

AGENDA

NEENAH WATER UTILITY REGULAR WATER COMMISSION MEETING

Monday, May 20, 2019

4:30 P.M.

The Hauser Room, City Hall

NOTICE IS HEREBY GIVEN, pursuant to the requirements of Wis. Stats. Sec. 19.84, that a majority of the Neenah Common Council may be present at this meeting. Common Council members may be present to gather information about a subject over which they have decision making responsibility. This constitutes a meeting of the Neenah Common Council and must be noticed as such. The Council will not take any formal action at this meeting.

1. Approve Special Meeting Minutes for April 22, 2019 (Attachment)
2. Approve the Invoices for April 2019 (Attachment)
3. Appearances
4. Old Business/New Business
 - A. Annual Utility Audit Report (Attachment)
 - B. 4th Quarter 2018 Financial Report (Attachment)
 - C. 1st Quarter 2019 Financial Report (Attachment)
 - D. WE Energies Easement for 234 S. Park Avenue (Attachment)
 - E. WE Energies Easement 568 Belmont Avenue (Attachment)
 - F. Final Payment for the Towerview Drive Elevated Tank Reconditioning Project (Attachment)
 - G. Director's Report (Attachment)
 - H. Any Other Business That May Legally Come Before the Commission
 - I. Adjournment

*In accordance with the requirements of Title II of the Americans with Disabilities Act (ADA), the City of Neenah will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. If you need assistance, or reasonable accommodation in participating in this meeting or event due to a disability as defined under the ADA, please call the **Water Utility Administrative Assistant at 920-886-6180** or the **City's ADA Coordinator at (920) 886-6106** or e-mail attorney@ci.Neenah.wi.us at least 48 hours prior to the scheduled meeting or event to request an accommodation.*

MINUTES OF THE NEENAH WATER WORKS COMMISSION

Special Meeting – April 22, 2019

Council Chambers – City Hall

Present: President Kaufert; Commissioners: Schmeichel, Lang, Boyette; and Director Mach

Excused: Commissioner Smaby

Also Present: None

President Kaufert called the meeting to order at 4:37 p.m.

Approve Special Meeting Minutes for March 18, 2019 – The Commission questioned whether the extraneous statement regarding Cryptosporidium and Radon was removed from the 2018 Water Quality Report. Director Mach indicated that the WI DNR confirmed that this statement was not needed and was removed from the 2018 Water Quality Report.

Following discussion, **M.S.C. Lang/Schmeichel to approve the March 18, 2019 Regular Meeting Minutes**. All voting aye.

Approve the Invoices for March 2019 – The Commission questioned invoices from the State of Wisconsin DSPS, Municipal Property Insurance Company; and credit card charges for Ferguson Waterworks and Lumber Liquidators. Director Mach explained that the invoice from the State of Wisconsin DSPS was for the Permit to Operate for boilers and unfired pressure vessels within the Filter Plant. These permits are valid for three years. Municipal Property Insurance Company is the City property insurance carrier. The Commission suggested looking into other insurance carriers to see if the Utility is getting a good value. The credit card charge from Ferguson Waterworks is for a number of repair clamps. These clamps meet or exceed Utility specifications. The Commission suggested getting pricing from other sources. Director Mach indicated that staff “shop around” frequently to get the best pricing on our equipment and supplies. The credit card charge from Lumber Liquidators was an accidental purchase made by a Staff member with his City credit card. The Staff member promptly acknowledged the mistake and reimbursed the Utility.

Following discussion, **M.S.C. Schmeichel/Lang to approve the March 2019 invoices**. All voting aye.

Appearances – None.

Request to Pipe Burst Water Main Between Courtney Court and Plummer Court – Director Mach presented a memo detailing the current situation with the 6” Ductile Iron pipe located under the sidewalk between Plummer Court and Courtney Court. During the construction of Courtney Court, Staff explored replacing this water main and requested that pipe bursting was added to the bid as a line item. Dredging in this area is difficult due to the proximity of buildings, fences, and trees. One break occurred within this section, but as the main ages more breaks are anticipated. As such, Staff suggested pipe bursting this section. Director Mach explained the pipe bursting process.

Following discussion, **M.S.C. Lang/Schmeichel to authorize pipe bursting of the water main between Plummer Court and Courtney Court for the bid of \$60/lf (estimated \$20,580.00) and connecting to the new/existing main for the bid of \$6,690.00**. All voting aye.

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Award Bid for Hydro Excavation Trailer – Director Mach presented the bid results for the purchase of a new Hydrovac Excavation Trailer unit. Four bids were received. The apparent low bidder was Ditch Witch Midwest of Kaukauna with a base bid of \$46,900.00 and an alternate bid to include a “hot box” water heater unit for \$2,600.00, for a total bid of \$49,500.00. The Commission requested more information about these units and their purpose. Director Mach explained that these units are becoming a necessity as more utilities (natural gas, electric, phone, cable, fiber optics) are located underground. Commissioners asked about training and if Staff had any experience with these units. Director Mach indicated Staff had experience with units from Vermeer and Ditch Witch. The specifications require one day of training with the vendor. Commissioner Boyette questioned whether Staff were aware of any maintenance issues with these units and Director Mach responded that he did not know of any maintenance issues with any of the units.

Following discussion, **M.S.C. Lang/Schmeichel to award the purchase of the Hydrovac Excavation Trailer to Ditch Witch Midwest of Kaukauna, WI for the base bid of \$46,900.00 and to include the alternate bid of \$2,600.00 for the “hot box” for a total bid of \$49,500.00.** All voting aye.

Request to Reimburse Water Main Oversizing Costs for Integrity Acres Phase I – The Water Utility has requested that Integrity Acres, LLC, the developer of Integrity Acres, oversize the water main along Integrity Way from 10 inch to 16 inch, in order to accommodate future City growth. The developer is requesting reimbursement for the costs to oversize the water main and related appurtenances per Utility policy. The estimated oversizing cost is \$38,179.00. Director Mach feels strongly that the availability of water will be key to future developments. The Commission agreed. A portion of the oversizing costs will be reimbursable back to the Utility as future expansion occurs.

Following discussion, **M.S.C. Schmeichel/Lang to reimburse Integrity Construction, LLC for the costs to oversize the water main within Integrity Acres Phase I from 10 inch to 16 inch for an estimated cost of \$38,179.00.** All voting aye.

Director’s Report –

1. Non-Billable Water Report 1.94% (December, January, February) down from 7.42% (November, December, January).
2. Pay Request No. 2 for Chemical Storage and Feed Modifications project to August Winters & Sons, Inc. in the amount of \$52,820.00. This pay request was approved by the Board of Public Works at the March 27, 2019 meeting.
3. Contract 1-19 and 2-19 update – Water main and City lateral construction on Stevens Street and Fifth Street is complete. Private water laterals are scheduled to begin the week of April 29. Water main construction on Thomas Court is complete. City lateral construction is beginning on April 22. Water main is installed on Caroline Street from Union Street to Harrison Street.
4. Courtney Court contract update – No construction has been completed.
5. Employee update: Corey Klaske started as a new Distribution Tech I on April 1, 2019.
6. The annual PSC report is finished and has been filed before the April 1, 2019 deadline.

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7. The Request for Proposal for the GIS-Based Asset Management / Work Order System have been distributed. Proposals are due May 30, 2019.
8. The next Water Commission Meeting is scheduled for May 20, 2019.

Storm Water Report – None

Any Other Business That May Legally Come Before the Commission – None

Adjournment – **M.S.C. Schmeichel/Lang to adjourn at 5:33 p.m.** All voting aye.

Respectfully submitted,



Anthony L. Mach
Director, Neenah Water Utility

WATER UTILITY CASH ACTIVITY
April 2019

Cash Balance April 1, 2019		\$2,236,327
Cash Receipts		
Water Collection Receipts	618,972	
Other Water Receipts	16,746	
P-Card Rebate	1,240	
		636,958
Cash Distributions		
Check Register	222,926	
P-Card Register	31,647	
Debt Service Reserve	203,227	
Replacement Fund Reserves	30,250	
Disbursements to the City	120,317	
		608,367
Cash Balance April 30, 2019		2,264,918

APRIL DISBURSEMENTS TO THE CITY

Payroll		84,682
Payroll Benefits		30,978
Vehicle Fuel & Fluids		1,257
Postage		57
IS Services		2,255
Water Bills		1,088
Total April Disbursements to the City		120,317

REPLACEMENT FUND RESERVES AS OF APRIL 2019

Sludge Lagoon		\$2,587,349
Vehicles		157,627
Painting Towers		51,906
Painting Hydrants		40,000
Total Replacement Fund Reserves		\$2,836,882

VENDOR NAME	CHECK #	CHECK DATE	TRANS INV#	CODE	ACCOUNT NUMBER	DESCRIPTION	TRANSACTION AMOUNT
GRAYMONT CAPITAL INC	47035	04/04/2019	128205RI	AP	400-0401-770-6410	HYDRATED LIME	3,493.38
						CHECK TOTAL -	3,493.38
HEARTLAND BUSINESS SYSTEMS LLC	47038	04/04/2019	306092H	AP	400-0401-770-6430	SOPHOS INTERCEPT X/CLOUD 2019	145.10
	47038	04/04/2019	306092H	AP	400-0000-132-6500	SOPHOS INTERCEPT X/CLOUD 2020	145.10
	47038	04/04/2019	306092H	AP	400-0000-132-6500	SOPHOS INTERCEPT X/CLOUD 2021	145.10
						CHECK TOTAL -	435.30
NORTHEAST ASPHALT INC	47054	04/04/2019	1601713	AP	400-0402-770-6730	COLD PATCH	773.88
	47054	04/04/2019	1601714	AP	400-0402-770-6730	COLD PATCH	872.34
						CHECK TOTAL -	1,646.22
WE ENERGIES	47066	04/04/2019	447772	AP	400-0401-770-6230	PUMPING - ELECTRIC FEB - MAR	9,820.60
	47066	04/04/2019	447772	AP	400-0401-770-6260	PUMPING - HEAT FEB - MAR	1,812.59
	47066	04/04/2019	447772	AP	400-0401-770-6420	WATER TREATMENT - HEAT FEB - MAR	4,778.68
	47066	04/04/2019	447772	AP	400-0401-770-6430	WATER TREATMENT-ELECTRIC FEB - MAR	3,777.16
	47066	04/04/2019	447772	AP	400-0401-770-6610	WATER TOWER - ELECTRIC JAN - MAR	1,045.72
	47066	04/04/2019	447772	AP	400-0401-770-6630	METER SRVC - ELECTRIC & HEAT - FEB - MAR	260.54
	47066	04/04/2019	447772	AP	400-0401-770-6650	DISTRIBUTION - ELECTRIC & HEAT - FEB - MAR	2,344.79
						CHECK TOTAL -	23,840.08
MULCAHY SHAW WATER INC	47093	04/11/2019	321642	AP	400-0402-770-6520	UV, OPTIVIEW PARTS	113.63
						CHECK TOTAL -	113.63
DIVERSIFIED BENEFIT SERVICES I	47128	04/18/2019	280839	AP	400-0401-770-9260	APR SERVICES - HRA	71.40
						CHECK TOTAL -	71.40
GRAYMONT CAPITAL INC	47131	04/18/2019	128580RI	AP	400-0401-770-6410	HYDRATED LIME	3,077.84
	47131	04/18/2019	128880RI	AP	400-0401-770-6410	HYDRATED LIME	3,191.60
						CHECK TOTAL -	6,269.44
JOHNSON CONTROLS FIRE PROTECTI	47134	04/18/2019	20700040	AP	400-0402-770-6510	FIRE ALARM MONITORING	576.06
	47134	04/18/2019	20873734	AP	400-0401-770-6430	FIRE ALARM SYSTEM INSPECT	1,309.00
						CHECK TOTAL -	1,885.06

VENDOR NAME	CHECK #	CHECK DATE	TRANS		DESCRIPTION	TRANSACTION AMOUNT
			INV#	CODE		
KRUEGER TRUE VALUE	47138	04/18/2019	104499	AP	400-0402-770-6730 BULKHEAD FOR SEWER	31.26
	47138	04/18/2019	104565	AP	400-0401-770-6650 SERVICE REPAIR TOOLS	80.50
	47138	04/18/2019	104720	AP	400-0402-770-6520 MAINT CHEMICALS	14.36
	47138	04/18/2019	104737	AP	400-0401-770-6650 METER EQUIPMENT	40.78
	47138	04/18/2019	105331	AP	400-0402-770-6510 MAINTENANCE SUPPLIES	52.86
					CHECK TOTAL -	219.76
MICHELS MATERIALS	47143	04/18/2019	368723	AP	400-0402-770-6730 BACKFILL	239.22
					CHECK TOTAL -	239.22
SABEL MECHANICAL LLC	47152	04/18/2019	19034	AP	400-0402-770-6520 BACKWASH PIPE FIX/WELD	7,190.38
					CHECK TOTAL -	7,190.38
AUGUST WINTER & SONS INC	47171	04/25/2019	PYMT #1	AP	400-0000-207-0373 JAN SERVICES - CHEMICAL FEED & DELIVERY UPGRADE	112,575.00
	47171	04/25/2019	PYMT #2	AP	400-0000-207-0373 FEB SERVICES - CHEMICAL FEED & DELIVERY UPGRADE	52,820.00
					CHECK TOTAL -	165,395.00
BAKER TILLY VIRCHOW KRAUSE LLP	47173	04/25/2019	BT139597	AP	400-0401-770-9232 MAR AUDIT SERVICES	8,325.00
					CHECK TOTAL -	8,325.00
DIVERSIFIED BENEFIT SERVICES I	47177	04/25/2019	281765	AP	400-0401-770-9260 APR SERVICES - FLEX SPENDING	19.50
					CHECK TOTAL -	19.50
GRAYMONT CAPITAL INC	47182	04/25/2019	129363RI	AP	400-0401-770-6410 HYDRATED LIME	3,153.68
					CHECK TOTAL -	3,153.68
MICHELS MATERIALS	47187	04/25/2019	369188	AP	400-0402-770-6730 BACKFILL	628.53
					CHECK TOTAL -	628.53
					GRAND TOTAL -	222,925.58

*** END OF REPORT ***

VENDOR NAME	CHECK #	CHECK DATE	TRANS INV#	CODE	ACCOUNT NUMBER	DESCRIPTION	TRANSACTION AMOUNT
U S BANK	235	04/30/2019	04-12-19	AP	400-0401-770-6430	TDS METROCOM MAR TDS PHONE	60.38
	235	04/30/2019	04-12-19	AP	400-0401-770-6630	TDS METROCOM MAR TDS PHONE	20.13
	235	04/30/2019	04-12-19	AP	400-0401-770-6650	TDS METROCOM MAR TDS PHONE	40.25
	235	04/30/2019	04-12-19	AP	400-0401-770-9030	TDS METROCOM MAR TDS PHONE	5.29
	235	04/30/2019	04-12-19	AP	400-0401-770-9210	TDS METROCOM MAR TDS PHONE	7.94
	235	04/30/2019	04-12-19	AP	400-0401-770-6260	USCC CALL CENTER AIRTIME 02/22-03/21	1.73
	235	04/30/2019	04-12-19	AP	400-0401-770-6430	USCC CALL CENTER AIRTIME 02/22-03/21	1.73
	235	04/30/2019	04-12-19	AP	400-0401-770-6620	USCC CALL CENTER AIRTIME 02/22-03/21	39.76
	235	04/30/2019	04-12-19	AP	400-0401-770-6630	USCC CALL CENTER AIRTIME 02/22-03/21	3.15
	235	04/30/2019	04-12-19	AP	400-0401-770-6650	USCC CALL CENTER AIRTIME 02/22-03/21	39.74
	235	04/30/2019	04-12-19	AP	400-0401-770-9020	USCC CALL CENTER AIRTIME 02/22-03/21	3.13
	235	04/30/2019	04-12-19	AP	400-0401-770-6630	USCC CALL CENTER AIRTIME 02/22-03/21	1.64
	235	04/30/2019	04-12-19	AP	400-0401-770-6650	USCC CALL CENTER AIRTIME 02/22-03/21	1.63
						CHECK TOTAL -	226.50
U S BANK	236	04/30/2019	04-12-19	AP	400-0401-770-6420	USA BLUE BOOK TURBIDITY STANDARD	88.57
	236	04/30/2019	04-12-19	AP	400-0401-770-6430	CINTAS 443 FLOOR MATS/MOPS	42.35
	236	04/30/2019	04-12-19	AP	400-0401-770-6650	CINTAS 443 FLOOR MATS/MOPS	42.34
	236	04/30/2019	04-12-19	AP	400-0401-770-6410	HAWKINS INC LFC-4	3,312.28
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	IDEXX DISTRIBUTION INC LAB SUPPLIES	108.55
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	THE UPS STORE #2376 LAB TEST SHIPPING	10.12
	236	04/30/2019	04-12-19	AP	400-0402-770-6520	FASTENAL COMPANY01 MAINT SUPPLY/SOFTNER #2	7.29
	236	04/30/2019	04-12-19	AP	400-0402-770-6520	FASTENAL COMPANY01 MAINT SUPPLIES SOFTNER #2	554.42
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	USA BLUE BOOK LAB REAGENTS	288.72
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	SP * YAMATHO SUPPLY LL LEAD TEST SUPPLIES	396.00
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	THE UPS STORE #2376 SHIPPING LAB TESTS	3.00
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	WI STATE HYGIENE LAB MONTHLY FLUORIDE TEST	26.00

VENDOR NAME	CHECK #	CHECK DATE	TRANS		DESCRIPTION	TRANSACTION AMOUNT	
			INV#	CODE			
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	NORTHERN LAKE SERVICE, IN MONTHLY TOC/ALKALINITY	68.00
	236	04/30/2019	04-12-19	AP	400-0401-770-6420	CULLIGAN WATER CONDITIONI LAB WATER	42.50
	236	04/30/2019	04-12-19	AP	400-0402-770-6760	BADGER METER INC TURBO METER	1,259.24
	236	04/30/2019	04-12-19	AP	400-0402-770-6760	FERGUSON WTRWRKS #1476 METER TESTING	700.00
	236	04/30/2019	04-12-19	AP	400-0401-770-6650	KITZ & PFEIL MENASHA SWEEPER (TOOL)	524.60
	236	04/30/2019	04-12-19	AP	400-0401-770-6650	WM SUPERCENTER #2986 EQUIP DRWR LOCKING REPAIR	24.72
	236	04/30/2019	04-12-19	AP	400-0402-770-6750	FERGUSON WTRWRKS #1476 SEWER PIPE	14.98
	236	04/30/2019	04-12-19	AP	400-0401-770-6650	AMZN MKTP US*MW1614870 DIST INSPECTION BOOKS	71.70
	236	04/30/2019	04-12-19	AP	400-0401-770-6430	AMZN MKTP US*MW1614870 LENS WIPES	38.99
	236	04/30/2019	04-12-19	AP	400-0402-770-6520	AMZN MKTP US*MW1614870 BUCKET/LAMINATING SUPPLY	37.08
	236	04/30/2019	04-12-19	AP	400-0401-770-6430	AMZN MKTP US*MW10502D1 LAB KEYBOARD	39.98
	236	04/30/2019	04-12-19	AP	400-0402-770-6520	AMZN MKTP US*MW10502D1 BATTERY CHARGER/ MAINTENA	63.97
	236	04/30/2019	04-12-19	AP	400-0402-770-6520	AMZN MKTP US*MW9YJ66A2 FILTERS FOR HVAC	284.90
					CHECK TOTAL -	=====	8,050.30
U S BANK	237	04/30/2019	04-25-19	AP	400-0000-207-0414	ENGINEERING CONSULTING S DENSITY PROCTOR & TESTING	200.12
	237	04/30/2019	04-25-19	AP	400-0401-770-9270	MINISTRYHLTH EMP SOL AUDIOGRAMS	107.25
	237	04/30/2019	04-25-19	AP	400-0401-770-9270	AFFINITYHLTH EMP SOL RESPIRATOR TESTING	40.00
	237	04/30/2019	04-25-19	AP	400-0401-770-9270	AFFINITYHLTH EMP SOL 2 PRE-EMPLOYMENT TESTS	599.00
	237	04/30/2019	04-25-19	AP	400-0401-770-9270	AFFINITYHLTH EMP SOL AUDIOGRAM	24.00
	237	04/30/2019	04-25-19	AP	400-0401-770-9270	MORTON SAFETY CPR/FIRST AID/BBP TRNG	825.77
					CHECK TOTAL -	=====	1,796.14
U S BANK	238	04/30/2019	04-25-19	AP	400-0401-770-6410	AIRGASS NORTH CARBON DIOXIDE	1,856.25
	238	04/30/2019	04-25-19	AP	400-0402-770-6520	GRIFFIN FILTERS INC FILER BAGS	1,060.78
	238	04/30/2019	04-25-19	AP	400-0401-770-6410	KEMIRA WATER SOLUTIONS FERRIC SULFATE	4,142.06
	238	04/30/2019	04-25-19	AP	400-0402-770-6520	BATTERIES PLUS #0502 BATTERY FOR LIFT	104.35

