

**COON RAPIDS MUNICIPAL UTILITIES**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SUPPLEMENTARY AND OTHER INFORMATION**  
**AND SCHEDULE OF FINDINGS**

**JUNE 30, 2025**

**T. P. ANDERSON & COMPANY, P.C.**  
**Certified Public Accountants**

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**COON RAPIDS MUNICIPAL UTILITIES  
OFFICIALS**

**JUNE 30, 2025**

<u>Board of Trustees</u>	<u>Title</u>	<u>Term Expires</u>
Terry Garnes	Chairperson	June 2027
Mary Schwaller	Vice Chairperson	June 2028
Lee Boeke	Trustee	June 2025
Alan Andersen	Trustee	June 2026
Ken Pingrey	Trustee	June 2029
 <u>Management</u>		
Bradley Honold	Secretary/General Manager	Indefinite
Kari Woodard	Director of Finance and Accounting	Indefinite
Jesica Leighty	City Clerk/City Treasurer	Indefinite
David Bruner	City Attorney	Indefinite



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Coon Rapids Municipal Utilities  
Coon Rapids, IA 51301

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

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and each major fund of Coon Rapids Municipal Utilities (the Utilities), a component unit of the City of Coon Rapids, Iowa, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Utilities' 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 the business-type activities and each major fund of Coon Rapids Municipal Utilities, as of June 30, 2025 and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

Management is responsible for the preparation and fair presentation of these 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 arise substantial doubt about the Utilities' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the Utility's Proportionate Share of the Net Pension Liability, and the Schedule of Utility Contributions on pages 4-10 and 33-37 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025 on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Utility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance.

*TP Anderson & Company, P.C.*

Humboldt, Iowa  
November 20, 2025



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

The Coon Rapids Municipal Utilities, "CRMU" provides this Management Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with CRMU's financial statements, which follow.

### **USING THIS ANNUAL REPORT**

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

- Management Discussion & Analysis introduces the basic financial statements and provides an analytical overview of CRMU's financial activities.
- Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of CRMU as a whole and present an overall view of the CRMU's finances.
- The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report CRMU's operations in more detail than the government-wide financial statements by providing information about the most significant funds.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements with a comparison of CRMU's budget for the year and CRMU's proportionate share of the net pension liability and related contributions.

### **REPORTING CRMU'S FINANCIAL ACTIVITIES**

One of the most important questions asked about CRMU's finances is, "Is CRMU as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

The Statement of Activities presents information showing how CRMU's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The Statement of Net Position and the Statement of Activities report business type activities that are financed primarily by user charges. This allows for a more in-depth analysis and understanding of each fund /service.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL SNAPSHOT - ASSETS, LIABILITIES, & NET POSITION

The following analysis focuses on the changes in assets, liabilities, and net position for each utility from fiscal year 2024 to fiscal year 2025.

<b>Coon Rapids Municipal Utilities Financial Overview - Assets, Liabilities, Net Position</b>										
	<b>Electric</b>		<b>Natural Gas</b>		<b>Water</b>		<b>Communications</b>		<b>Wastewater</b>	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>ASSETS</b>										
Current	\$ 11,859,385	\$ 8,585,946	\$ 1,966,139	\$ 1,849,495	\$ 316,864	\$ 296,686	\$ 2,469,954	\$ 2,153,008	\$ 595,016	\$ 525,078
Capital	\$ 11,775,892	\$ 11,129,378	\$ 556,310	\$ 562,681	\$ 321,401	\$ 272,839	\$ 36,349	\$ 41,039	\$ 3,066,138	\$ 3,133,669
Noncurrent Assets	\$ 226,133	\$ 264,006	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Assets</b>	<b>\$ 23,861,410</b>	<b>\$ 19,979,330</b>	<b>\$ 2,522,449</b>	<b>\$ 2,412,176</b>	<b>\$ 638,265</b>	<b>\$ 569,525</b>	<b>\$ 2,506,303</b>	<b>\$ 2,194,047</b>	<b>\$ 3,661,154</b>	<b>\$ 3,658,747</b>
<b>DEFERRED OUTFLOWS</b>	<b>\$ 58,171</b>	<b>\$ 80,580</b>	<b>\$ 29,401</b>	<b>\$ 36,565</b>	<b>\$ 23,057</b>	<b>\$ 32,125</b>	<b>\$ 9,160</b>	<b>\$ 12,983</b>	<b>\$ 11,578</b>	<b>\$ 18,311</b>
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 23,919,581</b>	<b>\$ 20,059,910</b>	<b>\$ 2,551,850</b>	<b>\$ 2,448,741</b>	<b>\$ 661,322</b>	<b>\$ 601,650</b>	<b>\$ 2,515,463</b>	<b>\$ 2,207,030</b>	<b>\$ 3,672,732</b>	<b>\$ 3,677,058</b>
<b>LIABILITIES</b>										
Current	\$ 1,389,830	\$ 964,960	\$ 60,063	\$ 50,829	\$ 44,222	\$ 52,347	\$ 26,019	\$ 69,031	\$ 109,592	\$ 202,521
Long-term	\$ 1,263,424	\$ 1,463,610	\$ 85,124	\$ 94,661	\$ 66,756	\$ 83,167	\$ 38,362	\$ 33,612	\$ 1,424,521	\$ 1,460,466
<b>Total Liabilities</b>	<b>\$ 2,653,254</b>	<b>\$ 2,428,570</b>	<b>\$ 145,187</b>	<b>\$ 145,490</b>	<b>\$ 110,978</b>	<b>\$ 135,514</b>	<b>\$ 64,381</b>	<b>\$ 102,643</b>	<b>\$ 1,534,113</b>	<b>\$ 1,662,987</b>
<b>DEFERRED INFLOWS</b>	<b>\$ 4,457</b>	<b>\$ 8,092</b>	<b>\$ 2,253</b>	<b>\$ 3,672</b>	<b>\$ 1,767</b>	<b>\$ 3,226</b>	<b>\$ 702</b>	<b>\$ 1,304</b>	<b>\$ 887</b>	<b>\$ 1,839</b>
<b>NET POSITION</b>										
Net Investment in Capital Assets	\$ 10,520,892	\$ 9,714,378	\$ 556,310	\$ 562,681	\$ 321,401	\$ 272,839	\$ 36,349	\$ 41,039	\$ 1,585,138	\$ 1,531,935
Restricted	\$ 526,141	\$ 998,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 10,214,837	\$ 6,910,352	\$ 1,848,100	\$ 1,736,898	\$ 227,176	\$ 190,071	\$ 2,414,031	\$ 2,062,044	\$ 552,594	\$ 480,297
<b>Total Net Position</b>	<b>\$ 21,261,870</b>	<b>\$ 17,623,248</b>	<b>\$ 2,404,410</b>	<b>\$ 2,299,579</b>	<b>\$ 548,577</b>	<b>\$ 462,910</b>	<b>\$ 2,450,380</b>	<b>\$ 2,103,083</b>	<b>\$ 2,137,732</b>	<b>\$ 2,012,232</b>
<b>Total Liab., Def Inflows &amp; Net Pos</b>	<b>\$ 23,919,581</b>	<b>\$ 20,059,910</b>	<b>\$ 2,551,850</b>	<b>\$ 2,448,741</b>	<b>\$ 661,322</b>	<b>\$ 601,650</b>	<b>\$ 2,515,463</b>	<b>\$ 2,207,030</b>	<b>\$ 3,672,732</b>	<b>\$ 3,677,058</b>

Following are highlights from each individual utility:

- Electric utility assets increased by 19%, or \$3,882,000, which is primarily attributable to an increase in cash and cash equivalents. Deferred outflows and inflows decreased. Total liabilities increased 9%, or \$224,700. The overall net position increased 21%, or \$3,638,000. The below gives a snapshot of the percent allocation to the total assets and deferred outflows (left column), as well as total liabilities, deferred inflows and net position (right column):

Current Assets	50%	Current Liabilities	6%
Capital Assets	49%	Long-Term Liabilities	5%
Noncurrent Assets	1%	Deferred Inflows	0%
Deferred Outflows	0%	Net Position	89%

- Natural gas utility assets increased by 5%, or \$110,000, which is primarily attributable to an increase in cash and cash equivalents. Deferred outflows and inflows decreased. Total liabilities were basically unchanged. The overall net position increased 5%, or \$105,000. The below gives a snapshot of the percent allocation to the total assets and deferred outflows (left column), as well as total liabilities, deferred inflows and net position (right column):

