	9.44%
2023	-	-	-	-	-
2022	-	-	-	-	-
2021	-	-	-	-	-
2020	-	-	-	-	-
2019	-	-	-	-	-
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-

The amounts presented above are for the period ending December 31.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, CIWW was established in 2024 and until a full 10-year trend is compiled, CIWW will present information for those years for which information is available.

See accompanying notes to required supplementary information.

Changes of benefits terms

There are no significant changes in benefit terms.

Changes of assumptions

The 2022 valuation implemented the following refinements after a demographic assumption study:

- Mortality assumption was changed to the family of PubG-2010 Mortality Tables for all groups, with age setbacks and set forwards, as well as other adjustments. Future mortality improvements are modeled using Scale MP-2021.
- Retirement rates were adjusted to partially reflect observed experience for Regular members only.
- Disability rates were lowered for Regular members only.
- Termination rates were adjusted to partially reflect observed experience for all groups.

The 2018 valuation implemented the following refinements after a demographic assumption study:

- 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 a quadrennial experience study:

- 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 long-term rate of return assumption from 7.50% to 7.00%
- Decreased the wage growth and payroll growth assumption from 4.00% to 3.25%

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Central Iowa Water Works
Des Moines, 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 (*Government Auditing Standards*), the financial statements of the Central Iowa Water Works (CIWW), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise CIWW's basic financial statements and have issued our report thereon dated June 19, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CIWW's 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 CIWW's internal control. Accordingly, we do not express an opinion on the effectiveness of CIWW's internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CIWW's financial statements are free from 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 CIWW's operations for the year ended December 31, 2025, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of CIWW. 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 results of that testing, and not to provide an opinion on the effectiveness of CIWW's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CIWW's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Dubuque, Iowa
June 19, 2026

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Trustees
Central Iowa Water Works
Des Moines, Iowa

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Central Iowa Water Works (CIWW) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the entity's major federal program for the year ended December 31, 2025. The entity's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CIWW complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the entity and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the entity's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of CIWW as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise CIWW's basic financial statements. We issued our report thereon dated June 19, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Dubuque, Iowa
June 19, 2026

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
Environmental Protection Agency			
Pass-through program from			
Iowa Finance Authority			
Drinking Water State Revolving Fund	66.468	D0504RT-CIWW	$ 1,628,867
Drinking Water State Revolving Fund	66.468	D0741R-CIWW	7,713,528
Total Federal Awards			$ 9,342,395

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Central Iowa Water Works (CIWW) under programs of the federal government for the year ended December 31, 2025. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the entity, it is not intended to and does not present the financial position, changes in net position, or cash flows of the entity.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The entity has not elected to use the de minimis cost rate of up to 15 percent.

Note 4 - Drinking Water State Revolving Fund (66.468)

Drinking Water State Revolving Fund (DWSRF) amounts are awarded by the Environmental Protection Agency EPA to states as grants. The states then make subawards in the form of loans to their subrecipients. Therefore, in determining the amount of federal funds expended to be reported on the SEFA, subrecipients receiving DWSRF loans should include project expenditures incurred under these loans during the audit period. These are subawards and not direct federal loans.

Part I: Summary of the Independent Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major program:

Name of Federal Program	Federal Financial Assistance Listing
Drinking Water State Revolving Fund	66.468

Dollar threshold used to distinguish between type A and type B programs	$1,000,000
Auditee qualified as low-risk auditee?	No

Part II: Findings Related to the Financial Statements:

There were no findings to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Statutory Reporting:

2025-IA-A **Questionable Expenditures** - We noted no expenditures that fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2025-IA-B **Travel Expense** - No expenditures of CIWW's money for travel expenses of spouses or CIWW's officials or employees were noted.

2025-IA-C **Business Transactions** - No business transactions between CIWW and its officials or employees were noted.

2025-IA-D **Restricted Donor Activity** - No transactions were noted between CIWW and CIWW officials, employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2025-IA-E **Bond Coverage** - Surety bond coverage of CIWW officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2025-IA-F **Board Minutes** - No transactions were found that we believe should have been approved in the Board minutes but were not.

2025-IA-G **Deposits and Investments** - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and CIWW's investment policy were noted.

2025-IA-H **Revenue Notes** - No instances of non-compliance with the revenue note provisions were noted.

NEWS RELEASE

FOR RELEASE: June 19, 2026

Eide Bailly LLP today released an audit report on the Central Iowa Water Works (CIWW) for the year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

Operating revenues of CIWW totaled $66,215,187 for the year ended December 31, 2025. Operating expenses of CIWW for the year ended December 31, 2025, totaled $47,731,038.

AUDIT FINDINGS

Eide Bailly LLP did not report any findings related to the financial statements. The Board of Trustees has a fiduciary responsibility to provide oversight of CIWW's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review at Central Iowa Water Works and on the Auditor of State's web site at https://auditor.iowa.gov/audit-reports.

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