VENDOR NAME	CHECK #	CHECK DATE	TRANS INV#	CODE	ACCOUNT NUMBER	DESCRIPTION	TRANSACTION AMOUNT
	238	04/30/2019	04-25-19	AP	400-0401-770-6650	MORTON SAFETY HI VISIBILITY COAT	65.00
	238	04/30/2019	04-25-19	AP	400-0401-770-6650	N AND M AUTO SUPPLY TRAILER WIRE HARNESS	9.99
	238	04/30/2019	04-25-19	AP	400-0402-770-6760	BADGER METER INC LARGE METER GASKETS/ORING	533.59
	238	04/30/2019	04-25-19	AP	400-0401-770-6650	IBI - SUPPLYWORKS #2251 CLEANING SUPPLIES	100.82
	238	04/30/2019	04-25-19	AP	400-0000-207-0408	IBI - SUPPLYWORKS #2251 HYDRANT METER LOCKS	133.64
	238	04/30/2019	04-25-19	AP	400-0401-770-6430	BP#8855082PUMP N MUNCH RFP POSTAGE	17.45
	238	04/30/2019	04-25-19	AP	400-0402-770-6520	PAYPAL *NRI VALVE	120.00
	238	04/30/2019	04-25-19	AP	400-0401-770-6430	AMZN MKTP US*MZ8XG5JDO AM CLIPBOARD	19.90
	238	04/30/2019	04-25-19	AP	400-0401-770-6650	AMZN MKTP US*MZ8XG5JDO AM USB HUB	18.99
	238	04/30/2019	04-25-19	AP	400-0401-770-6430	AMZN MKTP US*MZ0UU3ZR2 AM WIRELESS KEYBOARD AND MOU	39.98
	238	04/30/2019	04-25-19	AP	400-0401-770-9210	AMZN MKTP US*MZ19NONV2 AM DRY ERASE BOARD CLEANER	10.99
	238	04/30/2019	04-25-19	AP	400-0000-207-0421	BADGER METER INC BEACON SOFTWARE	7,139.96
	238	04/30/2019	04-25-19	AP	400-0000-207-0421	BADGER METER INC BEACON HANDHELD	6,200.00
						CHECK TOTAL -	21,573.75
						GRAND TOTAL -	31,646.69

*** END OF REPORT ***

Neenah Water Utility
REPORT TO THE WATER COMMISSION

May 20th, 2019

Presented By:

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398
800 362 7301

Jodi Dobson CPA, Partner

Note: Actual data was derived from current and prior years audited financial statements

Neenah Water Utility

Overall Audit Summary

> AUDIT PROCESS

- Planning – review of processes and controls and risk assessment
- Fieldwork and testing
- Financial statement preparation and review

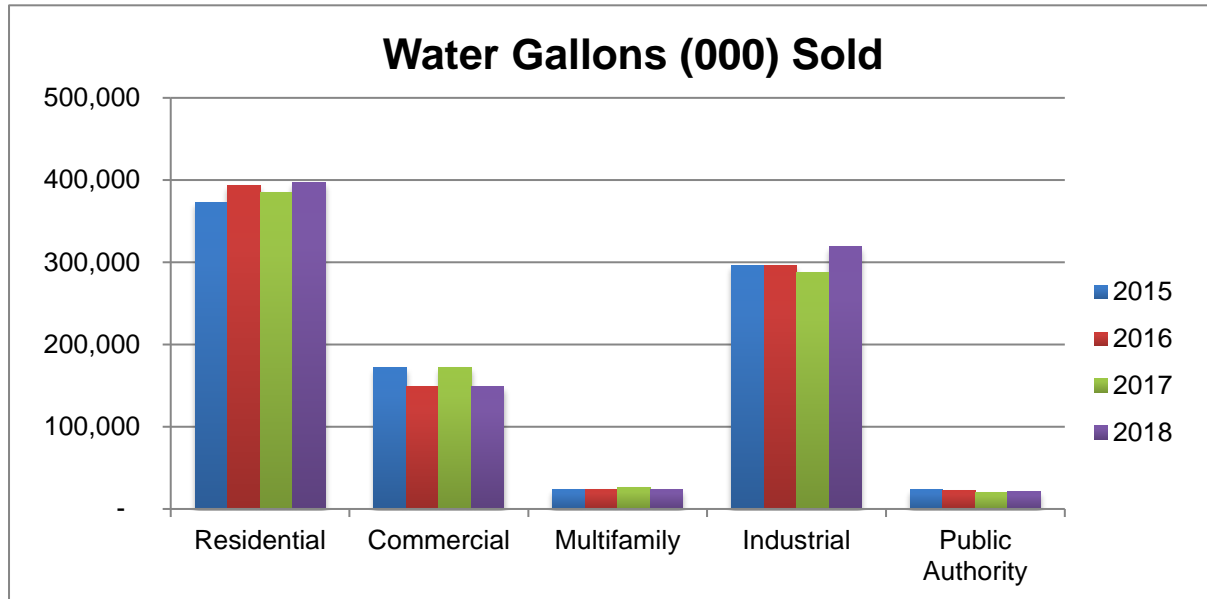
> DELIVERABLES

- Audit Opinion (unmodified)
 - » Present fairly, in material respects, the financial position and results of operations as of and for the years ended December 31, 2018 and 2017
 - » Financial statements are management's responsibility and are prepared by management
- Financial Statements and Footnotes

Key metrics summarizing financial statement information will be reviewed as part of the presentation

 - » Water sales (gallons sold)
 - » Rate of return
 - » Debt coverage
 - » Unrestricted funds on hand
 - » Net position vs. net plant
- Communication to Those Charged with Governance and Management
 - » Required communications of internal control matters
 - » Other two-way communication regarding your audit
 - » Operating results
 - » Informational points
 - » Other required auditor communications
 - » Management representations

Neenah Water Utility

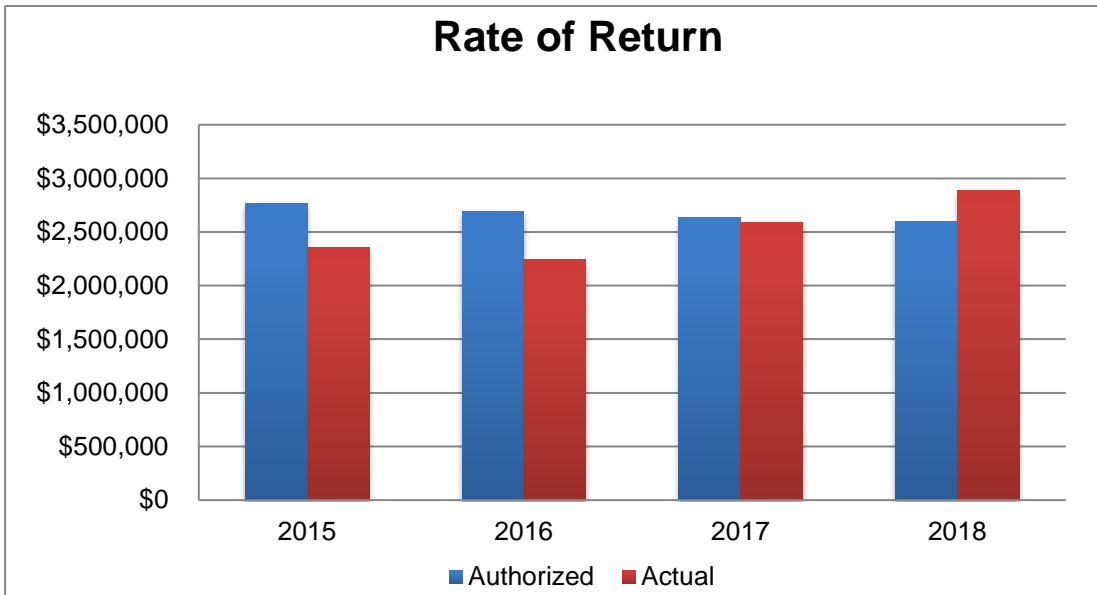


	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	372,258	393,595	385,355	397,480
Commercial	171,953	148,356	171,710	148,551
Multifamily	23,915	24,249	25,867	23,852
Industrial	295,948	296,379	287,465	319,022
Public Authority	<u>23,227</u>	<u>22,000</u>	<u>19,820</u>	<u>20,682</u>
 Total	 <u>887,301</u>	 <u>884,579</u>	 <u>890,217</u>	 <u>909,587</u>

What it means....

The water utility's sales increased 2% in 2018. All customer classes remained steady.

Neenah Water Utility



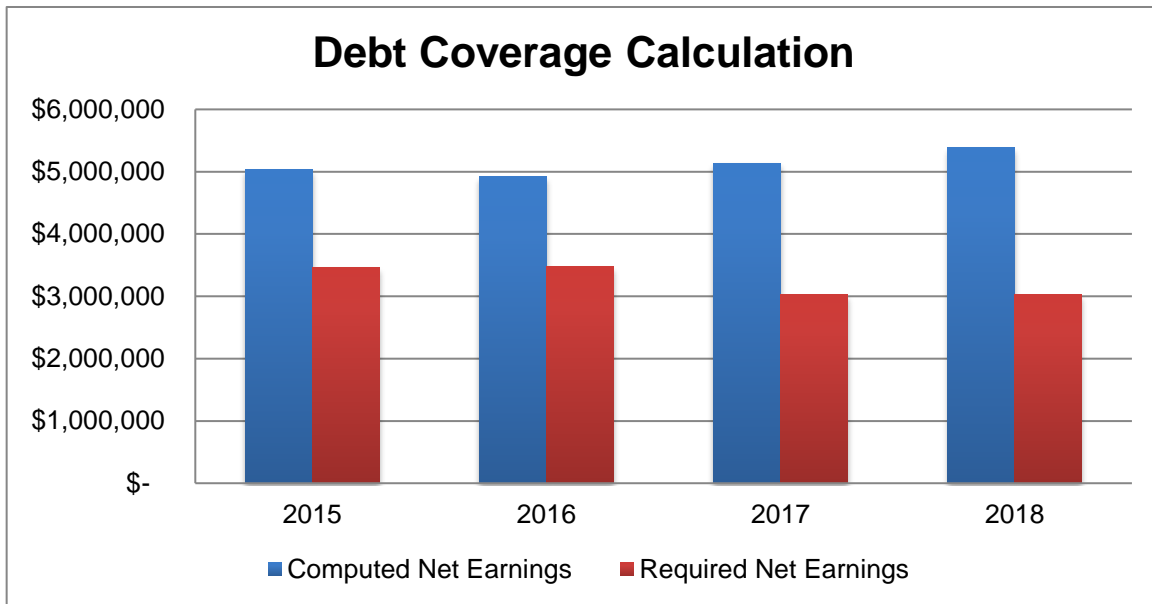
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment Rate Base	\$ 36,855,327	\$ 35,938,252	\$ 35,152,832	\$ 34,654,483
Authorized Return	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>
Authorized Operating Return	<u>\$ 2,764,150</u>	<u>\$ 2,695,369</u>	<u>\$ 2,636,462</u>	<u>\$ 2,599,086</u>
Actual Operating Income - Regulatory Basis	<u>\$ 2,358,722</u>	<u>\$ 2,238,864</u>	<u>\$ 2,592,304</u>	<u>\$ 2,883,053</u>
Actual Return	<u>6.40%</u>	<u>6.23%</u>	<u>7.37%</u>	<u>8.32%</u>
Difference	<u>\$ (405,428)</u>	<u>\$ (456,505)</u>	<u>\$ (44,158)</u>	<u>\$ 283,967</u>

What it means...

Rate of return is a key indicator of financial results in any regulated utility like your water utility.

It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

Neenah Water Utility



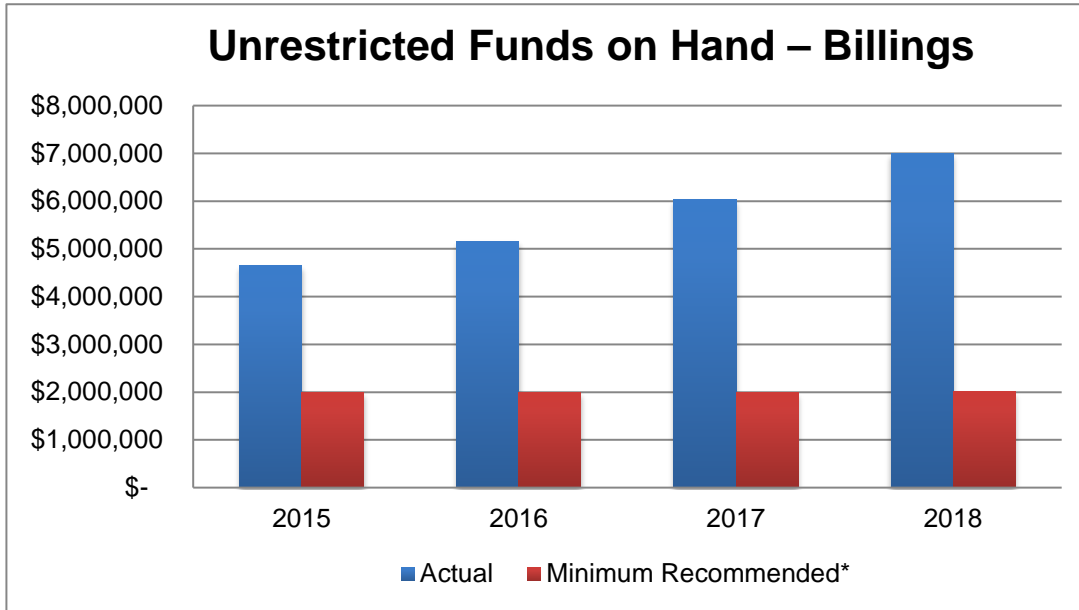
	2015	2016	2017	2018
Operating Revenues	\$ 7,986,324	\$ 7,968,827	\$ 7,982,137	\$ 8,088,402
Investment Income	22,817	51,402	73,056	144,625
Other Income	14,377	25,848	18,458	31,393
Less: O & M Expenses	<u>2,995,535</u>	<u>3,120,136</u>	<u>2,936,341</u>	<u>2,875,825</u>
Computed Net Earnings	<u>\$ 5,027,983</u>	<u>\$ 4,925,941</u>	<u>\$ 5,137,310</u>	<u>\$ 5,388,595</u>
Subsequent Year Annual Revenue				
Bond Debt Service	\$ 2,772,009	\$ 2,781,153	\$ 2,425,569	\$ 2,421,247
Coverage Factor	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>
Required Net Earnings	<u>\$ 3,465,011</u>	<u>\$ 3,476,441</u>	<u>\$ 3,031,961</u>	<u>\$ 3,026,559</u>
Difference	<u>\$ 1,562,971</u>	<u>\$ 1,449,499</u>	<u>\$ 2,105,348</u>	<u>\$ 2,362,036</u>
Coverage	<u>1.81</u>	<u>1.77</u>	<u>2.12</u>	<u>2.23</u>

What it means....

The outstanding revenue bonds (2005, 2006, 2012, 2013 and 2017 issues) have a debt coverage requirement of 1.25

The utility conducted a rate study in 2010. New rates were effective January 1, 2011 with an authorized rate of return of 7.50% to ensure rates are adequate to meet the required debt coverage. The coverage requirement was met from 2015 through 2018.

Neenah Water Utility



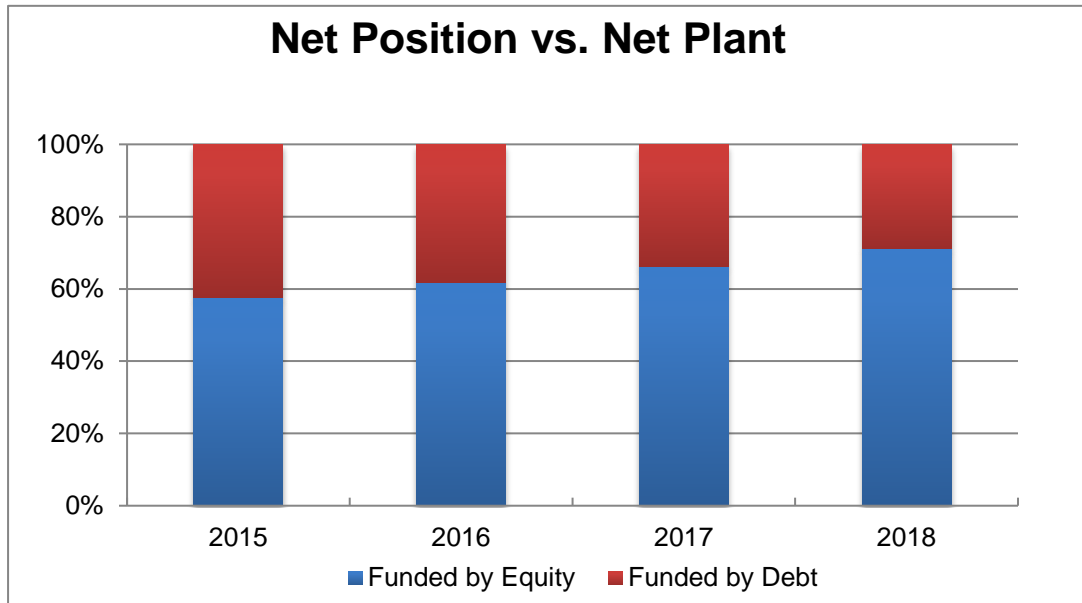
	2015	2016	2017	2018
Funding Benchmark				
Estimated Monthly Revenues	\$ 664,069	\$ 664,069	\$ 665,178	\$ 674,034
Unrestricted Funds	\$ 2,264,745	\$ 2,657,195	\$ 3,413,575	\$ 4,283,727
Other Special Funds	2,391,070	2,499,207	2,623,612	2,715,882
Total Unrestricted Funds on Hand	\$ 4,655,815	\$ 5,156,402	\$ 6,037,187	\$ 6,999,609
Monthly billings on Hand	7	8	9	10

What it means....