Current Assets	77%	Current Liabilities	2.5%
Capital Assets	22%	Long-Term Liabilities	3.5%
Noncurrent Assets	0%	Deferred Inflows	0%
Deferred Outflows	1%	Net Position	94%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- Water utility assets increased by 12%, or \$68,700, which is primarily attributable to an increase in construction in progress. Deferred outflows and inflows decreased. Total liabilities decreased 18%, or \$24,500. The overall net position increased 19%, or \$85,700. The below gives a snapshot of the percent allocation to the total assets and deferred outflows (left column), as well as total liabilities, deferred inflows and net position (right column):

Current Assets	48%	Current Liabilities	7%
Capital Assets	49%	Long-Term Liabilities	10%
Noncurrent Assets	0%	Deferred Inflows	0%
Deferred Outflows	3%	Net Position	83%

- Communication utility assets increased by 14%, or \$312,250, which is primarily attributable to an increase in cash and cash equivalents. Deferred outflows and inflows decreased. Total liabilities decreased 37%, or \$38,250. The overall net position increased 17%, or \$347,300. The below gives a snapshot of the percent allocation to the total assets and deferred outflows (left column), as well as total liabilities, deferred inflows and net position (right column):

Current Assets	98%	Current Liabilities	1%
Capital Assets	2%	Long-Term Liabilities	2%
Noncurrent Assets	0%	Deferred Inflows	0%
Deferred Outflows	0%	Net Position	97%

- Wastewater utility assets remained virtually unchanged. Deferred outflows and inflows decreased. Total liabilities decreased 8%, or \$128,900. The overall net position increased 6%, or \$125,500. The below gives a snapshot of the percent allocation to the total assets and deferred outflows (left column), as well as total liabilities, deferred inflows and net position (right column):

Current Assets	16%	Current Liabilities	3%
Capital Assets	84%	Long-Term Liabilities	39%
Noncurrent Assets	0%	Deferred Inflows	0%
Deferred Outflows	0%	Net Position	58%

### FINANCIAL ANALYSIS – REVENUES, EXPENSES, & CHANGE IN NET POSITION

To fully understand the changes discussed above, we must look at the operating revenues and expenses, as well as the nonoperating revenues or expenses. When combined, we are left with the change in net position from fiscal year 2024 to fiscal year 2025. The following shows the change in each category of revenue and expense from year to year.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Coon Rapids Municipal Utilities Financial Analysis Snapshot

	Electric		Natural Gas		Water		Communications		Wastewater	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>OPERATING REVENUES</b>										
Sales to Customers	\$ 13,963,093	\$ 7,166,055	\$ 904,442	\$ 853,373	\$ 352,451	\$ 338,707	\$ 762,066	\$ 890,233	\$ 288,048	\$ 274,764
Sales to Resale	\$ 1,311,848	\$ 1,332,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interdepartmental Sales	\$ 47,484	\$ 48,373	\$ 8,334	\$ 8,156	\$ 5,720	\$ 5,880	\$ -	\$ -	\$ 1,041	\$ 909
Forfeited Discounts	\$ 12,746	\$ 10,985	\$ 2,267	\$ 2,515	\$ 1,421	\$ 1,221	\$ 6,109	\$ 6,073	\$ 1,218	\$ 996
Rebates and Other	\$ 4,256	\$ 47,132	\$ 960	\$ 158	\$ 6,870	\$ 9,435	\$ 18	\$ (3,264)	\$ 1,035	\$ 1,051
<b>Total Operating Revenues</b>	<b>\$ 15,339,427</b>	<b>\$ 8,604,760</b>	<b>\$ 916,003</b>	<b>\$ 864,202</b>	<b>\$ 366,462</b>	<b>\$ 355,243</b>	<b>\$ 768,193</b>	<b>\$ 893,042</b>	<b>\$ 291,342</b>	<b>\$ 277,720</b>
<b>OPERATING EXPENSES</b>										
Purchase Energy & Programming	\$ 6,986,792	\$ 3,625,090	\$ 433,088	\$ 399,517	\$ -	\$ -	\$ 227,918	\$ 427,883	\$ -	\$ -
Plant Operations	\$ 370,296	\$ 524,592	\$ 10,201	\$ 10,148	\$ 61,123	\$ 72,834	\$ 10,747	\$ 15,196	\$ 6,246	\$ 6,877
Transmission Operations	\$ 3,096,996	\$ 1,508,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution Operations	\$ 268,098	\$ 262,415	\$ 153,176	\$ 137,225	\$ 92,312	\$ 92,676	\$ 39,789	\$ 33,449	\$ 50,472	\$ 47,441
Customer Service Operations	\$ 118,925	\$ 107,181	\$ 69,171	\$ 64,056	\$ 51,253	\$ 44,507	\$ 28,002	\$ 30,601	\$ 25,561	\$ 32,384
Admin & General	\$ 576,770	\$ 454,771	\$ 143,558	\$ 114,342	\$ 103,942	\$ 118,870	\$ 91,705	\$ 139,765	\$ 59,067	\$ 59,965
Depreciation	\$ 629,463	\$ 583,233	\$ 53,946	\$ 50,773	\$ 24,645	\$ 28,163	\$ 13,729	\$ 20,039	\$ 113,636	\$ 108,517
<b>Total Operating Expenses</b>	<b>\$ 12,047,340</b>	<b>\$ 7,066,040</b>	<b>\$ 863,140</b>	<b>\$ 776,061</b>	<b>\$ 333,275</b>	<b>\$ 357,050</b>	<b>\$ 411,890</b>	<b>\$ 666,933</b>	<b>\$ 254,982</b>	<b>\$ 255,184</b>
<b>Income from Operations</b>	<b>\$ 3,292,087</b>	<b>\$ 1,538,720</b>	<b>\$ 52,863</b>	<b>\$ 88,141</b>	<b>\$ 33,187</b>	<b>\$ (1,807)</b>	<b>\$ 356,303</b>	<b>\$ 226,109</b>	<b>\$ 36,360</b>	<b>\$ 22,536</b>
<b>NONOPER. INCOME (EXPENSE)</b>										
Interest Income	\$ 407,644	\$ 353,013	\$ 72,392	\$ 81,224	\$ 9,466	\$ 10,100	\$ 99,397	\$ 100,577	\$ 23,558	\$ 25,594
Joint Use Payments	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ (100,000)	\$ (100,000)	\$ -	\$ -
In-Lieu-of-Tax Payments	\$ (117,551)	\$ (76,815)	\$ (9,673)	\$ (21,826)	\$ (7,260)	\$ (4,494)	\$ -	\$ -	\$ (79)	\$ (267)
Free Community Service	\$ (27,794)	\$ (24,437)	\$ (17,468)	\$ (18,037)	\$ (1,371)	\$ (1,945)	\$ (480)	\$ (520)	\$ (974)	\$ (79)
Gain (Loss) - Disposal of Assets	\$ (3,215)	\$ 484	\$ 2,000	\$ 3,949	\$ -	\$ (40)	\$ (9,627)	\$ -	\$ -	\$ -
Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,778	\$ 19,521
Misc. Nonoper Revenue	\$ 15,493	\$ 15,645	\$ 4,717	\$ 4,343	\$ 51,645	\$ 3,925	\$ 1,928	\$ 110	\$ 110	\$ 80
Interest Expense	\$ (28,042)	\$ (31,150)	\$ -	\$ -	\$ -	\$ -	\$ (224)	\$ -	\$ (30,253)	\$ (31,569)
<b>Net Nonoper. Income (Expense)</b>	<b>\$ 346,535</b>	<b>\$ 336,740</b>	<b>\$ 51,968</b>	<b>\$ 49,653</b>	<b>\$ 52,480</b>	<b>\$ 7,546</b>	<b>\$ (9,006)</b>	<b>\$ 167</b>	<b>\$ 89,140</b>	<b>\$ 13,280</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,638,622</b>	<b>\$ 1,875,460</b>	<b>\$ 104,831</b>	<b>\$ 137,794</b>	<b>\$ 85,667</b>	<b>\$ 5,739</b>	<b>\$ 347,297</b>	<b>\$ 226,276</b>	<b>\$ 125,500</b>	<b>\$ 35,816</b>

### ELECTRIC UTILITY

For the electric utility, sales to customers increased 95%, or almost \$6,800,000. This is directly attributable to the evolving industry customer class. In fiscal year 2025, the customer continued to increase demand and usage. We expect this trend to continue but eventually reach their max load in fiscal year 2026. Other operating revenue changes include a 16% increase, or \$1,760, in forfeited discounts (penalties), and a 91% decrease, or \$42,900, in rebates and other. In total, operating revenues increased 78%, or \$6,735,000.