A utility should maintain funds to cover its operations in a normal business operation cycle (i.e. quarterly, monthly) plus a contingency. In addition, utilities should have available an amount equal to one year's capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations. The GFOA minimum recommended target is 3 months revenue in reserve plus a reasonable amount for capital to be funded without borrowing.

This shows that the utility has historically had strong cash reserves.

Neenah Water Utility



	2015	2016	2017	2018
Net Investment in Capital Assets	<u>\$ 25,487,056</u>	<u>\$ 26,816,112</u>	<u>\$ 28,275,662</u>	<u>\$ 30,194,661</u>
Net Property, Plant, and Equipment	<u>\$ 44,293,647</u>	<u>\$ 43,482,764</u>	<u>\$ 42,660,526</u>	<u>\$ 42,471,382</u>
Percent of Net Plant Funded by Equity	<u>58%</u>	<u>62%</u>	<u>66%</u>	<u>71%</u>
Percent of Net Plant Funded by Debt	<u>42%</u>	<u>38%</u>	<u>34%</u>	<u>29%</u>

What it means....

Obtaining financing for capital improvements is normally a necessity for capital intensive utilities. Management should keep their related debt to a manageable level as this allows you to be less aggressive seeking rate relief and provides more options to address unanticipated expenses. Our typical target is 50% or more equity and 50% or less debt.

NEENAH WATER UTILITY

Neenah, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2018

NEENAH WATER UTILITY

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**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**

Neenah Water Commission
Neenah, Wisconsin

In planning and performing our audit of the financial statements of Neenah Water Utility as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Neenah Water Utility's internal control to be significant deficiency:

> Internal Control Over Financial Reporting

This communication is intended solely for the information and use of management, those charged with governance, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 30, 2019

Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of significant transaction cycles and an analysis of the utility's year-end financial reporting process and preparation of your financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Properly designed systems of internal control provides your organization with the ability to process and record monthly and year end transactions and prepare annual financial reports.

Our audit includes a review and evaluation of the utility's internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- > There is adequate staffing to prepare financial reports throughout and at the end of the year.
- > Material misstatements are identified and corrected during the normal course of duties.
- > Complete and accurate financial statements including footnotes are prepared.
- > Financial reports are reviewed by an individual who is not the preparer for completeness and accuracy.

Our evaluation of the utility's internal controls relating to financial reporting has identified a control deficiency that is considered a significant deficiency surrounding the preparation of complete and accurate financial statements and footnotes and an independent review by someone other than the preparer.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. We do note that management completes a detailed review of the financial statements prepared by the auditor.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year-end financial statements.

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.
- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the utility commission has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements or the federal or state awards?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the utility concerning:

- a. The utility's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS
AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT
MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

OPERATING RESULTS

The water utility's operating income increased in 2018 to \$3,719,000 compared to \$3,465,000 in 2017. Operating revenues increased \$106,000 primarily due to an increase in industrial revenues. Total operating expenses decreased \$148,000 as a result of a decrease in depreciation and administrative costs.

The water utility's 2018 rate of return was 8.31% compared to 7.37% in 2017. Rates were set January 1, 2011 and were designed to earn a 7.50% rate of return. The high rate of return was requested in order to meet the high debt coverage requirement of 1.40 on some of the utility's outstanding debt issues. The utility has since refunded that debt and now is required to maintain debt coverage of 1.25. Debt coverage was met in 2018 and 2017. Actual debt coverage in 2018 was 2.23.

INFORMATIONAL POINTS

CYBER SECURITY MANAGEMENT

The sources of cyber threats continue to grow in number and sophistication. We have seen social engineering, including email phishing, and ransomware attacks cause disruption and monetary losses in the government landscape. Cybersecurity controls are imperative and may be of several different types:

- > Preventative – activities that make attacks more difficult such as user access and password controls
- > Detective – activities conducted to discover security incidents such as automated or manual reviews of firewall and server logs
- > Responsive – activities performed once an incident has been identified such as a communication plan

Step one in determining which types of controls are best suited for your government is completing a data classification. This process includes identifying what types of data exist, determining data location, and measuring costs associated with the loss of data (i.e. – operational downtime, regulatory fines, or civil lawsuits). This information will help management and those charged with governance be able to evaluate the cost-benefit of control implementation. Even if your government has chosen to obtain cyber liability insurance to mitigate risk, the data classification remains an important exercise to help evaluate the policy coverage, pricing, and what, if any, exposure remains outside of your policy.

Data classification is only one piece of a sustainable cyber security management plan. We have professionals dedicated to cyber security and information technology risk to assist with your cyber security questions, assessments, and programs.

GASB UPDATES

The Government Accounting Standard Board (GASB) has been very active in recent years, issuing new standards at a fast pace. Over the next few years, your government will have many new standards to evaluate and implement. Here are the standards which may impact you in the next year:

- > GASB 83 provides accounting and financial reporting for asset retirement obligations, effective for reporting periods beginning on or after June 15, 2018
- > GASB 84 improves guidance regarding the identification of fiduciary activities and how they should be reported, effective for reporting periods beginning on or after December 15, 2018
- > GASB 88 improves certain disclosures related to debt, including direct borrowings and placements, effective for reporting periods beginning on or after June 15, 2018

INFORMATIONAL POINTS (cont.)

GASB UPDATES (cont.)

- > GASB 90 clarifies accounting and financial reporting for majority equity interests, effective for reporting periods beginning on or after December 15, 2018

Other GASB pronouncements on the horizon, while the implementation dates are in the near term these are anticipated to have significant impacts on many government financial statements:

- > GASB 87 improves accounting and financial reporting for leases, effective for reporting periods beginning on or after December 15, 2019

Looking even further ahead, the Technical Agenda, below, outlines significant areas GASB is currently working on:

- > Conceptual Framework
 - Disclosure
 - Recognition
- > Major Projects
 - Financial Reporting Model
 - Revenue and Expense Recognition
 - Public-Private Partnerships
- > Practice Issues
 - Conduit Debt
 - Deferred Compensation Plans
 - Secured Overnight Financing Rate
 - Subscription-Based IT arrangements
 - Implementation Guidance
- > Pre-Agenda Research
 - Going Concern
 - Compensated Absences
 - Prior-Period Adjustments, Accounting Changes and Error Corrections

Through our firm involvement on AICPA committees, Baker Tilly follows these developments closely so that we can help you prepare for the changes as they evolve. This participation also allows us to share with GASB the experiences and perspectives of our clients to potentially influence the direction of future projects.

Full lists of projects, as well as many resources, are available on GASB's website which is located at www.gasb.org.

INFORMATIONAL POINTS (cont.)

UPCOMING LEASE STANDARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued new guidance to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard is effective for fiscal years ending on or after December 31, 2020. Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognize as inflows of resources or outflow of resources based on the payment provisions of the contract.

Under the new standard, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Control is defined by 1) the right to obtain the present service capacity from the use of the underlying asset and 2) the right to determine the nature and manner of use of the underlying asset. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this statement. Leases include contracts that, although not explicitly identified as leases, meet the above definition of a lease.

There are some exemptions outlined in the standard including, intangible assets, service concession arrangements and supply contracts.

We recommend Neenah Water Utility review this standard and start planning how this will affect your financial reporting. An inventory of all contracts that might meet the definition of a lease should be started. The contract listing should include key terms of the contracts such as:

- > Description of contract
- > Underlying asset
- > Contract term
- > Options for extensions and terminations
- > Service components, if any
- > Dollar amount of lease

In addition, Neenah Water Utility should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

Neenah Water Commission
Neenah, Wisconsin

Thank you for using Baker Tilly Virchow Krause, LLP ("Baker Tilly") as your auditor.

We have completed our audit of the financial statements of Neenah Water Utility (the "Neenah Water Utility") for the year ended December 31, 2018, and have issued our report thereon dated April 30, 2019. This letter presents communications required by our professional standards.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the commission of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 16, 2018.

SIGNIFICANT AUDIT ISSUES

QUALITATIVE ASPECT OF ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Neenah Water Utility are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018.

We noted no transactions entered into by the Neenah Water Utility during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

SIGNIFICANT AUDIT ISSUES (cont.)

QUALITATIVE ASPECT OF ACCOUNTING POLICIES (cont.)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

Management's estimate of the unbilled revenues for January and February billings is based on the actual 2019 billings. Unbilled revenue related to March billings are based on prior years billings, adjusted for any rate increase effective during the year.

Management's estimate of the net pension liability (asset) and related deferrals is based on information provided by the Wisconsin Retirement System.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

DISAGREEMENTS WITH MANAGEMENT

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

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the Neenah Water Utility's financial statements, or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter has been provided to you.

SIGNIFICANT ISSUES

Professional standards require us to communicate any significant issues that were discussed, or were the subject of correspondence with management. There were no additional communications or correspondence with management that have not been disclosed in this letter.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly and the Neenah Water Utility that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the Neenah Water Utility for the year ended December 31, 2018, Baker Tilly hereby confirms that we are, in our professional judgment, independent with respect to the Neenah Water Utility in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. During the year ended December 31, 2018, Baker Tilly provided the following services to the Neenah Water Utility:

- > Technical assistance with the preparation and assembly of the financial statements and notes thereto
- > Civic Systems software

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

OTHER AUDIT ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Neenah Water Utility's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

OTHER MATTERS (cont.)

This information is intended solely for the information and use of the commission and management of the Neenah Water Utility and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 30, 2019

MANAGEMENT REPRESENTATIONS



Neenah Water Utility

211 Walnut St., P.O. Box 426, Neenah, WI 54957-0426

Phone: 920-886-6180 Fax: 920-886-6250

E-mail: water@ci.neenah.wi.us

April 30, 2019

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the Neenah Water Utility as of December 31, 2018 and 2017 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Neenah Water Utility results of operations, and cash flows of its proprietary funds in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the utility required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, if any, are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
9. Guarantees, whether written or oral, under which the utility is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Water Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
14. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
15. There are no known related parties or related party relationships and transactions of which we are aware.

Other

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.

18. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
19. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - d. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
20. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Civic Systems software

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
21. The Neenah Water Utility has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
22. The Neenah Water Utility has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
23. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
24. The Neenah Water Utility has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
25. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
26. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
27. Tax-exempt bonds issued have retained their tax-exempt status.

28. We have appropriately disclosed the Neenah Water Utility's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.
29. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
30. With respect to the supplementary information, (SI):
- a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
31. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

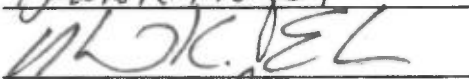
Sincerely,

Neenah Water Utility

Signed:



Signed:



Signed:



NEENAH WATER UTILITY

An Enterprise Fund of the
City of Neenah, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2018 and 2017

NEENAH WATER UTILITY

An Enterprise Fund of the City of Neenah, Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the Utility Commission
Neenah Water Utility
Neenah, Wisconsin

We have audited the accompanying financial statements of Neenah Water Utility, an enterprise fund of the City of Neenah, Wisconsin, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neenah Water Utility as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Neenah Water Utility enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Neenah, Wisconsin, as of December 31, 2018 and 2017 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Neenah Water Utility has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information. We note the significant financial events of the Neenah Water Utility are included in the Management's Discussion and Analysis of the City of Neenah's financial statements.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 30, 2019

NEENAH WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and investments	\$ 4,283,727	\$ 3,413,575
Other special accounts	2,715,882	2,623,612
Restricted Assets		
Redemption account	1,085,405	1,072,977
Customer accounts receivable	802,958	735,697
Unbilled revenues	851,489	904,133
Other accounts receivable	9,188	7,035
Materials and supplies	115,935	121,889
Prepayments	49	767
Other current assets	<u>569</u>	<u>569</u>
Total Current Assets	<u>9,865,202</u>	<u>8,880,254</u>
NONCURRENT ASSETS		
Restricted Assets		
Reserve account	319,000	319,000
Depreciation account	250,000	250,000
Net pension asset	205,065	-
Interest receivable	3,765	3,789
Capital Assets		
Plant in service	63,233,234	62,057,236
Accumulated depreciation	<u>(20,761,852)</u>	<u>(19,396,710)</u>
Total Noncurrent Assets	<u>43,249,212</u>	<u>43,233,315</u>
Total Assets	<u>53,114,414</u>	<u>52,113,569</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on advance refunding	11,085	15,107
Deferred outflows related to pension	<u>385,455</u>	<u>480,545</u>
Total Deferred Outflows of Resources	<u>396,540</u>	<u>495,652</u>

LIABILITIES		<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES			
Accounts payable		\$ 407,478	\$ 151,151
Due to other funds		971,083	1,005,407
Accrued vacation		34,019	27,672
Other current liabilities		36,560	37,718
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		2,143,501	2,094,342
Accrued interest		<u>44,322</u>	<u>55,916</u>
Total Current Liabilities		<u>3,636,963</u>	<u>3,372,206</u>
NONCURRENT LIABILITIES			
Revenue bonds		10,401,974	12,545,474
Unamortized debt premium		61,331	79,155
Accrued sick leave		76,711	105,937
Unearned revenues		7,434	7,275
Other post employment benefits		-	37,930
Net pension liability		<u>-</u>	<u>59,901</u>
Total Noncurrent Liabilities		<u>10,547,450</u>	<u>12,835,672</u>
Total Liabilities		<u>14,184,413</u>	<u>16,207,878</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>390,939</u>	<u>196,263</u>
NET POSITION			
Net investment in capital assets		30,194,661	28,275,662
Restricted for:			
Debt service		1,041,083	1,017,061
Depreciation		250,000	250,000
Pension		205,065	-
Unrestricted		<u>7,244,793</u>	<u>6,662,357</u>
TOTAL NET POSITION		<u>\$ 38,935,602</u>	<u>\$ 36,205,080</u>

See accompanying notes to the financial statements.

NEENAH WATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of water	\$ 7,820,806	\$ 7,712,810
Other	<u>267,596</u>	<u>269,327</u>
Total Operating Revenues	<u>8,088,402</u>	<u>7,982,137</u>
OPERATING EXPENSES		
Operation and maintenance	2,875,825	2,936,341
Depreciation	<u>1,493,358</u>	<u>1,581,239</u>
Total Operating Expenses	<u>4,369,183</u>	<u>4,517,580</u>
OPERATING INCOME	<u>3,719,219</u>	<u>3,464,557</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	144,625	73,056
Gain (loss) on investments	(5,928)	(7,089)
Income from merchandising and jobbing	31,393	18,458
Gain (loss) on sale of fixed assets	3,300	2,245
Interest expense	(319,633)	(414,346)
Debt issuance costs	-	(32,758)
Amortization of loss on advance refunding	(4,022)	(67,175)
Amortization of debt premium	<u>17,825</u>	<u>44,323</u>
Total Nonoperating Revenues (Expenses)	<u>(132,440)</u>	<u>(383,286)</u>
Income Before Contributions and Transfers	3,586,779	3,081,271
CAPITAL CONTRIBUTIONS	114,925	126,995
TRANSFERS - TAX EQUIVALENT	<u>(971,182)</u>	<u>(1,005,733)</u>
CHANGE IN NET POSITION	2,730,522	2,202,533
NET POSITION - Beginning of Year	<u>36,205,080</u>	<u>34,002,547</u>
NET POSITION - END OF YEAR	<u><u>\$ 38,935,602</u></u>	<u><u>\$ 36,205,080</u></u>

See accompanying notes to the financial statements.

NEENAH WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 8,190,752	\$ 8,107,982
Paid to suppliers for goods and services	(1,528,997)	(1,653,448)
Paid to employees for operating payroll	(1,093,556)	(1,103,125)
Net Cash Flows From Operating Activities	5,568,199	5,351,409
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(1,005,506)	(1,032,313)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,337,386)	(758,607)
Capital contributions received	36,390	4,827
Debt retired	(2,094,341)	(3,640,973)
Interest paid	(331,227)	(420,182)
Proceeds from debt issue	-	835,000
Debt issuance costs	-	(11,962)
Net Cash Flows From Capital and Related Financing Activities	(3,726,564)	(3,991,897)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(47,797)	(66,963)
Investments sold and matured	72,218	104,747
Investment income	138,721	71,548
Net Cash Flows From Investing Activities	163,142	109,332
Net Change in Cash and Cash Equivalents	999,271	436,531
CASH AND CASH EQUIVALENTS - Beginning of Year	7,105,257	6,668,726
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,104,528	\$ 7,105,257
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Developer financed additions to utility plant	\$ 78,535	\$ 122,168
Unrealized gain (loss) on investments	\$ (5,928)	\$ (7,089)

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH		
FLows FROM OPERATING ACTIVITIES		
Operating income	\$ 3,719,219	\$ 3,464,557
Nonoperating revenue (expense)	31,393	18,458
Noncash items in operating income		
Depreciation	1,493,358	1,581,239
Depreciation charged to clearing and other utilities	115,008	124,019
Changes in assets and liabilities		
Customer accounts receivable	(14,617)	24,445
Other accounts receivable	(2,153)	(3,430)
Materials and supplies	5,954	5,625
Pension related deferrals and assets	24,800	76,004
Prepayments and other assets	718	867
Accounts payable	256,327	64,039
Accrued sick and vacation	(22,879)	(12,821)
Other current liabilities	(1,158)	7,620
Unearned revenue	159	153
Other post employment benefits	(37,930)	634
	<u>\$ 5,568,199</u>	<u>\$ 5,351,409</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO		
STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 4,283,727	\$ 3,413,575
Redemption account	1,085,405	1,072,977
Reserve account	319,000	319,000
Depreciation account	250,000	250,000
Other special funds	<u>2,715,882</u>	<u>2,623,612</u>
Total Cash and Investments	8,654,014	7,679,164
Less: Noncash equivalents	<u>(549,486)</u>	<u>(573,907)</u>
	<u>\$ 8,104,528</u>	<u>\$ 7,105,257</u>
CASH AND CASH EQUIVALENTS		

See accompanying notes to the financial statements.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Neenah Water Utility (utility) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the utility are described below.

REPORTING ENTITY

The utility is a separate enterprise fund of the City of Neenah (municipality). The utility is managed by a utility commission. The utility provides water service to properties within the municipality.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW).

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The utility is presented as an enterprise fund of the municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

For purposes of the statement of cash flows, cash, and cash equivalents have original maturities of three months or less from the date of acquisition.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Deposits and Investments (cont.)

Investment of utility funds is restricted by state statutes. Investments are limited to:

- > Time deposits in any credit union, bank, savings bank or trust company.
- > Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- > Bonds or securities issued or guaranteed by the federal government.
- > The local government investment pool.
- > Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- > Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- > Repurchase agreements with public depositories, with certain conditions.

The utility has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

Receivables/Payables

Transactions between the utility and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the utility and other funds of the municipality are reported as due to/from other funds.

The utility has the right under Wisconsin statutes to place delinquent water bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Materials and Supplies

Materials and supplies are generally used for construction, operation, and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Other Special Accounts

Assets designated by the utility commission for future capital projects.

Anticipated Future Special Assessments

At December 31, 2018 and 2017, there were \$433,594 and \$416,238, respectively, of anticipated future assessments which are not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

Capital Assets

Capital assets are generally defined by the utility as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year.

Capital assets of the utility are recorded at cost or the estimated acquisition value at the time of contribution to the utility. Major outlays for utility plant are capitalized as projects are constructed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Water Plant	
Source of supply	59
Pumping	23 - 43
Water treatment	29 - 31
Transmission and distribution	18 - 77
General	4 - 34

Pensions

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

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Other Current Liabilities

These amounts consist of accrued payroll and accrued fringes.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

Long-Term Obligations

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

REVENUES AND EXPENSES

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

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The utility does accrue revenues beyond billing dates.

Current water rates were approved by the PSCW on November 2010 and placed into effect January 1, 2011.

Capital Contributions

Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the statements of revenues, expenses, and changes in net position.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, and Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

	Carrying Value as of December 31,		Risks
	2018	2017	
Checking and savings	\$ 2,183,121	\$ 1,664,444	Custodial credit risk
Money market	180,757	180,757	Custodial credit risk
LGIP	5,740,449	5,259,854	Credit risk
Corporate bonds	251,690	255,733	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Municipal bonds	250,000	251,213	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. agency securities	47,797	66,963	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Petty cash	<u>200</u>	<u>200</u>	None
Totals	<u>\$ 8,654,014</u>	<u>\$ 7,679,164</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

The utility may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the utility alone. Therefore, coverage for the utility may be reduced. Investment income on commingled investments of the entire municipality is allocated based on average investment balances.

In addition, the utility and other funds of the city have collateral or depository insurance agreements with Associated Bank, Bank Mutual, and Great Bank Trust Company. Please refer to the city's financial statements for collateral or depository agreements on all city accounts.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018 and 2017, the fair value of the LGIP's assets were substantially equal to the utility's share.

The utility categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements uses the Interactive Data Corporation (IDC) pricing model.

<u>Investment Type</u>	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 251,690	\$ -	\$ 251,690
Municipal bonds	-	250,000	-	250,000
U.S. agency securities - implicitly guaranteed	-	47,797	-	47,797
Total	\$ -	\$ 549,487	\$ -	\$ 549,487

<u>Investment Type</u>	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 255,733	\$ -	\$ 255,733
Municipal bonds	-	251,213	-	251,213
U.S. agency securities - implicitly guaranteed	-	65,852	-	65,852
U.S. agency securities - explicitly guaranteed	-	1,111	-	1,111
Total	\$ -	\$ 573,909	\$ -	\$ 573,909

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the utility's deposits may not be returned to the utility.

The utility maintains certain deposits in the same institutions as the municipality. The following is a summary of the utility's total deposit balances at these institutions.

	2018		2017	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Local/Area Bank	(A)	\$ 2,363,878	(A)	\$ 1,845,201

(A) The utility's cash and investments are co-mingled with the entire municipality. Therefore, the utility's individual bank balances cannot be determined.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The utility does not have any investments exposed to custodial credit risk.

The city's investment policy does not address this risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2018, the utility's investments were rated as follows:

Investment Type	Moody's Investors Services
Corporate bonds	Aaa
Municipal bonds	Aa2
U.S. - Agencies - implicitly guaranteed	Aaa

As of December 31, 2017, the utility's investments were rated as follows:

Investment Type	Moody's Investors Services
Corporate bonds	Aaa
Municipal bonds	Aa2
U.S. Agencies - implicitly guaranteed	Aaa

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

The utility held investments in the Local Government Investment Pool which is an external pool that is not rated.

The city's investment policy addresses this risk. The City of Neenah will minimize credit risk, which is the risk of loss due to failure of the security issuer or backer, by limiting investments to types of securities listed within the policy; pre-qualifying financial institutions, brokers/dealers, intermediaries and advisors, and; diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2018 and 2017, the utility did not have any investments with a single issuer exceeding 5% of total portfolio.

The city's investment policy addresses this risk. The City of Neenah will diversify investments by limiting investments to avoid overconcentration in securities from a specific issuer or business sector, by limiting investment in securities that have higher credit risks, by investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Interest Rate Risk

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2018, the utility's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1 Year	1 - 5 Years	Greater than 5 Years
U.S. Agencies - implicitly guaranteed	\$ 47,797	\$ -	\$ -	\$ 47,797
Corporate bonds	251,690	-	251,690	-
Municipal bonds	250,000	250,000	-	-
Totals	\$ 549,487	\$ 250,000	\$ 251,690	\$ 47,797

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2017, the utility's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1 Year	1 - 5 Years	Greater than 5 Years
U.S. Agencies - implicitly guaranteed	\$ 65,852	\$ -	\$ -	\$ 65,852
U.S. Agencies - explicitly guaranteed	1,111	1,111	-	-
Corporate bonds	255,733	-	255,733	-
Municipal bonds	251,213	-	251,213	-
Totals	<u>\$ 573,909</u>	<u>\$ 1,111</u>	<u>\$ 506,946</u>	<u>\$ 65,852</u>

Investment Policy

The city's investment policy addresses this risk. The City of Neenah will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fail due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances for the years ending December 31, 2018 and 2017:

Due To	Due From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 971,083	Tax Equivalent	\$ 1,005,407	Tax Equivalent

The following is a schedule of transfer balances for the years ending December 31, 2018 and 2017:

To	From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 971,182	Tax Equivalent	\$ 1,005,733	Tax equivalent

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS

Restricted Accounts

Certain proceeds of the utility's debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Restricted Net Position

The following calculation supports the amount of water restricted net position:

	2018	2017
Restricted Assets		
Redemption account	\$ 1,085,405	\$ 1,072,977
Reserve account	319,000	319,000
Depreciation account	250,000	250,000
Net pension asset	205,065	-
Total Restricted Assets	1,859,470	1,641,977
Less: Restricted Assets Not Funded by Revenues		
Reserve from borrowing	(319,000)	(319,000)
Current Liabilities Payable From Restricted Assets	(44,322)	(55,916)
Total Restricted Net Position as Calculated	\$ 1,496,148	\$ 1,267,061

The purpose of the restricted net position is as follows:

	2018	2017
Debt service	\$ 1,041,083	\$ 1,017,061
Depreciation	250,000	250,000
Pension	205,065	-
Total Restricted Net Position	\$ 1,496,148	\$ 1,267,061

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in water capital assets for 2018 follows:

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets, not being depreciated				
Land and land rights	\$ 122,180	\$ -	\$ -	\$ 122,180
Capital assets being depreciated				
Source of supply	130,978	-	-	130,978
Pumping	3,384,153	-	-	3,384,153
Water treatment	23,863,086	106,183	-	23,969,269
Transmission and distribution	32,281,152	1,252,197	223,335	33,310,014
General	2,275,687	60,842	19,889	2,316,640
Total Capital Assets Being Depreciated	61,935,056	1,419,222	243,224	63,111,054
Total Capital Assets	62,057,236	1,419,222	243,224	63,233,234
Less: Accumulated depreciation				
Source of supply	(130,978)	-	-	(130,978)
Pumping	(1,401,056)	(107,729)	-	(1,508,785)
Water treatment	(9,973,232)	(787,841)	-	(10,761,073)
Transmission and distribution	(5,874,813)	(646,623)	223,335	(6,298,101)
General	(2,016,631)	(66,173)	19,889	(2,062,915)
Total Accumulated Depreciation	(19,396,710)	(1,608,366)	243,224	(20,761,852)
Net Capital Assets	\$ 42,660,526			\$ 42,471,382

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 5 - CHANGES IN CAPITAL ASSETS (cont.)

A summary of changes in water capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 122,180	\$ -	\$ -	\$ 122,180
Capital assets being depreciated				
Source of supply	130,978	-	-	130,978
Pumping	3,384,153	-	-	3,384,153
Water treatment	23,797,902	65,184	-	23,863,086
Transmission and distribution	31,673,263	729,632	121,743	32,281,152
General	2,206,761	91,459	22,533	2,275,687
Total Capital Assets Being Depreciated	61,193,057	886,275	144,276	61,935,056
Total Capital Assets	61,315,237	886,275	144,276	62,057,236
Less: Accumulated depreciation				
Source of supply	(130,978)	-	-	(130,978)
Pumping	(1,293,327)	(107,729)	-	(1,401,056)
Water treatment	(9,188,172)	(785,060)	-	(9,973,232)
Transmission and distribution	(5,364,593)	(631,963)	121,743	(5,874,813)
General	(1,855,403)	(183,761)	22,533	(2,016,631)
Total Accumulated Depreciation	(17,832,473)	(1,708,513)	144,276	(19,396,710)
Net Capital Assets	\$ 43,482,764			\$ 42,660,526

NOTE 6 - LONG-TERM OBLIGATIONS

Revenue Bonds

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
4/27/2005	Water treatment plant	5/1/2024	2.365%	\$ 16,666,667	\$ 6,130,448
1/25/2006	Water treatment plant	5/1/2025	2.365	8,788,354	3,875,027
9/26/2012	Refund 2001 and 2002 bonds	12/1/2021	2.12	1,350,000	380,000
12/2/2013	Refund 2003 bonds	12/1/2021	2.00-2.50	3,545,000	1,405,000
12/1/2017	Refund 2007 bonds	12/1/2026	2.83	835,000	755,000

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds (cont.)

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2019	\$ 2,143,501	\$ 277,746	\$ 2,421,247
2020	2,198,467	229,066	2,427,533
2021	2,249,260	176,800	2,426,060
2022	1,675,901	123,326	1,799,227
2023	1,718,407	83,576	1,801,983
2024	1,761,801	42,829	1,804,630
2025	693,138	13,164	706,302
2026	105,000	3,150	108,150
Totals	<u>\$ 12,545,475</u>	<u>\$ 949,657</u>	<u>\$ 13,495,132</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2018 and 2017 were \$2,425,569 and \$2,781,153, respectively. Total customer gross revenues as defined for the same periods were \$8,264,420 and \$8,073,651. Annual principal and interest payments are expected to require 20% of gross revenues on average.

Long-Term Obligations Summary

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	1/1/18 Balance	Additions	Reductions	12/31/18 Balance	Due Within One Year
Revenue bonds	\$ 14,639,816	\$ -	\$ 2,094,341	\$ 12,545,475	\$ 2,143,501
Accrued sick leave	105,937	47,761	76,987	76,711	-
Unamortized loss on advance refunding	79,155	-	17,824	61,331	-
Unearned revenues	<u>7,275</u>	<u>159</u>	<u>-</u>	<u>7,434</u>	<u>-</u>
Totals	<u>\$ 14,832,183</u>	<u>\$ 47,920</u>	<u>\$ 2,189,152</u>	<u>\$ 12,690,951</u>	<u>\$ 2,143,501</u>

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary (cont.)

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	1/1/17 Balance	Additions	Reductions	12/31/17 Balance	Due Within One Year
Revenue bonds	\$ 17,445,789	\$ 835,000	\$ 3,640,973	\$ 14,639,816	\$ 2,094,342
Accrued sick leave	118,758	53,736	66,557	105,937	-
Unamortized debt premium	102,682	20,796	44,323	79,155	-
Unearned revenues	7,122	153	-	7,275	-
Totals	<u>\$ 17,674,351</u>	<u>\$ 909,685</u>	<u>\$ 3,751,853</u>	<u>\$ 14,832,183</u>	<u>\$ 2,094,342</u>

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 8, and information on the OPEB obligation is provided in Note 9.

Current Refunding

On Friday, December 1, 2017, bonds in the amount of \$835,000 were issued with an average interest rate of 2.27% to refund \$1,280,000 of outstanding 2007 bonds with an average interest rate of 4.125%. The net proceeds were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$1,731,600 from August 30, 2017 through 2026. The cash flow requirements on the new bonds are \$1,123,612 from 2017 through 2026. The current refunding resulted in an economic gain of \$70,369.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

The utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Insurance (cont.)

The utility is covered under the following insurance policies at December 31, 2018:

Type	Coverage	Expiration
<i>Insurance Company of the State of Pennsylvania and the Cities and Villages Mutual Insurance Company</i>		
General Liability	\$ 5,000,000 per occurrence	1/1/2019
Automobile	15,000,000 per occurrence	1/1/2019
<i>Local Government Property Insurance Fund</i>		
Property (entire city)	\$ 166,908,734	4/4/2019

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the subsequent year's annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2017 and 2016 as follows:

	2018	2017
Operating revenues	\$ 8,088,402	\$ 7,982,137
Investment income	144,625	73,056
Miscellaneous nonoperating income	31,393	18,458
Less: Operation and maintenance expenses	(2,875,825)	(2,936,341)
Net Defined Earnings	\$ 5,388,595	\$ 5,137,310
Minimum Required Earnings per Resolution:		
Subsequent year annual debt service	\$ 2,421,247	\$ 2,425,569
Coverage factor	1.25	1.25
Minimum Required Earnings	\$ 3,026,559	\$ 3,031,961
Actual Debt Coverage	2.23	2.12

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	9,831	9,762	397,812	385,355
Multifamily residential	97	98	23,852	25,867
Commercial	678	662	148,551	171,710
Industrial	92	88	319,022	287,465
Public authority	56	58	20,917	19,820
Totals	10,754	10,668	910,154	890,217

NOTE 7 - NET POSITION

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - NET POSITION (cont.)

The following calculation supports the water net investment in capital assets:

	2018	2017
Plant in service	\$ 63,233,234	\$ 62,057,236
Accumulated depreciation	<u>(20,761,852)</u>	<u>(19,396,710)</u>
Sub-Totals	<u>42,471,382</u>	<u>42,660,526</u>
Less: Capital related debt		
Current portion of capital related long-term debt	2,143,501	2,094,342
Long-term portion of capital related long-term debt	10,401,974	12,545,474
Unamortized debt premium	61,331	79,155
Unamortized loss on advance refunding	<u>(11,085)</u>	<u>(15,107)</u>
Sub-Totals	<u>12,595,721</u>	<u>14,703,864</u>
Add: Unspent debt proceeds		
Reserve from borrowing	<u>319,000</u>	<u>319,000</u>
Total Net Investment in Capital Assets	<u><u>\$ 30,194,661</u></u>	<u><u>\$ 28,275,662</u></u>

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be bound at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The WRS recognized \$75,018 and \$70,885 in contributions from the utility during the current and prior reporting periods, respectively.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2018 and December 31, 2017 are:

	2018		2017	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.7%	6.7%	6.8%	6.8%
Protective with Social Security	6.7%	10.7%	6.8%	10.6%
Protective without Social Security	6.7%	14.9%	6.8%	14.9%

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

At December 31, 2018, the utility reported a liability (asset) of \$(205,065) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the City of Neenah's proportion was 0.12552761%, which was an increase of 0.0009348% from its proportion measured as of December 31, 2016.

At December 31, 2017, the utility reported a liability (asset) of \$59,901 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utility's proportion of the net pension liability (asset) was based on the utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City of Neenah's proportion was 0.12459281%, which was an increase of 0.00000578% from its proportion measured as of December 31, 2015.

For the years ended December 31, 2018 and 2017, the utility recognized pension expense of \$23,707 and \$151,023, respectively.

At December 31, 2018, the utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Neenah Water Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 267,500	\$ 118,015
Changes in assumption	41,599	-
Net differences between project and actual earnings on pension plan	-	272,924
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,088	-
Employer contributions subsequent to the measurement date	73,268	-
Total	\$ 385,455	\$ 390,939

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

At December 31, 2017, the utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Neenah Water Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,939	\$ 196,263
Changes in assumption	65,641	-
Net differences between project and actual earnings on pension plan	312,508	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,439	-
Employer contributions subsequent to the measurement date	75,018	-
Total	\$ 480,545	\$ 196,263

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31	Deferred Outflows of Resources
2019	\$ 7,847
2020	(255)
2021	(23,336)
2022	(24,870)
2023	(38,138)
Thereafter	-
Total	\$ (78,752)

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2018	2017
Actuarial valuation date	December 31, 2016	December 31, 2015
Measurement date of net pension liability (asset)	December 31, 2017	December 31, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.2%	7.2%
Discount rate	7.2%	7.2%
Salary increases		
Inflation	3.2%	3.2%
Seniority/Merit	0.2% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions used in the December 31, 2016 and 2015 actuarial valuations are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 and 2016 are based upon a roll-forward of the liability calculated from the December 31, 2016 and 2015 actuarial valuations, respectively.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2018 are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2017 are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.3%	5.4%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	4.3	1.5
Real Estate	8	6.5	3.6
Private Equity/Debt	7	9.4	6.5
Multi-Asset	4	6.6	3.7
Total Core Fund	110	7.4	4.5
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	4.7
International Equities	30	8.5	5.6
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75%.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability as of December 31, 2018 and December 31, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31% in 2018 and 3.78% in 2017. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Sensitivity of the utility's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the utility's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the utility's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

The sensitivity analysis as of December 31, 2018 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Neenah Water Utility's proportionate share of the net position liability (asset)	\$ 530,375	\$ (205,065)	\$ (763,888)

The sensitivity analysis as of December 31, 2017 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Neenah Water Utility's proportionate share of the net position liability (asset)	\$ 788,030	\$ 59,901	\$ (500,792)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/Publications/cafr.htm>.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

For the year ended December 31, 2018, the utility evaluated the other postemployment benefit liability under GASB 75 and deemed the liability immaterial. As such, no liability has been recorded. Information related to the December 31, 2017 is reported under GASB 45.

The utility participates in a single-employer defined benefit healthcare plan administered by the City of Neenah. The plan provides health insurance contributions for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the City of Neenah and state that eligible retirees and their spouses receive healthcare insurance at established contribution rates until they are Medicare eligible. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established by the City of Neenah. The retirees pay 100% of the premium amounts under the plan.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

The utility's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the utility's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the utility's net OPEB obligation to the Retiree Health Plan:

	<u>2017</u>
Annual required contribution	\$ 3,089
Contributions made	(2,455)
Increase in net OPEB obligation (asset)	634
Net OPEB Obligation (Asset) - Beginning of Year	<u>37,296</u>
Net OPEB Obligation - End of Year	<u>\$ 37,930</u>

The utility's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2018 and the one/two preceding year(s) were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 3,089	79%	\$ 37,930
2016	3,928	74	37,296

The funded status of the plan for the city as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 614,543
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 614,543</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 12,099,852
UAAL as a percentage of covered payroll	5%

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3 % investment rate of return and an annual healthcare cost trend rate of 0% initially, reduced by decrements to an ultimate rate of 5 % after 3 years. Both rates include a 3 % inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2017, was 22 years.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Claims and Judgments

From time to time, the utility is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the utility's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the utility's financial position or results of operations.

NOTE 11 - RISK MANAGEMENT

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment, and capitalization of the CVMIC, and has numerous municipalities as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the municipalities which make up the membership of the WMIC.

NEENAH WATER UTILITY

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 11 - RISK MANAGEMENT (cont.)

Wisconsin Municipal Insurance Commission (WMIC)
Cities and Villages Mutual Insurance Company (CVMIC) (cont.)

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The municipality's share of such losses is approximately 1%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The municipality shows the general obligation bond that it owes to WMIC in the insurance internal service fund (governmental activities column of government-wide statement of net position). The transactions of the organization are not included in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

NEENAH WATER UTILITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/18	0.12552761%	\$ (205,065)	\$ 1,103,125	18.59%	102.93%
12/31/17	0.12459281%	59,901	1,074,027	5.58%	99.12%
12/31/16	0.12458703%	121,833	1,086,882	11.21%	98.20%
12/31/15	0.12675710%	(185,460)	1,113,762	16.65%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 73,268	\$ 73,268	\$ -	\$ 1,093,552	6.70%
12/31/17	75,018	75,018	-	1,103,125	6.80%
12/31/16	70,885	70,885	-	1,074,027	6.60%
12/31/15	73,908	73,908	-	1,086,882	6.80%

See independent auditors' report and accompanying notes to the required supplementary information.

NEENAH WATER UTILITY

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDED STATUS For the Year Ended December 31, 2018

The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule below represents the City of Neenah as a whole, and does not separate Neenah Water Utility's proportionate share.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/16	\$	\$ 614,543	\$ 614,543	0%	\$ 12,099,852	5.1%
01/01/14	-	1,026,865	1,026,865	0%	11,857,056	8.7%
01/01/12	-	1,058,510	1,058,510	0%	11,088,099	9.5%

See independent auditors' report.