Total operating expenses increased 70%, or \$4,981,000. Purchased energy expenses increased 93%, or \$3,362,000, which is primarily a result of purchasing power and capacity for the evolving industry load. Plant operation expenses declined. Transmission expenses increased 105%, or \$1,588,000 – also due to the evolving industry load. Admin and general expenses increased 27%, or \$122,000. Other expense categories had modest increases.

Overall, the utility experienced an operating gain of \$3,292,000 this year, up from \$1,538,700 last year. Nonoperating gains of \$346,500 (a 3% increase from last year) bring the total net position change to \$3,638,600 for the electric utility.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *NATURAL GAS UTILITY*

The natural gas utility saw a 6% increase, or \$51,800, in operating revenues due to an increase in customer sales.

Total operating expenses increased 11%, or \$87,100. Specifically, purchased energy costs increased \$33,600 (8%) due to the increased customer usage. Admin and general expenses increased \$29,200 (26%), distribution operations increased \$16,000 (12%), and customer service and depreciation costs also increased.

Overall, the natural gas utility saw a positive operating gain of \$52,900 in fiscal year 2025, compared to last year's gain of \$88,100 (a 40% decline in overall performance). Nonoperating gains of \$52,000 (a 5% increase from last year), brings the total net position change to \$104,800.

### *WATER UTILITY*

Operating revenues for the water utility increased 3% (\$11,200). Contributing to this increase is higher sales to customers and forfeited discounts, offset with decreases in interdepartmental sales and rebates / other.

Operating expenses decreased 7% for the water utility, or \$23,800. Admin and general expenses declined 13% (\$14,900), plant operations declined 16% (\$11,700), customer service increased 15% (\$6,750), depreciation decreased, and distribution operations remained relatively unchanged.

Income from operations totaled \$33,200, compared to last year's loss of \$1,800. Combined with a \$52,500 nonoperating gain in fiscal year 2025 (primarily insurance proceeds from a lightning strike), the water utility saw a total change in net position of \$85,700.

### *COMMUNICATIONS UTILITY*

Operating revenues for the communications utility decreased almost \$125,000, almost all of which is directly related to CRMU exiting the cable television business. Total operating revenue totaled \$768,200 for fiscal year 2025, compared to \$893,000 for fiscal year 2024 (a 14% decrease).

Operating expenses decreased 38%, or \$255,000. Of the decrease, almost \$200,000 was because of the decrease in programming costs for cable television. After CRMU made the decision to exit the cable business, customers began disconnecting almost immediately and continued until permanent disconnection on March 1, 2025. As each customer disconnected, CRMU "saved" money on programming costs. Aside from an increase in distribution operation expenses, all other expenses decreased – including plant operations, customer service, admin and general and depreciation.

Income from operations totaled \$356,300, compared to last year's gain of \$226,100. The utility saw a nonoperating expense of \$9,000 from the disposal / loss on cable assets. In total, the communications utility had a change in net position totaling \$347,300.

### *WASTEWATER UTILITY*

Operating revenues for the wastewater utility increased 5% (\$13,600) thanks to an increase in sales to customers.

Operating expenses remained relatively unchanged from last year to this year – declining by just \$200.

Income from operations totaled \$36,400, compared to \$22,500 last year. Combined with a nonoperating gain of \$89,100, the wastewater utility had a change in net position totaling \$125,500. CRMU received our final CDBG grant payment in fiscal year 2025, totaling \$96,800. This was an increase from fiscal year 2024's total of \$19,500.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## BUDGETARY HIGHLIGHTS

The utility industry can be very challenging to “predict” / budget for both revenues and expenses. So much depends on the customer usage patterns and behavior, temperatures, wind, variable commodity prices, economic conditions, etc. CRMU uses historical data and industry trends / forecasts to predict budget figures; however, it can all change so quickly. Nonetheless, following are the summary statements for each utility regarding budget comparisons to actual performance. No budget amendments were made in fiscal year 2025.

The electric utility revenue was less than budgeted by \$2,424,000 and expenses were lower than budgeted by \$2,441,700. Both were less than predicted due to the slower ramp up of the evolving industry load.

The natural gas utility revenues and expenses were lower than budgeted by \$173,600 and \$125,000, respectively.

Water revenues were higher than budgeted by \$63,200, of which \$47,600 was received in unplanned insurance proceeds. Additionally, sales to customers was more than predicted. Water expenses were lower than budgeted by \$21,500.

Communication revenues were \$175,600 higher than budgeted – primarily due to cable staying “on” longer than originally planned. This affected both cable and telephone budgeted revenues. Expenses were \$13,200 lower than budgeted figures.

Wastewater revenues are lower than budget estimates by \$104,000. CDBG revenue was delayed and not received until fiscal year 2025 – totaling \$96,800. Expenses were right on target and under budget by just \$100.

## CAPITAL ASSETS & DEBT

Significant capital asset additions for the electric utility include improvements to the common transmission system (CTS), Neal 4 power plant, and other equipment and vehicle additions.

Other utility changes include, but are not limited to, a new vehicle (and trade-in) in the natural gas utility, water treatment plant improvements, cable television asset disposals (exiting the business), and capitalization of the distribution system improvements for the wastewater system. More detailed information can be found in Note 4 following the audited financial statements.

Debt is owed by the electric and wastewater utility. The electric utility currently has outstanding debt with Iowa Savings Bank of \$1,255,000 that bears a 2% interest rate and is payable through 2032. The wastewater utility currently has outstanding debt totaling \$1,481,000 through the State of Iowa SRF program at a 2% interest rate payable through 2042. More detailed information can be found in Note 5 following the audited financial statements.

## ECONOMIC FACTORS & FUTURE RATE CHANGES

The electric utility does not have any future rate adjustments planned. For fiscal year 2026, budgeted revenues and expenses are \$26,669,700 and \$19,982,800, respectively. As previously stated, the evolving industry customer is expected to increase their load to its max capacity in fiscal year 2026. This will only strengthen our financial performance – as long as they continue to operate in Coon Rapids.

The natural gas utility does not have any future rate adjustment planned. For fiscal year 2026, budgeted revenues and expenses total \$1,029,697 and \$951,545, respectively. Economic factors like temperature, weather conditions, demand, etc. can greatly affect the commodity cost of natural gas; however, CRMU's rates are structured in a way to automatically adjust to the actual cost of the natural gas.

The water utility does not currently have any future rate adjustments planned; however, management may be suggesting an adjustment sooner than later. The water utility has some capital improvement projects that need to be made, especially at the water treatment plant. The utility has very little in reserves to support such a project

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

and it is barely performing at a break-even level at current rates. For fiscal year 2026, budgeted revenues and expenses are \$365,666 and \$365,375, respectively.

The communications utility does not currently have any future rate adjustments planned. For fiscal year 2026, budgeted revenues and expenses total \$541,600 and \$360,970, respectively. Aside from the continual decline of residential landline telephones, the internet business should be relatively stable.

The wastewater utility has a rate adjustment planned for usage beginning July 1, 2026. This adjustment will be minimal and is the final increase approved during our wastewater distribution project upgrade planning in 2021. For fiscal year 2026, budgeted revenues and expenses total \$310,730 and \$310,050, respectively. We do not have any future capital projects planned at this time.

### **CONTACTING THE UTILITY FINANCIAL MANAGEMENT**

This financial report is designed to present our ratepayers with a general overview of the City's finances and operating activities and to show accountability for the money it receives and manages. If you have any questions or require additional information, please contact the Coon Rapids Municipal Utility office at 123 3<sup>rd</sup> Avenue South, Coon Rapids, Iowa 50058.