NEENAH WATER UTILITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Utility is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no significant plan changes in assumptions.

SUPPLEMENTAL INFORMATION

NEENAH WATER UTILITY

WATER UTILITY PLANT
As of and for the Year Ended December 31, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
SOURCE OF SUPPLY				
Land and land rights	\$ 23,941	\$ -	\$ -	\$ 23,941
Intakes	<u>130,978</u>	<u>-</u>	<u>-</u>	<u>130,978</u>
Total Source of Supply	<u>154,919</u>	<u>-</u>	<u>-</u>	<u>154,919</u>
PUMPING				
Structures and improvements	1,960,368	-	-	1,960,368
Other power production equipment	283,192	-	-	283,192
Electric pumping equipment	1,136,024	-	-	1,136,024
Other pumping equipment	<u>4,569</u>	<u>-</u>	<u>-</u>	<u>4,569</u>
Total Pumping	<u>3,384,153</u>	<u>-</u>	<u>-</u>	<u>3,384,153</u>
WATER TREATMENT				
Land and land rights	98,239	-	-	98,239
Structures and improvements	16,259,136	10,510	-	16,269,646
Water treatment equipment	<u>7,603,950</u>	<u>95,673</u>	<u>-</u>	<u>7,699,623</u>
Total Water Treatment	<u>23,961,325</u>	<u>106,183</u>	<u>-</u>	<u>24,067,508</u>
TRANSMISSION AND DISTRIBUTION				
Distribution reservoirs and standpipes	2,454,064	-	-	2,454,064
Transmission and distribution mains	21,504,505	872,221	134,099	22,242,627
Services	4,258,876	248,929	5,922	4,501,883
Meters	2,079,884	42,807	41,212	2,081,479
Hydrants	<u>1,983,823</u>	<u>88,240</u>	<u>42,102</u>	<u>2,029,961</u>
Total Transmission and Distribution	<u>32,281,152</u>	<u>1,252,197</u>	<u>223,335</u>	<u>33,310,014</u>
GENERAL				
Structures and improvements	95,758	-	-	95,758
Office furniture and equipment	37,193	-	-	37,193
Computer equipment	254,623	12,217	-	266,840
Transportation equipment	256,669	23,614	19,889	260,394
Tools, shop and garage equipment	103,627	25,011	-	128,638
Laboratory equipment	113,408	-	-	113,408
Power-operated equipment	111,180	-	-	111,180
Communication equipment	108,287	-	-	108,287
SCADA equipment	<u>1,194,942</u>	<u>-</u>	<u>-</u>	<u>1,194,942</u>
Total General	<u>2,275,687</u>	<u>60,842</u>	<u>19,889</u>	<u>2,316,640</u>
TOTAL WATER UTILITY PLANT	<u><u>\$62,057,236</u></u>	<u><u>\$ 1,419,222</u></u>	<u><u>\$ 243,224</u></u>	<u><u>\$63,233,234</u></u>

NEENAH WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of Water		
Unmetered	\$ 7,326	\$ 3,789
Metered		
Residential	3,171,790	3,110,084
Commercial	1,073,924	1,159,943
Industrial	1,640,628	1,525,331
Public authorities	133,067	127,276
Total Metered Sales	6,019,409	5,922,634
Private fire protection	129,399	130,201
Public fire protection	1,666,926	1,657,086
Bad debt expense	(2,254)	(900)
Total Sales of Water	7,820,806	7,712,810
Other Operating Revenues		
Forfeited discounts	78,327	77,227
Miscellaneous service revenue	26,325	34,544
Rents from water property	105,476	103,609
Other	57,468	53,947
Total Operating Revenues	8,088,402	7,982,137
OPERATING EXPENSES		
Operation and Maintenance		
Source of Supply		
Operation supervision and engineering	3,695	815
Maintenance		
Supervision and engineering	15,142	850
Lake, river and other intakes	8,256	9,022
Total Source of Supply	27,093	10,687
Pumping		
Operation supervision and engineering	7,387	17,045
Fuel for power production	117,953	114,713
Pumping labor	82,600	81,180
Miscellaneous	11,698	10,658
Maintenance		
Supervision and engineering	11,684	16,999
Structures and improvements	726	-
Power production equipment	229	-
Pumping equipment	41,553	-
Total Pumping	273,830	240,595
Water Treatment		
Operation supervision and engineering	29,218	40,419
Chemicals	374,166	331,338
Operation labor	307,549	291,468
Miscellaneous	64,264	64,294
Maintenance		
Supervision and engineering	20,599	37,388
Structures and improvements	24,500	233,891
Water treatment equipment	144,522	207,548
Total Water Treatment	964,818	1,206,346

NEENAH WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Transmission and Distribution		
Operation supervision and engineering	\$ 20,161	\$ 31,113
Storage facilities	9,073	9,725
Transmission and distribution lines	67,995	101,913
Meters	30,288	42,127
Customer installations	20,506	37,581
Miscellaneous	97,593	78,438
Maintenance		
Supervision and engineering	32,434	28,015
Structures and improvements	370	-
Reservoirs and standpipes	265,645	-
Mains	164,142	143,977
Services	93,424	85,091
Meters	4,545	1,981
Hydrants	10,416	13,823
Miscellaneous	(1,655)	505
Total Transmission and Distribution	814,937	574,289
Customer Accounts		
Supervision	16,634	34,357
Meter reading	13,028	10,796
Accounting and collecting labor	94,687	83,885
Total Customer Accounts	124,349	129,038
Administrative and General		
Salaries	166,792	164,317
Office supplies	8,413	16,189
Outside services employed	14,450	11,800
Property insurance	20,238	19,071
Injuries and damages	44,473	47,164
Employee pensions and benefits	302,218	397,999
Miscellaneous	29,034	31,486
Rents	9,970	9,680
Total Administrative and General	595,588	697,706
Taxes	75,210	77,680
Total Operation and Maintenance	2,875,825	2,936,341
Depreciation	1,493,358	1,581,239
Total Operating Expenses	4,369,183	4,517,580
OPERATING INCOME	\$ 3,719,219	\$ 3,464,557

NEENAH WATER UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2018 and 2017

	Water	
	2018	2017
Utility Financed Plant in Service		
Beginning of year	\$ 53,048,411	\$ 52,397,995
End of year	<u>54,168,079</u>	<u>53,048,411</u>
Average	<u>53,608,245</u>	<u>52,723,203</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(18,232,071)	(16,766,148)
End of year	<u>(19,520,544)</u>	<u>(18,232,071)</u>
Average	<u>(18,876,308)</u>	<u>(17,499,110)</u>
Materials and Supplies		
Beginning of year	121,889	127,514
End of year	<u>115,935</u>	<u>121,889</u>
Average	<u>118,912</u>	<u>124,702</u>
Regulatory Liability		
Beginning of year	(185,648)	(206,276)
End of year	<u>(167,083)</u>	<u>(185,648)</u>
Average	<u>(176,366)</u>	<u>(195,962)</u>
AVERAGE NET RATE BASE	<u>\$ 34,674,483</u>	<u>\$ 35,152,833</u>
OPERATING INCOME - REGULATORY BASIS	<u>\$ 2,883,053</u>	<u>\$ 2,592,303</u>
RATE OF RETURN (PERCENT)	<u>8.31</u>	<u>7.37</u>
AUTHORIZED RATE OF RETURN (PERCENT)	<u>7.50</u>	<u>7.50</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

NEENAH WATER UTILITY

4th QUARTER FINANCIAL REPORT

January 1 through December 31, 2018

Neenah Water Utility
Comparative Balance Sheet
as of December 31, 2018 & 2017

Assets	2018	Assets	2017
Current Assets		Current Assets	
Cash & Cash Equivalents		Cash & Cash Equivalents	
Cash on Hand	\$ 2,183,123	Cash on Hand	\$ 1,664,444
Working Funds - Petty Cash	200	Working Funds - Petty Cash	200
Special Deposits	569	Special Deposits	569
Prepays	49	Prepays	767
Total Cash & Cash Equivalents	\$ 2,183,941	Total Cash & Cash Equivalents	\$ 1,665,980 A)
Temporary Investments		Temporary Investments	
Unrestricted	\$ 2,100,404	Unrestricted	\$ 1,748,930
Restricted for Debt Service	1,085,405	Restricted for Debt Service	1,072,977 B)
Replacement Reserves	2,715,882	Replacement Reserves	2,623,612
Total Temporary Investments	\$ 5,901,691	Total Temporary Investments	\$ 5,445,519
Receivables		Receivables	
Customer Account	\$ 819,659	Customer Account	\$ 752,576 C)
Unbilled Revenue	851,489	Unbilled Revenue	904,133
Other	9,287	Other	7,179 D)
Investment Interest	3,765	Investment Interest	3,789
Total Receivables	\$ 1,684,200	Total Receivables	\$ 1,667,677
Inventory		Inventory	
Chemical	\$ 86,484	Chemical	\$ 90,653
Meter & Hydrant Supplies	29,451	Meter & Hydrant Supplies	31,236
Total Inventory	\$ 115,935	Total Inventory	\$ 121,889 E)
Total Current Assets	\$ 9,885,767	Total Current Assets	\$ 8,901,065
NonCurrent Assets		NonCurrent Assets	
Revenue Bond Reserve Investments	319,000	Revenue Bond Reserve Investments	319,000
Revenue Bond Depreciation Fund Investments	250,000	Revenue Bond Depreciation Fund Investments	250,000
Unamortized Premiums on Borrowing/Refunding	(61,330)	Unamortized Premiums on Borrowing/Refunding	(79,155)
Unamortized Loss on Advanced Refunding	11,085	Unamortized Loss on Advanced Refunding	15,107
Deferred Outflows Related to Pension	385,455	Deferred Outflows Related to Pension	480,545
Fixed Assets		Fixed Assets	
Utility Plant in Service	\$ 63,233,237	Utility Plant in Service	\$ 62,057,236
Less: Accumulated Depreciation	(20,761,853)	Less: Accumulated Depreciation	(19,396,710)
Net Utility Plant in Service	\$ 42,471,384	Net Utility Plant in Service	\$ 42,660,526
Deferred Special Assessments	\$ 433,594	Deferred Special Assessments	\$ 416,238
Net Pension Asset	205,065	Net Pension Asset	0
Total NonCurrent Assets	44,014,253	Total NonCurrent Assets	44,062,261
Total Assets	\$53,900,020	Total Assets	\$52,963,326
Liabilities & Capital		Liabilities & Capital	
Current Liabilities		Current Liabilities	
Payables		Payables	
Due to Vendors/Contractors	407,483	Due to Vendors/Contractors	151,157
Total Payables	\$407,483	Total Payables	\$151,157
Accruals		Accruals	
Payrolls	\$ 36,560	Payrolls	\$ 75,640
In Lieu of Property Taxes	971,182	In Lieu of Property Taxes	1,005,733 F)
Interest	44,321	Interest	55,916
Total Accruals	\$ 1,052,063	Total Accruals	\$ 1,137,289
Deferred Revenue	7,434	Deferred Revenue	7,275
Net Pension Liability	0	Net Pension Liability	59,901
Total Current Liabilities	\$1,466,980	Total Current Liabilities	\$1,355,622
NonCurrent Liabilities		NonCurrent Liabilities	
Revenue/Refunding Bonds/Notes	\$ 2,540,000	Revenue/Refunding Bonds/Notes	\$ 3,190,000 G)
Safe Drinking Loan	10,005,475	Safe Drinking Loan	11,449,816 H)
Employee Vacation & Sick Leave Reserve	110,730	Employee Vacation & Sick Leave Reserve	133,608
Allowance of Uncollectable A/R	16,700	Allowance of Uncollectable A/R	16,700
Deferred Special Assessments	433,594	Deferred Special Assessments	416,238
Total NonCurrent Liabilities	\$ 13,106,499	Total NonCurrent Liabilities	\$ 15,206,362
Total Liabilities	\$ 14,573,479	Total Liabilities	\$ 16,561,984
Deferred Inflows Related to Pension	\$ 390,939	Deferred Inflows Related to Pension	196,263
Capital & Retained Earnings		Capital & Retained Earnings	
City Paid in Capital	\$ 2,645,651	City Paid in Capital	\$ 2,645,651 I)
Beginning Retained Earnings	\$ 33,559,429	Beginning Retained Earnings	\$ 31,356,895
Net Income (Loss)	2,730,522	Net Income (Loss)	2,202,533 J)
Ending Retained Earnings	\$ 36,289,951	Ending Retained Earnings	\$ 33,559,428
Total Capital & Retained Earnings	38,935,602	Total Capital & Retained Earnings	36,205,079
Total Liabilities & Capital	\$ 53,900,020	Total Liabilities & Capital	\$52,963,326

**Neenah Water Utility
Notes and Explanations
Comparative Balance Sheet
For the Period Ending, December 31, 2017 & 2018**

Liquidity (Current assets/current liabilities) ratio = 6.74. Above 1 is the goal.
2017 = 6.57

- A) Total Cash Equivalents have increased from 2017 to 2018.
- B) Restricted due to bond covenants and Commission set asides. Invested in LGIP funds. Unrestricted funds are available for projects and emergencies.
- C) Customer Account includes bills sent out at the end of December to residential, commercial, multifamily, industrial, and public customers.
- D) Includes other billings not yet paid.
- E) Total Inventory is the value of treatment chemicals and distribution materials held in inventory.
- F) PILOT based on Utility Plant in Service.
- G) Includes revenue bonds from 2012, 2013 and 2017 Maturity dates, 12/1/2021, 12/1/2021 and 12/1/2026.
- H) Safe Drinking Water Loan used for plant construction, from 2005 and 2006. Maturity dates 5/1/2024 and 5/1/2025.
- I) Includes City's initial investment, and projects paid by TIF.
- J) Net income

Neenah Water Utility				
Comparative Income Statement				
for the Twelve Months Ending - December 31, 2018 & 2017				
	2018	2017	Percent Change	
Water Operating Revenue				
Unmetered				
Sales to General Customers (WFC)	2,635	3,789	-30.5%	(A)
Private Fire Protection (Firelines)	129,399	130,201	-0.6%	(B)
Public Fire Protection - All Customers	1,666,926	1,657,086	0.6%	(C)
Total Unmetered Revenue	\$1,798,960	\$1,791,076	0.4%	
Metered				
Bulk Water - All Customer Types	4,823	2,178	121.4%	(D)
Residential Customers	3,171,656	3,107,906	2.1%	(E)
Multi Residential Customers	156,743	160,679	-2.4%	(F)
Commercial Customers	917,181	999,264	-8.2%	(G)
Industrial Customers	1,640,628	1,525,331	7.6%	(H)
Municipal/Other Public Customers	133,067	127,276	4.5%	(I)
Total Metered Revenue	\$6,024,098	\$5,922,634	1.7%	
Total Water Operating Revenue	\$ 7,823,058	\$ 7,713,710	1.4%	(J)
Other Operating Revenue				
Forfeited Discounts	78,327	77,227	1.4%	(K)
Miscellaneous Service Revenues	26,325	34,544	-23.8%	(L)
Water Property Rental Revenue	105,476	103,609	1.8%	(M)
Other Revenues	69,222	63,143	9.6%	(N)
Total Other Operating Revenue	\$279,350	\$278,523	0.3%	
Total Operating Revenue	\$ 8,102,408	\$ 7,992,233	1.4%	
Operating Expenses				
Source of Supply Expenses	27,093	10,688	153.5%	(O)
Pumping Expenses	273,831	240,596	13.8%	(P)
Water Treatment Expenses	965,711	1,207,209	-20.0%	(Q)
Transmission & Distribution Expenses	814,043	573,427	42.0%	(R)
Customer Account Expenses	126,603	129,938	-2.6%	(S)
Administrative & General Expenses	255,441	300,340	-14.9%	(T)
Employee Fringe Benefit Expense	340,148	397,365	-14.4%	(U)
Depreciation Expense	1,493,358	1,581,236	-5.6%	(V)
Property Tax Expense	971,182	1,005,733	-3.4%	(W)
Payroll Tax Expense	61,918	64,944	-4.7%	(X)
Other Tax Expense	13,292	12,736	4.4%	
Total Operating Expenses	\$ 5,342,620	\$ 5,524,212	-3.3%	
Net Operating Income (Loss)	\$ 2,759,788	\$ 2,468,021	11.8%	
Other Revenue				
Interest Income	144,625	73,056	98.0%	(Y)
Market Adjustment	-5,928	-7,089	-16.4%	
Amortization of Debt Premium	17,825	44,323	-59.8%	
Capital Contributions	114,678	122,169	-6.1%	
Miscellaneous Non-Operating Income	23,187	16,332	42.0%	(Z)
Total Other Revenue	\$ 294,387	\$ 248,791	18.3%	
Other Expenses				
Interest Expense on Long-Term Debt	319,631	414,346	-22.9%	
Amortization Expense on Long-Term Deb	4,022	67,175	-94.0%	
Other Non-Operating Expense	0	32,758	-100.0%	
Total Other Expenses	\$ 323,653	\$ 514,279	-37.1%	
Net Income (Loss)	\$ 2,730,522	\$ 2,202,533	24.0%	(AA)

**Neenah Water Utility
Notes and Explanations
Comparative Income Statement
For the Period Ending, December 31, 2017 & 2018**

- A. Sales to General Customers is an indication of construction activity. Hydrant meters are used to measure the volume.
- B. Private fire protection is billed at a PSC established flat rate per quarter based on the diameter of the fire line. This affects all customer types operating a private sprinkler/fire line, except residential.
- C. This charge was switched from the tax roles to the utility bill in 1992. Public fire protection is based on the square footage of each building.
- D. Bulk water is related to construction activity. Tank trucks are filled and metered at the Plant.
- E. Residential number shown reflects revenues slightly increasing.
- F. Multi-Family Residential reflects a decrease from last year.
- G. Commercial revenues have decreased.
- H. Industrial revenues reflect an increase.
- I. Public sales include schools, parks, and other public buildings.
- J. Total Water Operating Revenues is the sum of A thru I. 2018 Q4 revenue is 1.4% greater than 2017 Q4.
- K. This is late bill payment revenue.
- L. Revenue received for reading and billing sewer exemption meters; reconnect fees and turning on service lines; hydrant hook-up fees; customer repair charges.
- M. Revenue received for annual fire hydrant rental to the Town of Neenah and rental fee from SBA, CellCom, and Airadigm for antenna space. It increases, as contract provisions require.
- N. Revenue received for billing sewer, miscellaneous sale of scrap and check fees.
- O. Intake inspection includes sending a diver down to inspect the intake pipe, to clean out sample lines, and to clean low lift pump screens. Inspections are done twice every year, as needed. Inspections for 2017 were completed in the second half of 2017. Increases in 2018 were due to the completion of two intake inspections and changes in payroll allocations to this account.

Neenah Water Utility
Notes and Explanations Comparative Income Statement
For the Period Ending, December 31, 2017 & 2018
Page 2 of 2

- P. Pumping Expenses are up in 2018 compared to 2017.
- Q. Treatment Expenses are down for the time period.
- R. Distribution Expenses are up for 2018, compared to 2017, due to the Towerview Tank Reconditioning.
- S. The Customer Account Expense is lower in 2018 than in 2017
- T. The Administrative and General Expenses have decreased.
- U. Fringe benefits are affected by overtime or call-in work for water main breaks, and retirement payouts.
- V. Depreciation Expense is up based on an estimate for Plant value for 2018.
- W. Payment In Lieu of Property Tax (PILOT) reflects the value of the water system.
- X. Payroll Tax (social security tax).
- Y. Interest Income increased.
- Z. Miscellaneous non-operating income.
- AA. Net income for 2018 is higher than 2017.

Neenah Water Utility						
2018 Construction Work in Progress						
	Budget	3 Months	6 Months	9 Months	12 Months	Totals
Capital Projects:						
Meter Replacement	45,000	148	17,525	25,134	-	42,807
Replace Chemical Tanks, Lines & Pumps	335,000	7,395	992	1,397	13,730	23,514
Distribution Valve Turner	17,500	-	19,500	108	-	19,608
Replace UV Bulbs & Sleeves	11,250	-	10,510	-	-	10,510
Calibration Equipment	22,000	-	15,481	-	-	15,481
Replace Online Fluoride Meter	6,000	-	-	-	-	-
Upgrade SCADA System	25,000	-	-	-	-	-
Replace 2006 Pickup Truck	28,000	-	20,315	-	-	20,315
Replace Turbidity Meters & Controllers	84,000	-	27,282	-	-	27,282
Granular Activated Carbon Filter Media Rpl	210,000	-	-	-	-	-
Misc. Tools & Equipment	20,000	-	5,403	15,961	2,618	23,982
Technology Upgrade	10,000	-	-	-	-	-
Misc. Consulting Fees	20,000	-	4,756	3,984	4,462	13,202
Misc. Plant Contingency	10,000	-	-	-	-	-
Replace Tanks (2017)	-	3,579	26,014	-	-	29,593
Watermain Addition/Replacement:						
E. Cecil St.	234,100	3,550	72	289,464	73,046	366,132
Andrew Ave.	124,800	872	125,154	-	4,786	130,812
Richard Ave.	127,100	872	122,371	732	4,902	128,877
Geiger St.	157,500	842	144,646	-	6,595	152,083
Adams St.	141,500	351	5,149	147,865	12,970	166,335
Whiting Ct.	31,800	-	37,812	-	411	38,223
Kittiver Ct.	-	-	-	361	26,298	26,659
Woodenshoe Rd.	-	-	-	-	94,275	94,275
Totals	1,660,550	17,609	582,982	485,006	244,093	1,329,690
2018 Temporary Investments						
December 31, 2018						
Restricted for Debt Service						
Safe Drinking Water Loan Payment			1,025,105			
2012 Refunding Debt Service Payment			11,050			
2013 Refunding Debt Service Payment			40,654			
2017 Refunding Debt Service Payment			8,596			
			\$1,085,405			
Replacement Reserves						
Sludge Lagoon Reserve			2,487,349			
Vehicle Replacement Reserve			147,627			
Painting Tower Reserve			40,906			
Painting Hydrants Reserve			40,000			
			\$2,715,882			

NEENAH WATER UTILITY

1st QUARTER FINANCIAL REPORT

January 1 through March 31, 2019

Neenah Water Utility
Comparative Balance Sheet
as of March 31, 2019 & 2018

Assets	2019	Assets	2018
Current Assets		Current Assets	
Cash & Cash Equivalents		Cash & Cash Equivalents	
Cash on Hand	\$ 2,236,328	Cash on Hand	\$ 1,686,838
Working Funds - Petty Cash	200	Working Funds - Petty Cash	200
Special Deposits	569	Special Deposits	569
Prepays	24	Prepays	24
Total Cash & Cash Equivalents	\$ 2,237,121	Total Cash & Cash Equivalents	\$ 1,687,631 A)
Temporary Investments		Temporary Investments	
Unrestricted	\$ 1,884,639	Unrestricted	\$ 1,762,944
Restricted for Debt Service	1,695,088	Restricted for Debt Service	1,682,459 B)
Replacement Reserves	2,806,632	Replacement Reserves	2,714,362
Total Temporary Investments	\$ 6,386,359	Total Temporary Investments	\$ 6,159,765
Receivables		Receivables	
Customer Account	\$ 1,802,948	Customer Account	\$ 1,811,264 C)
Other	2,309	Other	4,738 D)
Investment Interest	3,778	Investment Interest	4,073
Total Receivables	\$ 1,809,035	Total Receivables	\$ 1,820,075
Inventory		Inventory	
Chemical	\$ 86,484	Chemical	\$ 90,653
Meter & Hydrant Supplies	29,451	Meter & Hydrant Supplies	31,236
Total Inventory	\$ 115,935	Total Inventory	\$ 121,889 E)
Total Current Assets	\$ 10,548,450	Total Current Assets	\$ 9,789,360
NonCurrent Assets		NonCurrent Assets	
Revenue Bond Reserve Investments	319,000	Revenue Bond Reserve Investments	319,000
Revenue Bond Depreciation Fund Investments	250,000	Revenue Bond Depreciation Fund Investments	250,000
Unamortized Premiums on Borrowing/Refunding	(56,874)	Unamortized Premiums on Borrowing/Refunding	(74,699)
Unamortized Loss on Advanced Refunding	10,080	Unamortized Loss on Advanced Refunding	14,102
Deferred Outflows Related to Pension	385,455	Deferred Outflows Related to Pension	480,545
Fixed Assets		Fixed Assets	
Utility Plant in Service	\$ 63,233,237	Utility Plant in Service	\$ 62,057,236
Less: Accumulated Depreciation	(21,143,078)	Less: Accumulated Depreciation	(19,807,260)
Net Utility Plant in Service	\$ 42,090,159	Net Utility Plant in Service	\$ 42,249,976
Construction Work in Process	66,565	Construction Work in Process	17,819
Deferred Special Assessments	433,594	Deferred Special Assessments	416,238
Net Pension Asset	205,065	Net Pension Asset	0
Total NonCurrent Assets	43,703,044	Total NonCurrent Assets	43,672,981
Total Assets	\$54,251,494	Total Assets	\$53,462,341
Liabilities & Capital		Liabilities & Capital	
Current Liabilities		Current Liabilities	
Accruals		Accruals	
Due to Vendors/Contractors	\$35,415	Due to Vendors/Contractors	\$0
Payrolls	6,376	Payrolls	8,148
In Lieu of Property Taxes	982,888	In Lieu of Property Taxes	1,008,503 F)
Interest	118,129	Interest	141,837
Total Accruals	\$ 1,142,808	Total Accruals	\$ 1,158,488
Net Pension Liability	\$ -	Net Pension Liability	59,901
Total Current Liabilities	\$1,142,808	Total Current Liabilities	\$1,218,389
NonCurrent Liabilities		NonCurrent Liabilities	
Revenue/Refunding Bonds/Notes	\$ 2,540,000	Revenue/Refunding Bonds/Notes	\$ 3,190,000 G)
Safe Drinking Loan	10,005,475	Safe Drinking Loan	11,449,816 H)
Employee Vacation & Sick Leave Reserve	84,348	Employee Vacation & Sick Leave Reserve	133,294
Allowance of Uncollectable A/R	16,700	Allowance of Uncollectable A/R	16,700
Deferred Special Assessments	433,594	Deferred Special Assessments	416,238
Total NonCurrent Liabilities	\$ 13,080,117	Total NonCurrent Liabilities	\$ 15,206,048
Total Liabilities	\$ 14,222,925	Total Liabilities	\$ 16,424,437
Deferred Inflows Related to Pension	\$ 390,939	Deferred Inflows Related to Pension	196,263
Capital & Retained Earnings		Capital & Retained Earnings	
City Paid in Capital	\$ 2,645,651	City Paid in Capital	\$ 2,645,651 I)
Beginning Retained Earnings	\$ 36,289,944	Beginning Retained Earnings	\$ 33,559,429
Net Income (Loss)	702,035	Net Income (Loss)	636,561 J)
Ending Retained Earnings	\$ 36,991,979	Ending Retained Earnings	\$ 34,195,990
Total Capital & Retained Earnings	39,637,630	Total Capital & Retained Earnings	36,841,641
Total Liabilities & Capital	\$ 54,251,494	Total Liabilities & Capital	\$53,462,341

**Neenah Water Utility
Notes and Explanations
Comparative Balance Sheet
For the Period Ending, March 31, 2018 & 2019**

Liquidity (Current assets/current liabilities) ratio = 9.23. Above 1 is the goal.
2018 = 8.03

- A) Total Cash Equivalents have increased from 2018 to 2019.
- B) Restricted due to bond covenants and Commission set asides. Invested in LGIP funds. Unrestricted funds are available for projects and emergencies.
- C) Customer Account includes bills sent out at the end of March to residential, commercial, multifamily, industrial, and public accounts.
- D) Includes other billings not yet paid.
- E) Total Inventory is the value of treatment chemicals and distribution materials held in inventory.
- F) PILOT based on Utility Plant in Service.
- G) Includes revenue bonds from 2012, 2013 and 2017 Maturity dates, 12/1/2021, 12/1/2021 and 12/1/2026.
- H) Safe Drinking Water Loan used for plant construction, from 2005 and 2006. Maturity dates 5/1/2024 and 5/1/2025.
- I) Includes City's initial investment, and projects paid by TIF.
- J) Net income

Neenah Water Utility				
Comparative Income Statement				
for the Three Months Ending - March 31, 2019 & 2018				
	2019	2018	Percent Change	
Water Operating Revenue				
Unmetered				
Sales to General Customers (WFC)	527	527	0.0%	(A)
Private Fire Protection (Firelines)	33,513	32,811	2.1%	(B)
Public Fire Protection - All Customers	417,779	416,025	0.4%	(C)
Total Unmetered Revenue	\$451,819	\$449,363	0.5%	
Metered				
Bulk Water - All Customer Types	0	145	-100.0%	(D)
Residential Customers	766,583	790,015	-3.0%	(E)
Multi Residential Customers	37,417	36,735	1.9%	(F)
Commercial Customers	204,335	214,217	-4.6%	(G)
Industrial Customers	386,106	349,044	10.6%	(H)
Municipal/Other Public Customers	25,170	26,921	-6.5%	(I)
Total Metered Revenue	\$1,419,611	\$1,417,077	0.2%	
Total Water Operating Revenue	\$ 1,871,430	\$ 1,866,440	0.3%	(J)
Other Operating Revenue				
Forfeited Discounts	10,548	10,384	1.6%	(K)
Miscellaneous Service Revenues	4,559	4,321	5.5%	(L)
Water Property Rental Revenue	33,554	32,921	1.9%	(M)
Other Revenues	2,219	375	491.7%	(N)
Total Other Operating Revenue	\$50,880	\$48,001	6.0%	
Total Operating Revenue	\$ 1,922,310	\$ 1,914,441	0.4%	
Operating Expenses				
Source of Supply Expenses	5,453	3,480	56.7%	(O)
Pumping Expenses	55,574	48,084	15.6%	(P)
Water Treatment Expenses	162,950	186,535	-12.6%	(Q)
Transmission & Distribution Expenses	120,416	121,714	-1.1%	(R)
Customer Account Expenses	30,278	34,754	-12.9%	(S)
Administrative & General Expenses	100,478	75,087	33.8%	(T)
Employee Fringe Benefit Expense	71,912	75,360	-4.6%	(U)
Depreciation Expense	381,225	410,550	-7.1%	(V)
Property Tax Expense	254,502	254,203	0.1%	(W)
Payroll Tax Expense	17,299	17,731	-2.4%	(X)
Total Operating Expenses	\$ 1,200,087	\$ 1,227,498	-2.2%	
Net Operating Income (Loss)	\$ 722,223	\$ 686,943	5.1%	
Other Revenue				
Interest Income	49,629	29,729	66.9%	(Y)
Amortization of Debt Premium	4,456	4,456	0.0%	
Miscellaneous Non-Operating Income	540	2,336	-76.9%	(Z)
Total Other Revenue	\$ 54,625	\$ 36,521	49.6%	
Other Expenses				
Interest Expense on Long-Term Debt	73,807	85,897	-14.1%	
Amortization Expense on Long-Term Debt	1,006	1,006	0.0%	
Total Other Expenses	\$ 74,813	\$ 86,903	-13.9%	
Net Income (Loss)	\$ 702,035	\$ 636,561	10.3%	(AA)

**Neenah Water Utility
Notes and Explanations
Comparative Income Statement
For the Period Ending, March 31, 2018 & 2019**

- A. Sales to General Customers is an indication of construction activity. Hydrant meters are used to measure the volume.
- B. Private fire protection is billed at a PSC established flat rate per quarter based on the diameter of the fire line. This affects all customer types operating a private sprinkler/fire line, except residential.
- C. This charge was switched from the tax roles to the utility bill in 1992. Public fire protection is based on the square footage of each building.
- D. Bulk water is related to construction activity. Tank trucks are filled and metered at the Plant.
- E. Residential number shown reflects revenues slightly decreasing.
- F. Multi-Family Residential reflects a slight increase from last year.
- G. Commercial revenues have decreased.
- H. Industrial revenues reflect an increase.
- I. Public sales include schools, parks, and other public buildings.
- J. Total Water Operating Revenues is the sum of A thru I. 2019 Q1 revenue is 0.3% greater than 2018 Q1.
- K. This is late bill payment revenue.
- L. Revenue received for reading and billing sewer exemption meters; reconnect fees and turning on service lines; hydrant hook-up fees; customer repair charges.
- M. Revenue received for annual fire hydrant rental to the Town of Neenah and rental fee from SBA, CellCom, and Airadigm for antenna space. It increases, as contract provisions require.
- N. Revenue received for billing sewer, miscellaneous sale of scrap, and check fees.
- O. Intake inspection includes sending a diver down to inspect the intake pipe, to clean out sample lines, and to clean intake pump screens. Inspections are twice a year as needed.

Neenah Water Utility
Notes and Explanations Comparative Income Statement
For the Period Ending, March 31, 2018 & 2019
Page 2 of 2

- P. Pumping Expenses are up in 2019 compared to 2018.
- Q. Treatment Expenses are down for the time period.
- R. Distribution Expenses are down for 2019, compared to 2018.
- S. The Customer Account Expense is lower in 2019 than in 2018
- T. The Administrative and General Expenses have increased.
- U. Fringe benefits are affected by overtime or call-in work for water main breaks, and retirement payouts.
- V. Depreciation Expense is down based on an estimate for Plant value for 2019.
- W. Payment In Lieu of Property Tax (PILOT) reflects the value of the water system.
- X. Payroll Tax (social security tax).
- Y. Interest Income increased.
- Z. Miscellaneous non-operating income.
- AA. Net income for 2019 is higher than 2018.

Neenah Water Utility						
2019 Construction Work in Progress						
	Budget	3 Months	6 Months	9 Months	12 Months	Totals
Capital Projects:						
Meter Replacement	60,000	34,938	-	-	-	34,938
Replace 2008 Meter Service Van	35,000	-	-	-	-	-
Bulbs & Sleeves-UV Disinfection Unit	16,000	9,982	-	-	-	9,982
Granular Activated Carbon Filter Media Rpl	210,000	-	-	-	-	-
Security Fence & Gate-Towerview Tank	15,000	-	-	-	-	-
Badger Meter Software Update	22,000	-	-	-	-	-
Cartegraph Software Update	18,000	-	-	-	-	-
Replace Lime Slurry Flow Meters	30,000	-	-	-	-	-
Replace VFD for High Service Pumping	30,000	-	-	-	-	-
Granular Forklift	20,000	-	-	-	-	-
Replace Garage Doors at Plant	30,000	-	-	-	-	-
Hydrovac Excavation Trailer	65,000	-	-	-	-	-
Large Water Meter Testing Equipment	5,000	-	-	-	-	-
Misc. Tools & Equipment	15,000	-	-	-	-	-
Technology Upgrade	10,000	2,706	-	-	-	2,706
Misc. Consulting Fees	20,000	-	-	-	-	-
Misc. Plant Contingency	20,000	-	-	-	-	-
Replace Checmial Tanks, Line, & Pumps (2018)	-	1,876	-	-	-	1,876
SCADA Upgrade (2018)	-	16,567	-	-	-	16,567
Watermain Addition/Replacement:						
Caroline St.	80,900	248	-	-	-	248
Stanley Ct.	196,400	-	-	-	-	-
Thomas Ct.	196,400	-	-	-	-	-
Stanley St.	138,600	-	-	-	-	-
Stevens St.	94,400	-	-	-	-	-
Fifth St.	86,600	248	-	-	-	248
Courtney Ct.	67,600	-	-	-	-	-
Pendleton Rd.	25,200	-	-	-	-	-
Totals	1,507,100	66,565	-	-	-	66,565
2019 Temporary Investments						
March 31, 2019						
Safe Drinking Water Loan Payment			1,453,888			
2012 Refunding Debt Service Payment			44,200			
2013 Refunding Debt Service Payment			162,617			
2017 Refunding Debt Service Payment			34,383			
			\$1,695,088			
Replacement Reserves						
Sludge Lagoon Reserve			2,562,349			
Vehicle Replacement Reserve			155,127			
Painting Tower Reserve			49,156			
Painting Hydrants Reserve			40,000			
			\$2,806,632			

**DISTRIBUTION EASEMENT
UNDERGROUND**

Document Number

WR NO. **4243034** IO NO. **52548**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **CITY OF NEENAH, a Wisconsin municipal corporation**, hereinafter referred to as "Grantor", owner of land, hereby grants and warrants to **WISCONSIN ELECTRIC POWER COMPANY, a Wisconsin corporation doing business as We Energies**, hereinafter referred to as "Grantee", a permanent easement upon, within, beneath, over and across a part of Grantor's land hereinafter referred to as "easement area".

The easement area is described as **strips of land Twelve (12) Feet in width, being part of Grantor's land, being the South 24.5 feet of Lot 2 and all of Lot 3, FIRST ADDITION TO LAKEVIEW**, being a subdivision of the **Northeast 1/4 of the Southeast 1/4 of Section 27, Township 20 North, Range 17 East**, City of Neenah, Winnebago County, Wisconsin.

The location of the easement area with respect to Grantor's land is as shown on the attached drawing, marked Exhibit "A", and made a part of this document.

RETURN TO:
We Energies
PROPERTY RIGHTS & INFORMATION GROUP
231 W. MICHIGAN STREET, ROOM A252
PO BOX 2046
MILWAUKEE, WI 53201-2046

80102350000
(Parcel Identification Number)

1. **Purpose:** The purpose of this easement is to construct, install, operate, maintain, repair, replace and extend underground utility facilities, conduit and cables, electric pad-mounted transformers, manhole, electric pad-mounted switch-fuse units, electric pad-mounted vacuum fault interrupter, concrete slabs, power pedestals, riser equipment, terminals and markers, together with all necessary and appurtenant equipment under and above ground as deemed necessary by Grantee, all to transmit electric energy, signals, television and telecommunication services, including the customary growth and replacement thereof. Trees, bushes, branches and roots may be trimmed or removed so as not to interfere with Grantee's use of the easement area.
2. **Access:** Grantee or its agents shall have the right to enter and use Grantor's land with full right of ingress and egress over and across the easement area and adjacent lands of Grantor for the purpose of exercising its rights in the easement area.
3. **Buildings or Other Structures:** Grantor agrees that no structures will be erected in the easement area or in such close proximity to Grantee's facilities as to create a violation of all applicable State of Wisconsin electric codes or any amendments thereto.
4. **Elevation:** Grantor agrees that the elevation of the ground surface existing as of the date of the initial installation of Grantee's facilities within the easement area will not be altered by more than 4 inches without the written consent of Grantee.
5. **Restoration:** Grantee agrees to restore or cause to have restored Grantor's land, as nearly as is reasonably possible, to the condition existing prior to such entry by Grantee or its agents. WE Energies shall complete site restoration within 30 days of completion of installation of the facilities, weather permitting. This restoration, however, does not apply to any trees, bushes, branches, or roots which may interfere with Grantee's use of the easement area.
6. **Exercise of Rights:** It is agreed that the complete exercise of the rights herein conveyed may be gradual and not fully exercised until some time in the future, and that none of the rights herein granted shall be lost by non-use.
7. **Binding on Future Parties:** This grant of easement shall be binding upon and inure to the benefit of the heirs, successors and assigns of all parties hereto.
8. **Easement Review:** Grantor acknowledges receipt of materials which describe Grantor's rights and options in the easement negotiation process and furthermore acknowledges that Grantor has had at least 5 days to review this easement document or voluntarily waives the five day review period.