**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2025**

	Electric Utility	Gas Utility	Water Utility
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents			
Unrestricted	\$ 9,805,529	1,845,252	233,482
Restricted	557,841	-	-
Accounts Receivable, Net of Allowance -			
Trade	574,710	41,764	48,699
Other	148,027	3,739	7,781
Revolving Loans Receivable - Current Portion	50,080	-	-
Inventories	642,251	59,106	16,569
Other Current and Prepaid Assets	80,947	16,278	10,333
Total Current Assets	<u>11,859,385</u>	<u>1,966,139</u>	<u>316,864</u>
Capital Assets:			
Land	56,312	30,478	32,349
Construction in Progress	102,862	42,952	70,763
Utility Plant, Facilities and Equipment, at Cost	21,522,848	1,748,134	1,395,610
IT Subscriptions	-	-	-
Accumulated Depreciation	<u>(9,906,130)</u>	<u>(1,265,254)</u>	<u>(1,177,321)</u>
Total Capital Assets	<u>11,775,892</u>	<u>556,310</u>	<u>321,401</u>
Noncurrent Assets:			
NIMECA Patronage Dividend Receivable	34,452	-	-
Revolving Loans Receivable - Net of Current Portion	<u>191,681</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>226,133</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>23,861,410</u>	<u>2,522,449</u>	<u>638,265</u>
<b>Deferred Outflows of Resources</b>			
Pension Related Deferred Outflows	<u>58,171</u>	<u>29,401</u>	<u>23,057</u>

See notes to financial statements.

Communications		
Utility	Wastewater Utility	Total
2,424,408	553,543	14,862,214
-	-	557,841
15,681	35,964	716,818
15,994	166	175,707
-	-	50,080
7,724	854	726,504
6,147	4,489	118,194
<u>2,469,954</u>	<u>595,016</u>	<u>17,207,358</u>
-	5,980	125,119
-	-	216,577
125,836	4,764,691	29,557,119
18,580	-	18,580
(108,067)	(1,704,533)	(14,161,305)
<u>36,349</u>	<u>3,066,138</u>	<u>15,756,090</u>
-	-	34,452
-	-	191,681
-	-	226,133
<u>2,506,303</u>	<u>3,661,154</u>	<u>33,189,581</u>
<u>9,160</u>	<u>11,578</u>	<u>131,367</u>

**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**STATEMENTS OF NET POSITION - continued**  
**JUNE 30, 2025**

	Electric Utility	Gas Utility	Water Utility
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable - Trade	1,129,697	38,500	13,778
Other Payables and Credits	22,014	-	9,829
Payroll, Sales and Use Taxes Payable	-	-	1,696
Compensated Absences Payable	44,397	21,563	18,919
Customer Deposits	31,700	-	-
Notes Payable - Current Portion	160,000	-	-
IT Subscription - Current Portion	-	-	-
Accrued Interest	2,022	-	-
Total Current Liabilities	<u>1,389,830</u>	<u>60,063</u>	<u>44,222</u>
Noncurrent Liabilities:			
Notes Payable	1,095,000	-	-
IT Subscription	-	-	-
Net Pension Liability	168,424	85,124	66,756
Total Noncurrent Liabilities	<u>1,263,424</u>	<u>85,124</u>	<u>66,756</u>
<b>Total Liabilities</b>	<u>2,653,254</u>	<u>145,187</u>	<u>110,978</u>
<b>Deferred Inflows of Resources</b>			
Pension Related Deferred Inflows	<u>4,457</u>	<u>2,253</u>	<u>1,767</u>
<b>Net Position</b>			
Net Investment in Capital Assets	10,520,892	556,310	321,401
Restricted	526,141	-	-
Unrestricted	10,214,837	1,848,100	227,176
<b>Total net position</b>	<u>\$ 21,261,870</u>	<u>\$ 2,404,410</u>	<u>\$ 548,577</u>

See notes to financial statements.

Communications		
Utility	Wastewater Utility	Total
12,573	8,237	1,202,785
-	-	31,843
-	-	1,696
7,639	9,195	101,713
-	-	31,700
-	90,000	250,000
5,807	-	5,807
-	2,160	4,182
<u>26,019</u>	<u>109,592</u>	<u>1,629,726</u>
-	1,391,000	2,486,000
11,842	-	11,842
26,520	33,521	380,345
<u>38,362</u>	<u>1,424,521</u>	<u>2,878,187</u>
<u>64,381</u>	<u>1,534,113</u>	<u>4,507,913</u>
<u>702</u>	<u>887</u>	<u>10,066</u>
24,507	1,585,138	13,008,248
-	-	526,141
2,425,873	552,594	15,268,580
<u>\$ 2,450,380</u>	<u>\$ 2,137,732</u>	<u>28,802,969</u>

**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Electric Utility	Gas Utility	Water Utility
<b>Operating Revenues:</b>			
Sales to Customers	\$ 13,963,093	904,442	352,451
Sales for Resale	1,311,848	-	-
Interdepartmental Sales	47,484	8,334	5,720
Forfeited Discounts	12,746	2,267	1,421
Rebates and Other	4,256	960	6,870
Total operating revenues	15,339,427	916,003	366,462
<b>Operating expenses:</b>			
Purchase Energy and Programming	6,986,792	433,088	-
Plant Operations	370,296	10,201	61,123
Transmission Operations	3,096,996	-	-
Distribution Operations	268,098	153,176	92,312
Consumer Service Operations	118,925	69,171	51,253
Administrative & General Expenses	576,770	143,558	103,942
Depreciation	629,463	53,946	24,645
Total operating expenses	12,047,340	863,140	333,275
Income from operations	3,292,087	52,863	33,187
<b>Nonoperating income (expense):</b>			
Interest Income	407,644	72,392	9,466
Joint Use Payments	100,000	-	-
In-Lieu-Of Tax Payments	(117,551)	(9,673)	(7,260)
Free Community Service	(27,794)	(17,468)	(1,371)
Gain (Loss) on Sale or Disposal of Assets	(3,215)	2,000	-
Grant Revenue	-	-	-
Miscellaneous Nonoperating Revenue	15,493	4,717	51,645
Interest Expense	(28,042)	-	-
Net nonoperating income (expense)	346,535	51,968	52,480
Change in net position	3,638,622	104,831	85,667
Net position, beginning	17,623,248	2,299,579	462,910
Net position, ending	\$ 21,261,870	2,404,410	548,577

See Notes to Financial Statements

Communication Utility	Wastewater Utility	Total
762,066	288,048	\$ 16,270,100
-	-	1,311,848
-	1,041	62,579
6,109	1,218	23,761
18	1,035	13,139
<u>768,193</u>	<u>291,342</u>	<u>17,681,427</u>
227,918	-	7,647,798
10,747	6,246	458,613
-	-	3,096,996
39,789	50,472	603,847
28,002	25,561	292,912
91,705	59,067	975,042
13,729	113,636	835,419
<u>411,890</u>	<u>254,982</u>	<u>13,910,627</u>
<u>356,303</u>	<u>36,360</u>	<u>3,770,800</u>
99,397	23,558	612,457
(100,000)	-	-
-	(79)	(134,563)
(480)	(974)	(48,087)
(9,627)	-	(10,842)
-	96,778	96,778
1,928	110	73,893
(224)	(30,253)	(58,519)
<u>(9,006)</u>	<u>89,140</u>	<u>531,117</u>
347,297	125,500	4,301,917
<u>2,103,083</u>	<u>2,012,232</u>	<u>24,501,052</u>
<u>2,450,380</u>	<u>2,137,732</u>	<u>\$ 28,802,969</u>

**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Electric Utility	Gas Utility	Water Utility
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers & Users	\$ 14,961,013	909,702	362,633
Cash Paid to Suppliers for Goods and Services	(10,196,558)	(560,261)	(144,669)
Cash Paid to Employees	(646,518)	(227,771)	(184,463)
Net Cash Provided by Operating Activities	<u>4,117,937</u>	<u>121,670</u>	<u>33,501</u>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>			
Acquisition & Construction of Capital Assets	(1,279,192)	(47,575)	(73,206)
Proceeds from Sale of Capital Assets	-	2,000	-
Cash (Paid)/Received from Joint Use	100,000	-	-
Proceeds from Note Payable	-	-	-
Principal Repayments	(160,000)	-	-
Interest Paid	(28,300)	-	-
Cash Received from Grant Revenue	-	-	-
Cash Received from Insurance Proceeds	-	-	47,606
Net Cash (Used) by Capital & Related Financing Activities	<u>(1,367,492)</u>	<u>(45,575)</u>	<u>(25,600)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Payments for Free Community Service	(27,794)	(17,468)	(1,371)
Payments In-Lieu-of Tax Payment	(117,551)	(9,673)	(7,260)
Net Cash (Used) by Noncapital Financing Activities	<u>(145,345)</u>	<u>(27,141)</u>	<u>(8,631)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	407,644	72,392	9,466
Payments Received on Revolving Loans	54,816	-	-
Cash (Paid)/Received from Other Investing Activities	15,493	4,717	4,037
Net Cash Provided by Investing Activities	<u>477,953</u>	<u>77,109</u>	<u>13,503</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,083,053	126,063	12,773
Cash and Cash Equivalents - June 30, 2024	<u>7,280,317</u>	<u>1,719,189</u>	<u>220,709</u>
Cash and Cash Equivalents - June 30, 2025	<u>\$ 10,363,370</u>	<u>1,845,252</u>	<u>233,482</u>