9. Indemnification: The grantee agrees to indemnify, save and keep harmless Grantor, its agents, employees, successors and assigns, from all liability, liens, judgments, costs, damages and expense of whatever kind and nature which may in any way be suffered by Grantor, its agents, employees, successors or assigns by reason of, or in consequence of the operation of said easement by Grantor or for, or on account of any act or thing done or suffered, or omitted to be done, under grant of this easement to Grantee.

10. Use of Easement by Grantor: It is acknowledged by Grantor that said easement shall not interfere with any buildings of Grantor. Grantor may use said easement area for his own purposes, however, Grantor shall not make any construction over or use of said property which will interfere with said easement by Grantee, without the written consent of the Grantee. The Grantor may not erect permanent buildings or structures in the easement area.

Grantor:

CITY OF NEENAH, a Wisconsin municipal corporation

By _____

(Print name and title): _____

By _____

(Print name and title): _____

Personally came before me in _____ County, Wisconsin on _____, _____,
the above named _____, the _____
and _____, the _____
of the CITY OF NEENAH, a Wisconsin municipal corporation, for the municipal corporation, by its authority, and pursuant to
Resolution File No. _____ adopted by its _____
on _____, _____.

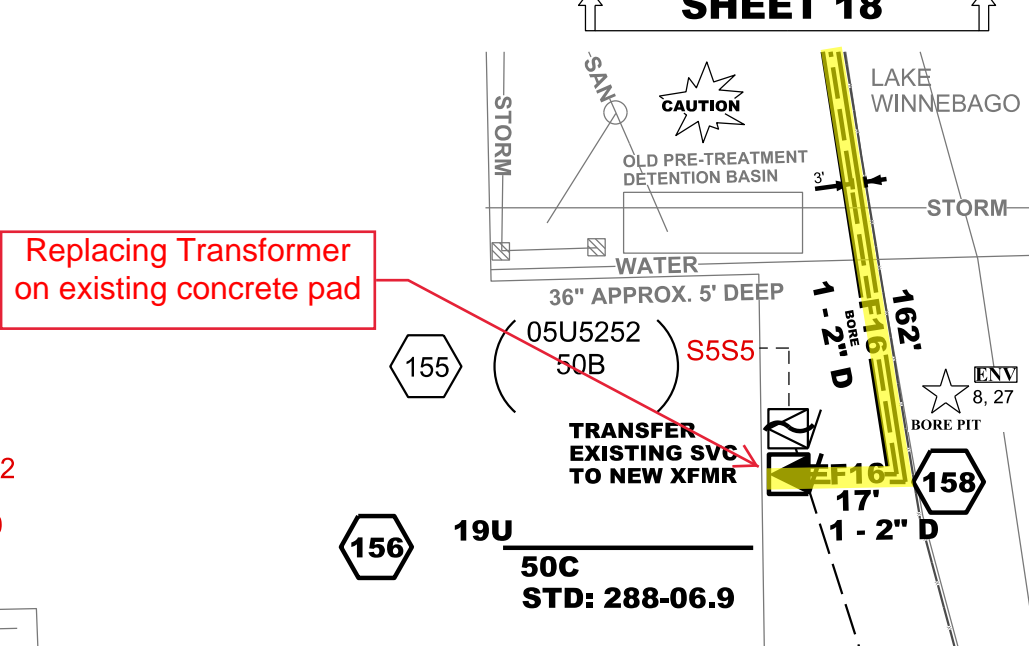
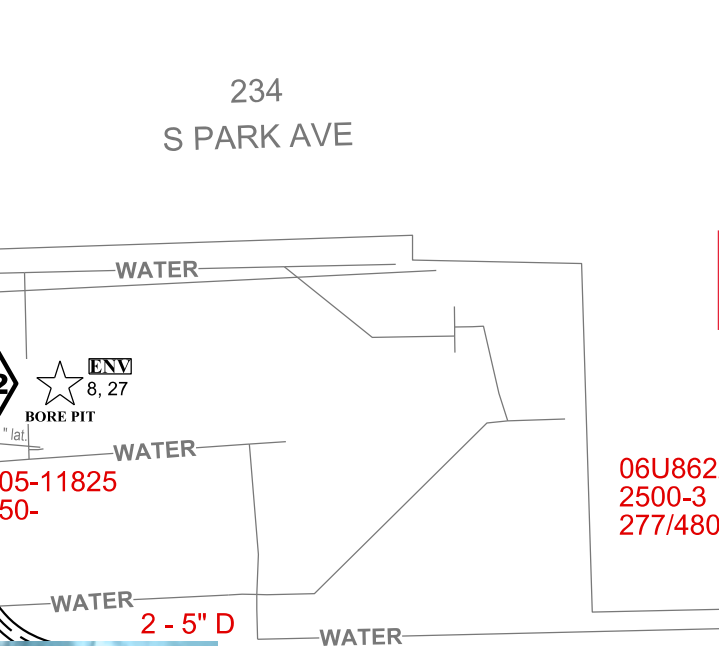
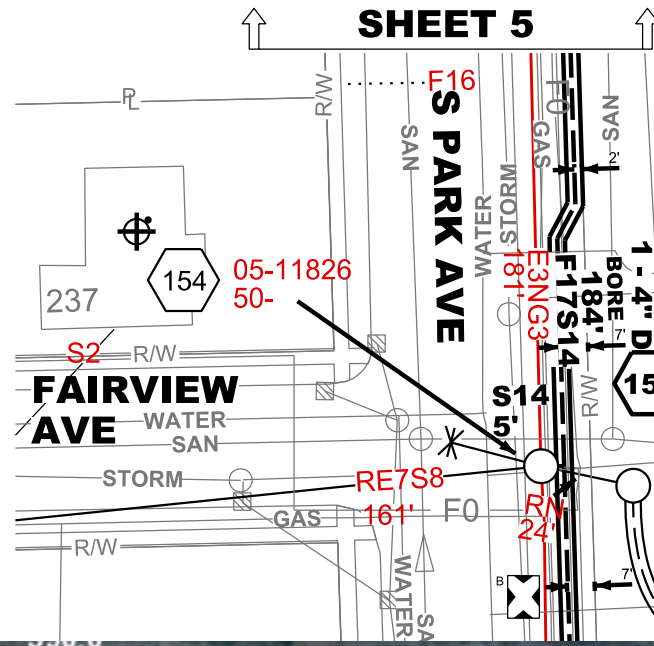
Notary Public Signature, State of Wisconsin

Notary Public Name (Typed or Printed)

(NOTARY STAMP/SEAL)

My commission expires _____

This instrument was drafted by Chris Anderson on behalf of Wisconsin Electric Power Company, PO Box 2046, Milwaukee, Wisconsin 53201-2046.



WIRE KEY

- E9: 3 #2 CU**
- E30: 3 #4 CU**
- N6: #2 CU**
- N7: #4 CU**
- S12: 2-4-2 OPEN**
- S13: 3/0 TXF**
- S14: 6DX CIC**
- S15: 1/0 TXR CIC**
- S16: #6 CU**
- S17: #8 CU**

Proposed Transformer

Replacing Transformer on existing concrete pad

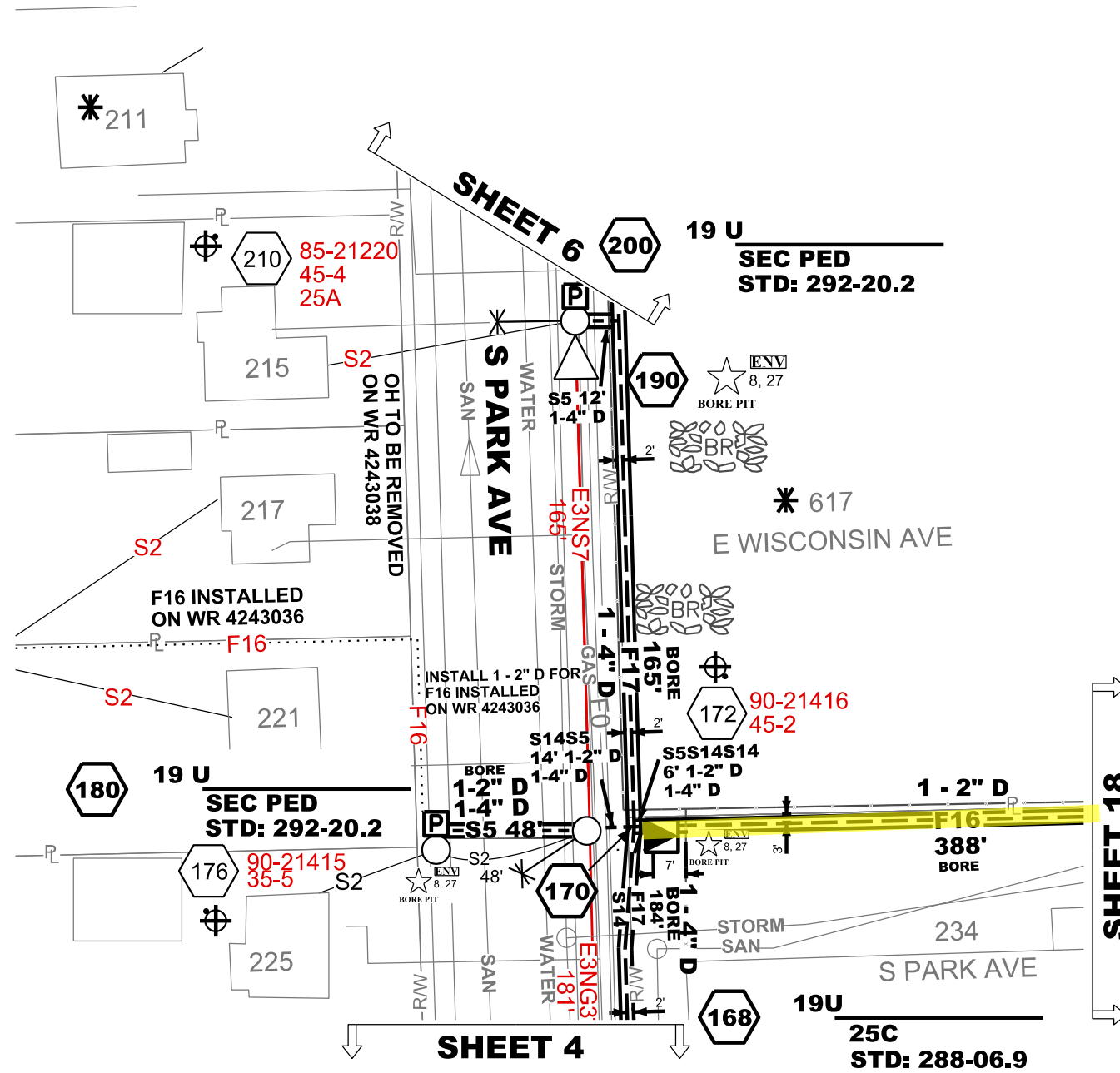
Replacing Transformer on existing concrete pad

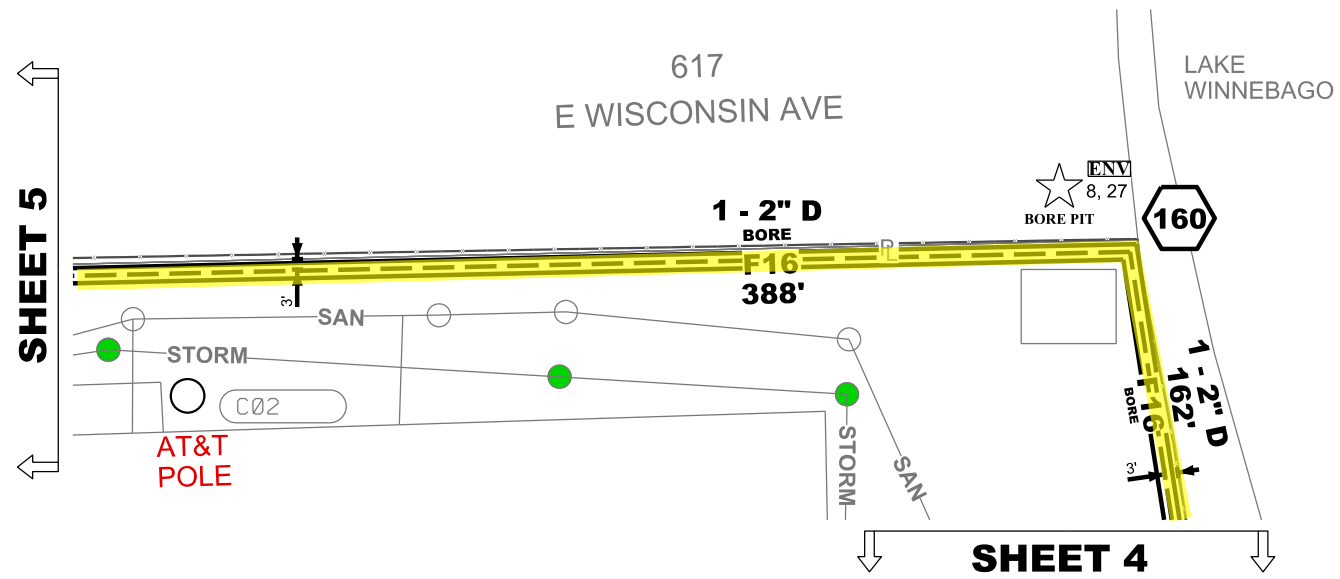




WIRE KEY

- E9: 3 #2 CU**
- E30: 3 #4 CU**
- N6: #2 CU**
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- S12: 2-4-2 OPEN**
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- S14: 6DX CIC**
- S15: 1/0 TXR CIC**
- S16: #6 CU**
- S17: #8 CU**





**DISTRIBUTION EASEMENT
UNDERGROUND**

Document Number

WR NO. **4243040** IO NO. **52548**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **CITY OF NEENAH, a Wisconsin municipal corporation**, hereinafter referred to as "Grantor", owner of land, hereby grants and warrants to **WISCONSIN ELECTRIC POWER COMPANY, a Wisconsin corporation doing business as We Energies**, hereinafter referred to as "Grantee", a permanent easement upon, within, beneath, over and across a part of Grantor's land hereinafter referred to as "easement area".

The easement area is described as the **West Twelve (12) Feet of Grantor's land, being a portion of Lot One (1) of Certified Survey Map No. 6141** as recorded in the office of the Register of Deeds for Winnebago County in Volume 1 of CSMs on page 6141 as Document No. 1448600, **Northwest 1/4 of the Southeast 1/4, Section 27, Township 20 North, Range 17 East**, City of Neenah, Winnebago County, Wisconsin.

RETURN TO:
We Energies
PROPERTY RIGHTS & INFORMATION GROUP
231 W. MICHIGAN STREET, ROOM A252
PO BOX 2046
MILWAUKEE, WI 53201-2046

1. **Purpose:** The purpose of this easement is to construct, install, operate, maintain, repair, replace and extend underground utility facilities, conduit and cables, electric pad-mounted transformers, manhole, electric pad-mounted switch-fuse units, electric pad-mounted vacuum fault interrupter, concrete slabs, power pedestals, riser equipment, terminals and markers, together with all necessary and appurtenant equipment under and above ground as deemed necessary by Grantee, all to transmit electric energy, signals, television and telecommunication services, including the customary growth and replacement thereof. Trees, bushes, branches and roots may be trimmed or removed so as not to interfere with Grantee's use of the easement area.
2. **Access:** Grantee or its agents shall have the right to enter and use Grantor's land with full right of ingress and egress over and across the easement area and adjacent lands of Grantor for the purpose of exercising its rights in the easement area.
3. **Buildings or Other Structures:** Grantor agrees that no structures will be erected in the easement area or in such close proximity to Grantee's facilities as to create a violation of all applicable State of Wisconsin electric codes or any amendments thereto.
4. **Elevation:** Grantor agrees that the elevation of the ground surface existing as of the date of the initial installation of Grantee's facilities within the easement area will not be altered by more than 4 inches without the written consent of Grantee.
5. **Restoration:** Grantee agrees to restore or cause to have restored Grantor's land, as nearly as is reasonably possible, to the condition existing prior to such entry by Grantee or its agents. WE Energies shall complete site restoration within 30 days of completion of installation of the facilities, weather permitting. This restoration, however, does not apply to any trees, bushes, branches or roots which may interfere with Grantee's use of the easement area.
6. **Exercise of Rights:** It is agreed that the complete exercise of the rights herein conveyed may be gradual and not fully exercised until some time in the future, and that none of the rights herein granted shall be lost by non-use.
7. **Binding on Future Parties:** This grant of easement shall be binding upon and inure to the benefit of the heirs, successors and assigns of all parties hereto.
8. **Easement Review:** Grantor acknowledges receipt of materials which describe Grantor's rights and options in the easement negotiation process and furthermore acknowledges that Grantor has had at least 5 days to review this easement document or voluntarily waives the five day review period.
9. **Indemnification:** The grantee agrees to indemnify, save and keep harmless Grantor, its agents, employees, successors and assigns, from all liability, liens, judgments, costs, damages and expense of whatever kind of nature

80102620100
(Parcel Identification Number)

which may in any way be suffered by Grantor, its agents, employees, successors or assigns by reason of, or in consequence of the operation of said easement by Grantee or for, or on account of any act or thing done or suffered or omitted to be done, under grant of this easement to Grantee.

10. Use of Easement by Grantor: It is acknowledged by Grantor that said easement shall not interfere with any building of Grantor. Grantor may use said easement area for his own purposes, however, Grantor shall not make any construction over or use of said property which will interfere with said easement by Grantee, without written consent of the Grantee. The Grantor may not erect permanent buildings or structures in the easement area.

Grantor:

CITY OF NEENAH, a Wisconsin municipal corporation

By _____

(Print name and title): _____

By _____

(Print name and title): _____

Personally came before me in _____ County, Wisconsin on _____, _____,

the above named _____, the _____

and _____, the _____

of the CITY OF NEENAH, a Wisconsin municipal corporation, for the municipal corporation, by its authority, and pursuant to

Resolution File No. _____ adopted by its _____

on _____, _____.

Notary Public Signature, State of Wisconsin

Notary Public Name (Typed or Printed)

(NOTARY STAMP/SEAL)

My commission expires _____

This instrument was drafted by Chris Anderson on behalf of Wisconsin Electric Power Company, PO Box 2046, Milwaukee, Wisconsin 53201-2046.