See Notes to Financial Statements

Communications Utility	Wastewater Utility	Total
764,568	289,482	17,287,398
(357,871)	(47,779)	(11,307,138)
<u>(75,362)</u>	<u>(95,637)</u>	<u>(1,229,751)</u>
<u>331,335</u>	<u>146,066</u>	<u>4,750,509</u>
(84)	(144,777)	(1,544,834)
-	-	2,000
(100,000)	-	-
-	52,402	52,402
(931)	(74,464)	(235,395)
(224)	(30,285)	(58,809)
-	96,778	96,778
-	-	47,606
<u>(101,239)</u>	<u>(100,346)</u>	<u>(1,640,252)</u>
(480)	(974)	(48,087)
-	(79)	(134,563)
<u>(480)</u>	<u>(1,053)</u>	<u>(182,650)</u>
99,397	23,558	612,457
-	-	54,816
1,928	110	26,285
<u>101,325</u>	<u>23,668</u>	<u>667,273</u>
330,941	68,335	3,621,165
<u>2,093,467</u>	<u>485,208</u>	<u>11,798,890</u>
<u><u>2,424,408</u></u>	<u><u>553,543</u></u>	<u><u>15,420,055</u></u>

**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**STATEMENTS OF CASH FLOWS - continued**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Electric Utility	Gas Utility	Water Utility
<b>Reconciliation:</b>			
Cash and Cash Equivalents			
Unrestricted	9,805,529	1,845,252	233,482
Restricted	557,841	-	-
	<u>\$ 10,363,370</u>	<u>1,845,252</u>	<u>233,482</u>
Reconciliation of operating income (loss) to net cash flows provided by operating activities:			
Income (loss) from operations	3,292,087	52,863	33,187
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	629,463	53,946	24,645
(Increase)/decrease in the following:			
Accounts Receivable	(268,756)	(6,301)	(3,829)
Inventories	81,396	18,585	(3,411)
Other Current & Prepaid Assets	(10,129)	(2,865)	(164)
Deferred Patronage Dividend	(9,839)	-	-
Deferred Outflows	22,409	7,164	9,068
Accounts Payable	513,049	3,456	(13,195)
Customer Deposits	(99,819)	-	-
Compensated Absences Payables	11,897	5,778	5,070
Net Pension Liability	(40,186)	(9,537)	(16,411)
Deferred Inflows	(3,635)	(1,419)	(1,459)
	<u>\$ 4,117,937</u>	<u>121,670</u>	<u>33,501</u>
Net Cash Provided by Operating Activities	<u>\$ 4,117,937</u>	<u>121,670</u>	<u>33,501</u>

See Notes to Financial Statements

Communications Utility	Wastewater Utility	Total
2,424,408	553,543	14,862,214
-	-	557,841
<u>2,424,408</u>	<u>553,543</u>	<u>15,420,055</u>
356,303	36,360	3,770,800
13,729	113,636	835,419
(3,625)	(1,860)	(284,371)
9,787	(241)	106,116
7,831	498	(4,829)
-	-	(9,839)
3,823	6,733	49,197
(50,866)	3,311	455,755
-	-	(99,819)
2,047	2,464	27,256
(7,092)	(13,883)	(87,109)
<u>(602)</u>	<u>(952)</u>	<u>(8,067)</u>
<u>331,335</u>	<u>146,066</u>	<u>4,750,509</u>

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE COON RAPIDS  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Coon Rapids Municipal Utilities (CRMU) is engaged in the activities providing electric, natural gas, water, wastewater and communications utilities services. CRMU operates independent of the City of Coon Rapids and is governed by a five-member Board of Trustees, appointed by the Mayor with the approval of the City Council. The Communications Utility was formed to engage in the development and operation of a broadband communications system and the marketing of related services such as cable, television, telephone, high-speed data communications and other communication products. CRMU's rates are set by its governing board.

The Utility's financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to proprietary funds of governmental entities as prescribed by the Governmental Accounting Standards Board.

**Reporting Entity**

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

The Utility is not presented as a component unit of the City of Coon Rapid's financial statements. The Utility is a legally separate entity from the City, but it is financially accountable to the City.

**Basis of Presentation**

The accounts of CRMU are organized on the basis of proprietary enterprise funds, each of which is considered to be a separate accounting entity and each reported in a separate column in the financial statements. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses, and debt service of the designated activity. CRMU reports the following major enterprise funds:

- Electric Utility
- Natural Gas Utility
- Water Utility
- Communications Utility
- Wastewater Utility

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE COON RAPIDS  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

**Measurement Focus and Basis of Accounting**

Measurement focus refers to what is measured and basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CRMU's Proprietary Fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. As such, the fund measurement objective is determination of operating income, changes in net positions, financial position, and cash flows. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related obligation is incurred. The applicable generally accepted accounting principles are those similar to business in the private sector.

CRMU distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of CRMU are charges to customers for sales and services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is CRMU's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Shared Utility Plants**

Common Transmission System – North Iowa Municipal Electric Cooperative Association (NIMECA), acting as agent for its participating members, including CRMU, has entered into an agreement with Corn Belt Power Cooperative to obtain for the benefit of its participating members a long-term right and access to electric transmission facilities, referred to as Common Transmission System (CTS) necessary to handle the combined needs of the participating members through undivided ownership interest in the capacity of transmission facilities. The costs associated with this agreement are allocated to the members based on their proportionate use of the shared transmission system. CRMU has recorded its share of these costs as capital assets in the Electric Utility Fund. The net book value at June 30, 2025 was \$2,429,426.

Neal 4 Generating Station – CRMU is one of fourteen owners of Unit 4 George Neal Generating Station which is managed by MidAmerican Energy under terms of the basic generating agreements between MidAmerican Energy and the owners. CRMU owns 0.521 percent as a tenant-in-common of the generating station for generating, purchasing, obtaining by exchange, or other acquiring or transmitting electric power and energy. CRMU's cost of acquiring its share of this generating station was recorded as capital assets in the Electric Utility Fund. The net book value at June 30, 2025, was \$1,475,571.

The operators of both the Transmission System and Neal 4 shared utility plants have established accounts to which CRMU is required to pay its pro rata share, net of revenues earned, of operating

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE COON RAPIDS  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

and maintenance costs. Any disbursements from these accounts for operating and maintenance costs are reflected in the financial statements of CRMU. Separate financial statements for these shared utility plants are available in the offices of CRMU.

**Budgetary Information**

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. During the year ended June 30, 2025, disbursements did not exceed the amounts budgeted.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position**

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents – The various funds of CRMU combine their cash and invested cash (nonnegotiable certificates of deposits) funds into several shared bank accounts at one financial institution. Interest earned on invested cash is divided among the funds.

For the purposes of the statement of cash flows, invested cash and 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. Investments consist of certificates of deposits, which are recorded at amortized costs.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable are stated at the amount CRMU expects to collect from outstanding balances. CRMU provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on an assessment of the current status of individual accounts. Balances that are still outstanding after CRMU has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2025, the allowance for uncollectible accounts was \$32,759.

Inventories – Materials, supplies and other consumables are recorded as expenses when consumed rather than when purchased. Material, supplies, and fuel inventories are stated at cost, which does not exceed market. Cost is generally determined on a weighted-average basis. Electric Utility inventories include fuel for the local plant and its joint ownership share of the coal pile at the Neal 4 Generating Station. Gas Utility inventories include stored natural gas held for sale.

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The inventories at June 30, 2025, are comprised as follows:

All Material and Supplies	\$ 484,158
Electric Fund Fuel Inventories	162,338
Gas Fund Natural Gas Inventory	17,571
SO2 Allowances	56,200
REC Inventory	6,224
NO(X) Allowances	13
Total	\$ 726,504

Capital Assets – Capital assets, which include utility plants, infrastructures, facilities and equipment, are valued at historical cost. The cost of system renewals and betterments includes engineering, interest and other related costs. Preliminary and construction costs of projects not yet in service, if any, are shown in the financial statements as construction in progress. Maintenance and repairs which do not add to the capacity or efficiency of the asset are charged to operating expense.

Capital assets are depreciated over the assets’ estimated useful lives using the straight-line method. No depreciation is taken on construction in progress.

The estimated useful lives used to depreciate assets by class are as follows:

Infrastructure	20-40 years
Building and improvements	20 years
Equipment and Vehicles	5-10 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Pension related deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period. OPEB related deferred outflows of resources consist of changes of assumptions that have not been recognized in the OPEB expense.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Pension related deferred inflows of resources in the Statements of Net Position consist of the unamortized portion of the net difference between projected and actual earnings and on pension plan investments. OPEB related deferred inflows of resources consist of the differences between expected and actual experience that have not been recognized.

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 net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ 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

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when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Revenue Recognition**

For electric, water, gas and wastewater services, meters are read, and bills are rendered on a cycle basis near the end of each month. Revenues based on meter readings are recorded close to the end of each month and, as such, the revenues earned from utilities delivered after meters are read to the end of the month are minimal and not estimated or recorded. For communication services, CRMU recognizes sales and service charge revenue in the period in which the service is provided.

**Expense Allocations**

Expenses, except for those expenses determined to be for a specific fund or funds, are allocated to all funds based on a one-year rolling average of each fund's personnel hours. The rolling average is updated each pay period

**Net Position**

Net position is reported in the following categories:

- *Net Investment in Capital Assets* – This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances for bonds, notes, and other borrowings attributable to the acquisition, construction, or improvement of those assets and increased by unspent debt when there are limitations imposed on their use through external restrictions imposed by credits, grantors, or laws or regulations of other governments.
- *Restricted* – This category results when constraints are placed on net position by external groups such as creditors, grantors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- *Unrestricted* – This category consists of all other net position not meeting the definition of “restricted” or “net investment in capital assets.”

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

Amounts shown as restricted net position and the purpose of the restriction are as follows:

- Restricted for Revenue Bonds \$254,258
- Restricted for Revolving Fund \$271,883

**NOTE 2 – CASH AND INVESTMENTS**

CRMU considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash Equivalents are readily convertible to known amounts of cash.

CRMU pool their deposits and investments and maintain records as to the separate utility systems share of the total balance. All deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

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This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

CRMU 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 or savings account at federally insured depository institutions approved by the Board of Trustees and the Treasurer of the State of Iowa; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management invested companies; certain joint investment trusts; and warrants or improvements certificates of drainage districts.

Interest rate risk – The Utility's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in 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 Utilities.

Monies held for special purposes are limited to the use for which restricted and cannot be used for the general operation of the utility. The funds held for Economic Development Loans are required by covenants of the Grant Agreement with the Federal Government. The purpose of this grant is to establish a Revolving Loan Fund to provide loans that foster rural economic development.

The Utility had no investments meeting the disclosure requirement of Governmental Accounting Standards Board Statement No. 72.

**NOTE 3 – REVOLVING LOAN RECEIVABLE**

The Utility implemented a revolving loan program that began with funding of \$300,000 from a USDA Rural Development Grant and a \$60,000 local match. This program has made several loans to local organizations in furthering economic development in the Coon Rapids area. The ending balance of these loans was \$241,761 at June 30, 2025, with interest rates ranging from 3-5.25%. Annual principal and interest requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2026	\$ 50,080	7,456
2027	43,224	5,760
2028	42,173	4,323
2029	34,697	3,386
2030	25,209	1,824
Thereafter	46,378	1,781
	\$ 241,761	24,530

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**NOTE 4 – CAPITAL ASSETS**

Capital assets categories and changes in each cost category and depreciation for the year ended June 30, 2025 was as follows:

<b>Total Utility</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 125,119	-	-	\$ 125,119
Construction in progress	207,699	116,367	107,489	216,577
Total capital assets not being depreciated	<u>332,818</u>	<u>116,367</u>	<u>107,489</u>	<u>341,696</u>
Capital assets being depreciated:				
Neal 4 Steam Production	3,883,570	80,510	12,020	3,952,060
Local Production Facilities	2,091,212	-	264,204	1,827,008
Transmission System	2,626,303	1,122,950	38,487	3,710,766
Distribution System	15,607,878	110,390	19,276	15,698,992
Municipal Building	1,341,419	-	-	1,341,419
General Facilities Equipment	2,939,283	123,179	35,588	3,026,874
IT Subscriptions	-	18,580	-	18,580
Total capital assets being depreciated	<u>28,489,665</u>	<u>1,455,609</u>	<u>369,575</u>	<u>29,575,699</u>
Less accumulated depreciation:	<u>13,682,877</u>	<u>835,419</u>	<u>356,991</u>	<u>14,161,305</u>
Net capital assets being depreciated	<u>14,806,788</u>			<u>15,414,394</u>
Total capital assets - net	<u>\$15,139,606</u>			<u>\$15,756,090</u>

Capital asset categories and changes in each category and depreciation for the year ended June 30, 2025 for each major fund are as follows:

<b>Electric</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 56,312	-	-	\$ 56,312
Construction in progress	145,486	45,604	88,228	102,862
Total capital assets not being depreciated	<u>201,798</u>	<u>45,604</u>	<u>88,228</u>	<u>159,174</u>
Capital assets being depreciated:				
Neal 4 Steam Production	3,883,570	80,510	12,020	3,952,060
Transmission System	2,515,952	1,122,950	38,486	3,600,416
Distribution System	11,350,510	42,898	18,678	11,374,730
Municipal Building	631,387	-	-	631,387
General Facilities Equipment	1,890,792	75,199	1,736	1,964,255
Total capital assets being depreciated	<u>20,272,211</u>	<u>1,321,557</u>	<u>70,920</u>	<u>21,522,848</u>
Less accumulated depreciation:	<u>9,344,631</u>	<u>629,463</u>	<u>67,964</u>	<u>9,906,130</u>
Net capital assets being depreciated	<u>10,927,580</u>			<u>11,616,718</u>

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Electric utility, net capital assets	<u>\$11,129,378</u>			<u>\$11,775,892</u>
<b>Gas</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 30,478	-	-	\$ 30,478
Construction in progress	42,952	-	-	42,952
Total capital assets not being depreciated	<u>73,430</u>	-	-	<u>73,430</u>
Capital assets being depreciated:				
Local Productions Facilities	153,490	-	-	153,490
Distribution System	508,282	-	-	508,282
Municipal Building	710,031	-	-	710,031
General Facilities Equipment	352,114	47,575	23,358	376,331
Total capital assets being depreciated	<u>1,723,917</u>	<u>47,575</u>	<u>23,358</u>	<u>1,748,134</u>
Less accumulated depreciation:	<u>1,234,666</u>	<u>53,946</u>	<u>23,358</u>	<u>1,265,254</u>
Net capital assets being depreciated	<u>489,251</u>			<u>482,880</u>
Gas utility, net capital assets	<u>\$ 562,681</u>			<u>\$ 556,310</u>
<b>Water</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 32,349	-	-	\$ 32,349
Construction in progress	-	70,763	-	70,763
Total capital assets not being depreciated	<u>32,349</u>	<u>70,763</u>	-	<u>103,112</u>
Capital assets being depreciated:				
Local Production Facilities	318,560	-	-	318,560
Transmission System	110,351	-	-	110,351
Distribution System	799,547	2,230	598	801,179
General Facilities Equipment	165,460	214	154	165,520
Total capital assets being depreciated	<u>1,393,918</u>	<u>2,444</u>	<u>752</u>	<u>1,395,610</u>
Less accumulated depreciation:	<u>1,153,428</u>	<u>24,645</u>	<u>752</u>	<u>1,177,321</u>
Net capital assets being depreciated	<u>240,490</u>			<u>218,289</u>
Communications utility, net capital assets	<u>\$ 272,839</u>			<u>\$ 321,401</u>
<b>Communications</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Local Production Facilities	\$ 317,667	-	264,203	\$ 53,464
General Facilities Equipment	82,554	87	10,269	72,372
IT Subscriptions	-	18,580	-	18,580
Total capital assets being depreciated	<u>400,221</u>	<u>18,667</u>	<u>274,472</u>	<u>144,416</u>

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Less accumulated depreciation:	359,182	13,729	264,844	108,067
Communications Utility, net capital assets	<u>\$ 41,039</u>			<u>\$ 36,349</u>

<b>Wastewater</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,980	-	-	\$ 5,980
Construction in progress	19,261	-	19,261	-
Total capital assets not being depreciated	<u>25,241</u>	<u>-</u>	<u>19,261</u>	<u>5,980</u>
Capital assets being depreciated:				
Local Production Facilities	1,301,495	-	-	1,301,495
Distribution System	2,949,540	65,261	-	3,014,801
General Facilities Equipment	448,363	105	73	448,395
Total capital assets being depreciated	<u>4,699,398</u>	<u>65,366</u>	<u>73</u>	<u>4,764,691</u>
Less accumulated depreciation:	<u>1,590,970</u>	<u>113,636</u>	<u>73</u>	<u>1,704,533</u>
Net capital assets being depreciated	<u>3,108,428</u>			<u>3,060,158</u>
Communications utility, net capital assets	<u>\$ 3,133,669</u>			<u>\$ 3,066,138</u>

**Reconciliation of Net Investment in Capital Assets:**

	Electric	Gas	Water	Communications	Wastewater	Total
Capital Assets (Net of A/D)	11,775,892	556,310	321,401	36,349	3,066,138	15,756,090
Less:						
Notes Payable	1,255,000	-	-	-	1,481,000	2,736,000
IT Subscription	-	-	-	11,842	-	11,842
	<u>10,520,892</u>	<u>556,310</u>	<u>321,401</u>	<u>24,507</u>	<u>1,585,138</u>	<u>13,008,248</u>

**NOTE 5 – LONG TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2025 are summarized as follows:

LT Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Payable	\$ 2,918,062	52,402	234,464	\$ 2,736,000	250,000
Net Pension Liability	467,454	-	87,109	380,345	-
IT Subscriptions	-	18,580	931	17,649	5,807
Total	<u>\$ 3,385,516</u>	<u>70,982</u>	<u>322,504</u>	<u>\$ 3,133,994</u>	<u>255,807</u>

**Notes Payable**

Notes Payable activity for the year ended June 30, 2025 was as follows:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Electric Utility:					
Iowa Savings Bank	\$ 1,415,000	-	160,000	1,255,000	\$ 160,000
Wastewater Utility:					
State Revolving Fund Loan	1,503,062	52,402	74,464	1,481,000	90,000
Total	<u>\$ 2,918,062</u>	<u>52,402</u>	<u>234,464</u>	<u>2,736,000</u>	<u>\$ 250,000</u>

Electric Utility - The Utility pledged future electric customer receipts net of specific operating disbursements to repay \$2,400,000 of revenue bonds issued in January 2017 and refinanced in 2020. The note is payable solely from electric customer net receipts, bears interest at 2% and is payable through 2032. During the year ended June 30, 2025 the Utility paid principal of \$160,000 and interest of \$28,300. The total principal and interest remaining to be paid on the notes is \$1,359,000. For the current year, principal and interest paid and total customer net receipts were \$188,300 and \$3,292,087, respectively.

The Electric's Iowa Savings Bank note matures and bears interest as follows:

	Principal	Interest
2026	\$ 160,000	\$ 25,100
2027	165,000	21,900
2028	175,000	18,600
2029	180,000	15,100
2030	185,000	11,500
2031-2032	390,000	11,800
	<u>\$ 1,255,000</u>	<u>\$ 104,000</u>

Wastewater Utility – The Utility pledged future sewer customer receipts net of specific operating disbursements to repay \$2,076,000 of revenue bonds issued in May 2021. The note is payable solely from sewer customer net receipts, bears interest at 2% and is payable through 2042. During the year ended June 30, 2025 the Utility paid principal of \$74,464 and interest of \$30,285. The total principal and interest remaining to be paid on the notes is \$1,776,255. For the current year, principal and interest paid and total customer net receipts were \$104,749 and \$36,360, respectively.

The Wastewater's SRF note matures and bears interest as follows:

	Principal	Interest
2026	\$ 90,000	\$ 31,850
2027	95,000	30,275
2028	95,000	28,613
2029	95,000	26,950
2030	100,000	25,288
2031-2035	520,000	99,925
2036-2040	486,000	52,325
	<u>\$ 1,481,000</u>	<u>\$ 295,225</u>

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**IT Subscriptions**

CRMU entered into an IT subscription license and service information technology arrangement with a vendor for cloud support and gigacenter maintenance. The agreement requires monthly payments through April 2028 valued using an estimated incremental borrowing rate of 7.50%. During the year ended June 30, 2025, CRMU paid principal of \$931 and interest of \$224 on the liability.

The annual principal and interest to be paid on this arrangement is as follows:

	Principal	Interest
2026	\$ 5,806	\$ 1,127
2027	6,258	676
2028	5,585	194
	\$ 17,649	\$ 1,997

**NOTE 6 – COMPENSATED ABSENCES**

CRMU employees accumulate a limited amount of earned but unused vacation, sick leave, holiday, parental leave and bereavement leave hours for subsequent use or for payment upon termination, retirement or death. CRMU’s approximate liability for the leave which is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non cash means for vacation and sick leave to employees at June 30, 2025 is as follows:

	Electric	Gas	Water	Comm	Wastewater	Total
Vacation	\$ 30,542	\$ 14,834	\$ 13,015	\$ 5,255	\$ 6,326	\$ 69,972
Sick Leave	13,855	6,729	5,904	2,384	2,869	31,741
Total	\$ 44,397	21,563	18,919	7,639	9,195	\$ 101,713

This liability has been computed based on rates of pay in effect at June 30, 2025.

**NOTE 7 – JOINT USE AGREEMENT**

On April 19, 2002, the Board of Trustees adopted and approved an intra-fund resolution between the Electric Utility and Communications Utility titled "A Joint Use Agreement Under Iowa Code Chapter 28E".

The Electric Utility financed and installed a communications distribution system for the use and support of electric operations. This communications distribution system is the sole property of the Electric Utility. Through the joint use agreement, the Communications Utility is granted the right to use the three networks of the Electric Utility communications distribution system in varying percentages as specified in the agreement.

The term of the agreement is forty years, expiring June 30, 2041. For the term of the agreement, the Communications Utility will pay to the Electric Utility, the sum of \$100,000 on or before the

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last day of June each year. The arrangements and terms of the agreement were based upon applicable market value and economic conditions at that time, in sole reference to the joint use of the communications distribution system by the Electric Utility and Communications Utility. The Communications Utility is obligated to comply with all property tax filing requirements imposed under Iowa Code Chapter 433.

**NOTE 8 – PAYMENT TO THE CITY**

CRMU made voluntary in-lieu-of-tax payments to the City in the amount of \$134,563 for the year ended June 30, 2025.

**NOTE 9 – PENSION AND RETIREMENT BENEFITS**

Plan Description – IPERS membership is mandatory for employees of CRMU. Employees of CRMU are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO 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, 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, except 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 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 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

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began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

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

For the year ended June 30, 2025, pursuant to the required rate, regular members contributed 6.29% of covered payroll and CRMU contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Utilities’ total contributions to IPERS for the year ended June 30, 2025 were \$90,413.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions – At June 30, 2025, CRMU reported a liability of \$380,345 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. CRMU’s proportion of the net pension liability was based on CRMU’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, CRMU’s proportion was 0.010445% percent, which was an increase of 0.000088% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, CRMU recognized pension expense of \$44,698. CRMU 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
Differences between expected and actual experience	\$ 30,265	236
Changes of assumptions	-	5
Net difference between projected and actual earnings on IPERS investments	4,757	-
Changes in proportion and differences between Utility contributions and the	5,932	9,825

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Utility's proportionate share of contributions  
Utility contributions subsequent  
to the measurement date

	90,413	-
	\$ 131,367	10,066

Deferred outflows of resources related to pensions of \$90,413 represents the amount CRMU contributed subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. 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
2026	\$ (54,183)
2027	91,054
2028	4,775
2029	(11,249)
2030	491
	\$ 30,888

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2024 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 investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2024 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 2023 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	Long-Term Expected
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**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE COON RAPIDS  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

Asset Class	Allocation	Real Rate of Return
Domestic equity	21.0%	3.52 %
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
	<u>100.0%</u>	

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 Utilities 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 to 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 CRMU’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents CRMU’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what CRMU’s 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%)
Utility’s proportionate share of the net pension liability	\$ 933,364	380,345	(82,808)

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 – At June 30, 2025, CRMU reported payables to IPERS of \$11,409 for legally required contributions from employee wages which had not yet been remitted to IPERS.

**NOTE 10 – EMPLOYEE HEALTH INSURANCE PLAN**

CRMU has a group health insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. CRMU partially self-insures certain eligible medical costs that exceed the established amounts approved in CRMU’s policy. The insurance policies provided by CRMU have deductibles and out of pocket maximums of \$4,000 and \$9,000 for single coverage and \$9,000 and \$18,000 for family coverage, respectively. Under the program, employees are only required to pay a maximum of \$1,000 for single coverage and

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE COON RAPIDS  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

\$2,000 for family coverage towards these provisions, with CRMU covering the remainder.

CRMU's contributions for the year ended June 30, 2025 was \$747. CRMU has estimated unpaid claims for the current year as follows:

Unpaid claims, beginning of year	\$	8
Included claims (including claims incurred but not reported at June 30, 2025)		5,456
Payments on claims during the year		(747)
Unpaid claims, end of year	\$	4,717

**NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES**

CRMU has a contract with the United States Department of Energy to provide CRMU firm electric power up to 2,395 kilowatts during any winter season month and up to 2,666 kilowatts during any summer season month.

This contract provides that the contract rate of delivery for firm power may be adjusted for the kilowatts to be provided during the subsequent winter and summer seasons.

CRMU entered into a contract with its major transporter of natural gas in August 1993 that requires a capacity demand payment of approximately \$100,000 annually. Unless a cancellation notice is received, the contract automatically renews each year.

CRMU entered into a contract July 27, 2006, with Utility Service Co., Inc., engaging them to provide the professional service needed to maintain CRMU's 250,000-gallon water storage tank. The annual fee is \$11,288. Beginning in 2015 and each third year thereafter, the annual fee will be adjusted to reflect the current cost of service, and may be adjusted up or down by a maximum of 5% annually. This contract may be cancelled by CRMU if notification is received 90 days prior to the anniversary date. Unless a cancellation notice is received, the contract automatically renews each year.

**NOTE 12 – CONCENTRATIONS**

CRMU provides utility services to commercial and residential customers in a specified service area in and around City of Coon Rapids, Iowa. Credit is granted to substantially all customers, all of whom are local business or residents. All new customers of CRMU are required to pay a meter deposit. The deposit is refundable, within twelve months, if their account balances have been paid on time during that period.

**NOTE 13 – RISK MANAGEMENT**

CRMU 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, except for loss of infrastructure, are covered by the purchase of commercial insurance. CRMU assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE COON RAPIDS  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025**

not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 14 – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 20, 2025 the date the financial statements were available to be issued.

## **Required Supplementary Information**

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE CITY OF COON RAPIDS**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, EXPENDITURES  
AND CHANGES IN NET POSITION- BUDGET AND ACTUAL  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts			Budget to
	Original	Amended	Actual	Actual Variance
<b>Receipts:</b>				
Municipal Electric Utility			15,862,564	
Municipal Gas Utility			995,112	
Municipal Water Utility			427,573	
Municipal Communications Utility			869,518	
Municipal Waste Water Utility			411,788	
	<u>20,458,687</u>	<u>20,458,687</u>	<u>18,566,555</u>	<u>1,892,132</u>
<b>Expenditures:</b>				
Municipal Electric Utility			12,223,942	
Municipal Gas Utility			890,281	
Municipal Water Utility			341,906	
Municipal Communications Utility			522,221	
Municipal Waste Water Utility			286,288	
	<u>19,887,424</u>	<u>19,887,424</u>	<u>14,264,638</u>	<u>5,622,786</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>571,263</u>	<u>571,263</u>	<u>4,301,917</u>	<u>(3,730,654)</u>
Net Position at beginning of year	<u>24,501,052</u>	<u>24,501,052</u>	<u>24,501,052</u>	<u>-</u>
Net Position at end of year	<u>\$ 25,072,315</u>	<u>25,072,315</u>	<u>28,802,969</u>	<u>(3,730,654)</u>

See accompanying independent auditor's report.

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE CITY OF COON RAPIDS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING**

**YEAR ENDED JUNE 30, 2025**

In accordance with the Code of Iowa, Coon Rapids Municipal Utilities annually adopts a combined budget on the cash basis for the City of Coon Rapids, Iowa following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized and appropriations lapse at year-end.

Formal and legal budgetary control is based upon nine major classes of expenditures, known as functions, not by fund. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. All Utility expenditures are included in business type activities and are required to be budgeted.

Disbursements during the year ended June 30, 2025 did not exceed the amounts budgeted.

**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**SCHEDULE OF THE UTILITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**FOR THE LAST TEN YEARS\***  
**REQUIRED SUPPLEMENTARY INFORMATION**

	2025	2024	2023	2022	2021
Utility's proportion of the net net pension liability	0.010445%	0.010356%	0.010668%	-0.004151%	0.010611%
Utility's proportionate share of the of the net pension liability	380,345	467,455	403,055	14,329	745,367
Utility's covered payroll	963,788	906,949	856,833	829,583	842,078
Utility's proportionate share of the pension liability as a percentage of its covered-employee payroll	39.46%	51.54%	47.04%	1.73%	88.52%
Plan fiduciary net position as a percentage of the total pension liability	92.30%	90.13%	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.

See accompanying independent auditor's report.

2020	2019	2018	2017	2016
0.010607%	0.009665%	0.009533%	0.009402%	0.009390%
614,219	611,642	634,999	591,681	463,916
807,237	726,433	711,570	674,705	643,303
76.09%	84.20%	89.24%	87.69%	72.11%
85.45%	83.62%	82.21%	81.82%	85.19%

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE CITY OF COON RAPIDS  
SCHEDULE OF UTILITY CONTRIBUTIONS**

**FOR THE LAST TEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 90,413	\$ 90,982	\$ 85,616	\$ 80,885
Contributions in relation to the statutorily required contribution	<u>(90,413)</u>	<u>(90,982)</u>	<u>(85,616)</u>	<u>(80,885)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 957,765	\$ 963,788	\$ 906,949	\$ 856,833
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 78,313	\$ 79,492	\$ 76,203	\$ 64,871	\$ 63,543	\$ 60,251
<u>(78,313)</u>	<u>(79,492)</u>	<u>(76,203)</u>	<u>(64,871)</u>	<u>(63,543)</u>	<u>(60,251)</u>
<u>\$ -</u>					
\$ 829,583	\$ 842,078	\$ 807,237	\$ 726,433	\$ 711,570	\$ 674,705
9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE CITY OF COON RAPIDS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY**

**FOR THE YEAR ENDED JUNE 30, 2025**

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%.



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**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 of  
Coon Rapids Municipal Utilities:

We have audited, in accordance with the 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 Coon Rapids Municipal Utilities, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the Utilities' basic financial statements, and have issued our report thereon dated November 20, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Utilities' internal control over financial reporting (internal control) as a basis for designing the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Utilities' 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 the entity'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 which 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Utilities' 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.

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The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which is described in Part II of the accompanying schedule of findings.

Comments involved statutory and other legal matters about the Utilities' operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utilities. Since our audit was based on test and samples, not all transactions that might have 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.

### **Coon Rapids Municipal Utilities' Response to the Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Utilities' responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Utilities' responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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 Utilities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utilities' 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 Coon Rapids Municipal Utilities during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*TP Anderson & Company, PC*

Humboldt, Iowa

November 20, 2025

**COON RAPIDS MUNICIPAL UTILITIES  
A COMPONENT UNIT OF THE CITY OF COON RAPIDS  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2025**

**Part I: Findings Related to the Financial Statements**

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**Part II: Other Findings Related to Statutory Reporting:**

- II-A-25      Certified Budget – Disbursements during the year ended June 30, 2025 did not exceed the amounts budgeted.
  
- II-B-25      Questionable Disbursement – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
  
- II-C-25      Travel Expense – No disbursements of Utility money for travel expenses of spouses of Utility officials or employees were noted.
  
- II-D-25      Business Transactions – No business transactions between Coon Rapids Municipal Utilities and the Utilities' officials and employees were noted.
  
- II-E-25      Bond Coverage – Surety bond coverage of Utility officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
  
- II-F-25      Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

While the Utility did publish certain meeting minutes during the year, not all of them were published in accordance with Chapter 372.13(6) of the Code of Iowa that requires minutes of all proceedings to be published within 15 days of the meeting.

Recommendation – The Utility should comply with the Code of Iowa in publishing meeting minutes. The Utility should ensure the minutes, list of claims, summary of receipts, total disbursements by fund, and a summary of ordinances or amendments adopted are published as required.

**COON RAPIDS MUNICIPAL UTILITIES**  
**A COMPONENT UNIT OF THE CITY OF COON RAPIDS**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2025**

- II-G-25      Deposits and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Utilities’ investment policy.
- II-H-25      Telecommunication Services – No instance of noncompliance with Chapter 388.10 of the Code of Iowa were noted.