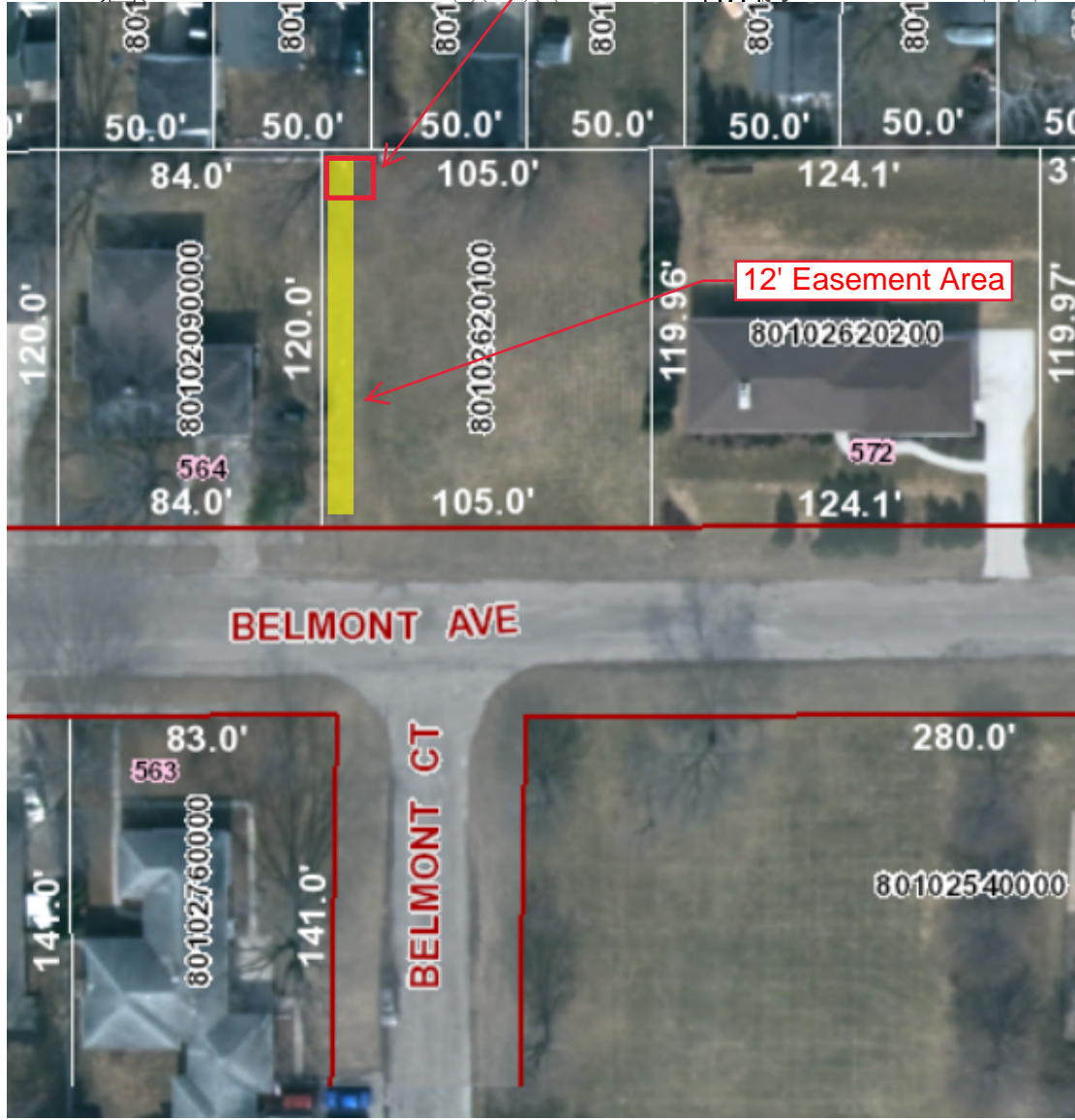
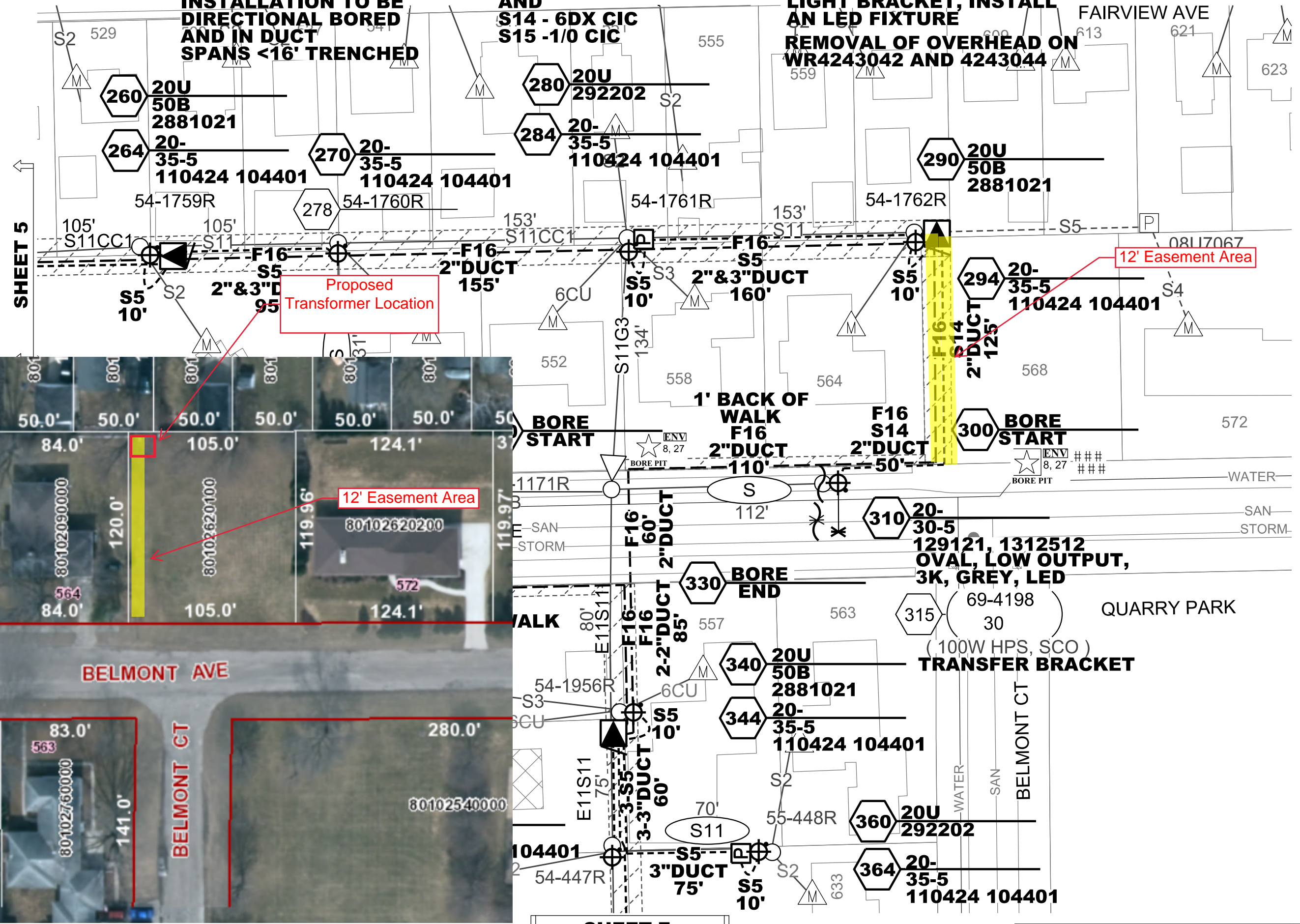
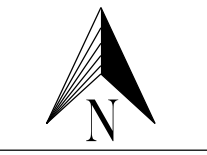


4243040

**NOTES:
NEW DIRECT BURIED CABLE
INSTALLATION TO BE
DIRECTIONAL BORED
AND IN DUCT
SPANS <16' TRENCHED**

SKETCH
**USE STANDARD WIRE KEY
AND
S14 - 6DX CIC
S15 - 1/0 CIC**

**WHEN TRANSFERRING A
LIGHT BRACKET, INSTALL
AN LED FIXTURE
REMOVAL OF OVERHEAD ON
WR4243042 AND 4243044**



SHEET 5

SHEET 7

SCALE 1" = 50'

SHEET 6 OF 11



Neenah Water Utility

211 Walnut St. PO Box 426 Neenah, WI 54957-0426

Office: (920) 886-6182 Cell: (920) 858-6300

Email: amach@ci.neenah.wi.us

Anthony L. Mach

Director of Neenah Water Utility

MEMORANDUM

DATE: May 13, 2019

TO: Waterworks Commission

FROM: Anthony L. Mach

RE: Final Payment for the Towerview Drive Elevated Tank Reconditioning Project

L.C. United Painting Co, Inc. has submitted the final payment request for \$11,049.50 for the Towerview Drive Elevated Tank Reconditioning Project. Staff are satisfied with the work completed and the tower is in fine order. The Board of Public Works has voted to recommend approving this final payment at the April 23, 2019 meeting.

Staff recommends approving the final payment of \$11,049.50 to L.C. United Painting Co, Inc. for the Towerview Drive Elevated Tank Reconditioning Project.

Pay To: L.C. United Painting Co. Inc
3525 Barbara Dr
Sterling Heights, MI 48310

Contract No. Towerview Dr Elevated Tower Reconditioning

Date: April 22, 2019

Estimate No. Final

<u>Account Description</u>	<u>Account #</u>	<u>Payment</u>
Towerview Dr Elevated Tower Reconditionin	400-0000-207-0383	\$11,049.50

Approved by Water Department April 22, 2019 

Approved by Board of Public Works April 23, 2019

Approved by Water Commission May 20, 2019

Number of Attachments 8

**City of Neenah
Water Utility
Contract Payment Form**

NOTICE OF ACCEPTABILITY OF WORK

PROJECT: Towerview Drive Elevated Tank Reconditioning
OWNER: City of Neenah Water Utility
CONTRACTOR: L.C. United Painting Co, Inc.
EFFECTIVE DATE OF THE CONSTRUCTION CONTRACT: January 25, 2018
ENGINEER: Ruekert & Mielke, Inc.
NOTICE DATE: April 5, 2019

To: Tony Mach
City of Neenah Water Utility

And To: Kanto Lulaj
L.C. United Painting Co, Inc.

From: Ruekert & Mielke, Inc.
Engineer

The Engineer hereby gives notice to the above Owner and Contractor that the completed Work furnished and performed by Contractor under the above Contract is acceptable expressly subject to the provisions of the related Contract Documents, the Agreement between Owner and Engineer for Professional Services and the terms and conditions set forth as follows:

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work ("Notice") is expressly made subject to the following terms and conditions to which all those who receive said Notice and rely thereon agree:

1. This Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.
2. This Notice reflects and is an expression of the professional judgment of Engineer.
3. This Notice is given as to the best of Engineer's knowledge, information, and belief as of the Notice Date.
4. This Notice is based entirely on and expressly limited by the scope of services Engineer has been employed by Owner to perform or furnish during construction of the Project (including observation of the Contractor's work) under Engineer's Agreement with Owner and under the Construction Contract referred to in this Notice, and applies only to facts that are within Engineer's knowledge or could reasonably have been ascertained by Engineer as a result of carrying out the responsibilities specifically assigned to Engineer under such Agreement and Construction Contract.
5. This Notice is not a guarantee or warranty of Contractor's performance under the Construction Contract referred to in this Notice, nor an assumption of responsibility for any failure of Contractor to furnish and perform the Work thereunder in accordance with the Contract Documents.

By: Taryn S. Nall, P.E.
Title: Senior Project Manager
Dated: April 5, 2019

Contractor's Application for Payment No. 2 FINAL

To (Owner): City of Neenah Water Utility	Application Date: 4/2/2019	Application Period: November 30, 2018 - April 2, 2019
Contact: Anthony L. Mach	From (Contractor): L.C. United Painting Co., Inc.	Via (Engineer): Ruskert & Mielke, Inc.
Project: Towerview Drive Elevated Tank Reconditioning	Contact: Karlo Lulej, Vice President	Contact: Teryn S. Nail, P.E.
Owner's Contract No.:	Address: 3525 Barbara Drive Sterling Heights, MI 48310	Address: 650 East Jackson Street, P.O. Box 150 Oconto Falls, WI 54154
	Contractor's Project No.:	Engineer's Project No.: 8316-10000.300

Change Order Summary

Approved Change Orders		
Number	Additions	Deductions (Enter as Positive Number)
1	\$2,780.00	
2	\$8,780.00	
3	\$2,420.00	
TOTALS	\$13,980.00	
NET CHANGE BY CHANGE ORDERS	\$13,980.00	

1. ORIGINAL CONTRACT PRICE	\$ 220,000.00
2. Net change by Change Orders	\$ 13,980.00
3. CURRENT CONTRACT PRICE (Line 1 + Line 2)	\$ 233,980.00
4. TOTAL COMPLETED TO DATE (Column L Total on Progress Estimates)	\$ 233,780.00
5. RETAINAGE:	
a. 6% X \$118,990.00 Work Completed	\$ 6,849.50
6. RETAINAGE REDUCTION TO DATE (Enter as Positive Number) -	\$ 6,849.50
7. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5a. + Line 6)	\$ 233,780.00
8. LESS PREVIOUS PAYMENTS (Line 7 from Prior Application)	\$ 222,730.50
9. AMOUNT DUE THIS APPLICATION	\$ 11,049.50

Contractor's Certification

The undersigned Contractor certifies that to the best of its knowledge:

(1) all previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with Work covered by prior Applications for Payment;

(2) title to all Work, materials and equipment incorporated in said Work or otherwise listed in or covered by this Application for Payment will pass to Owner per Article 15 of the General Conditions; and

(3) all Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

By: Karlo Lulej Date: 4-5-2019

Payment of: \$ 11,049.50
(Line 9 or other - attach explanation of the other amount)

Recommended by: Teryn S. Nail, P.E. 4/4/2019
Teryn S. Nail, P.E. (Engineer) (Date)

Payment of: \$ _____
(Line 9 or other - attach explanation of the other amount)

Approved by: _____
(Owner) (Date)

Progress Estimate - Unit Price Work

Contractor's Application for Payment No. 2 FINAL

For (Project): Towerview Drive Elevated Tank Reconditioning							Application Date: 4/2/2019				
Application Period: November 30, 2018 - April 2, 2019							Engineer's Project No.: 8316-10000.300				
A Item No.	B Description	C Unit	D Estimated Quantity	E Bid Unit Price	F Bid Item Value (\$)	G Work Completed Previously		H Work Completed This Period		I Total Work Completed to Date	
						J Estimated Quantity Installed	K Value of Work Installed (\$)	L Estimated Quantity Installed	M Value of Work Installed (\$)		
1	Repairs and modifications	L.S.	1.00	\$ 11,800.00	\$ 11,800.00	1.00	\$ 11,800.00		\$ -	1.00	\$ 11,800.00
2	Exterior painting	L.S.	1.00	\$ 64,000.00	\$ 64,000.00	1.00	\$ 64,000.00		\$ -	1.00	\$ 64,000.00
3	Wet interior painting	L.S.	1.00	\$ 92,000.00	\$ 92,000.00	1.00	\$ 92,000.00		\$ -	1.00	\$ 92,000.00
4	Dry interior painting	L.S.	1.00	\$ 33,000.00	\$ 33,000.00	1.00	\$ 33,000.00		\$ -	1.00	\$ 33,000.00
5	Pit filling	EA	20.00	\$ 10.00	\$ 200.00		\$ -		\$ -	1.00	\$ 200.00
6	Script lettering	L.S.	1.00	\$ 5,000.00	\$ 5,000.00	1.00	\$ 5,000.00		\$ -	1.00	\$ 5,000.00
TOTAL OF ALL ESTIMATED PRICES (ITEMS 1 - 6)						\$ 206,000.00		\$ 205,800.00		\$ -	\$ 205,800.00
MANDATORY ALTERNATE BIDS											
MA-7	WHBY equipment removal	L.S.	1.00	\$ 8,000.00	\$ 8,000.00	1.00	\$ 8,000.00		\$ -	1.00	\$ 8,000.00
MA-8	Exterior graphic logo	L.S.	1.00	\$ 8,000.00	\$ 8,000.00	1.00	\$ 8,000.00		\$ -	1.00	\$ 8,000.00
TOTAL BID ITEMS						\$ 220,000.00		\$ 219,800.00		\$ -	\$ 219,800.00
ADDITIONAL ITEMS											
CO-1	Construct overflow pipe	L.S.	1	\$ 2,780.00	\$ 2,780.00		\$ -	1.00	\$ 2,780.00	1.00	\$ 2,780.00
CO-2	Provide handrail for cellular providers	L.S.	1	\$ 8,780.00	\$ 8,780.00	1.00	\$ 8,780.00		\$ -	1.00	\$ 8,780.00
CO-3	Weld cathodic protection hardware	L.S.	1	\$ 2,420.00	\$ 2,420.00		\$ -	1.00	\$ 2,420.00	1.00	\$ 2,420.00
TOTAL ADDITIONAL ITEMS						\$ 13,980.00		\$ 8,780.00		\$ 6,200.00	\$ 13,980.00
TOTAL ALL ITEMS						\$ 233,980.00		\$ 228,580.00		\$ 6,200.00	\$ 233,780.00

**CONSENT TO FINAL PAYMENT
BY WESTFIELD INSURANCE COMPANY**

WESTFIELD INSURANCE COMPANY BOND NO. 8412628

TO OBLIGEE: City of Neenah Water Utility

OBLIGEE'S PROJECT NO.: _____

211 Walnut Street

Neenah, WI 54957

DATE OF CONTRACT: January 25, 2018

PROJECT:

(Insert name, address and description of Project)

Towerview Drive Elevated Tank Reconditioning

According to the provisions of the Contract between the Obligee and the Contractor as indicated above,
Westfield Insurance Company, P. O. Box 5001, One Park Circle, Westfield Center, Ohio 44251-5001, as
Surety on bond of contractor,
(Insert name and address of Contractor)

L.C. United Painting Co., Inc.

3525 Barbara Drive

Sterling Heights, MI 48310

hereby approves of the final payment to the Contractor, and agrees that final payment to the Contractor
shall not relieve Westfield Insurance Company of any of its obligations to the Obligee,
(Insert name and address of Obligee)

City of Neenah Water Utility

211 Walnut Street

Neenah, WI 54957

as stated in said Surety's bond.

Dated: November 2, 2018

Westfield Insurance Company

By: _____

Jane M. Fuller, Attorney-in-fact

Maintenance
Bond
Warranty Term
in years

Westfield Insurance Co.

Westfield Group SM One Park Circle, P O Box 5001
Westfield Center, OH 44251-5001

Bond Number 8412628

MAINTENANCE BOND

KNOW ALL BY THESE PRESENTS, That we, L.C. United Painting Co., Inc.
3525 Barbara Dr., Sterling Heights, MI 48310
as Principal, and WESTFIELD INSURANCE COMPANY, a corporation organized under the laws of the State of
Ohio and duly authorized to do business in the State of, Ohio as Surety, are held and firmly bound
unto City of Neenah Water Utility, 211 Walnut Street, Neenah, WI 54957
as Obligee, in the penal sum of Two Hundred Thirty-one Thousand Five Hundred Sixty and 00/100
(\$ 231,560.00), to which payment well and truly to be made we do bind ourselves, our and each of our
heirs, executors, administrators, successors and assigns jointly and severally, firmly by these presents.

WHEREAS, the said Principal entered into a Contract with the Obligee, dated the 25th day of January,
2018, a copy of which is hereto attached and made a part hereof, for
Towerview Drive Elevated Tank Reconditioning

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the Principal shall guarantee that
the work will be free of any defective materials or workmanship which become apparent during the period of one (1)
year(s) following completion of the Contract then this obligation shall be void, otherwise to remain in full force and
effect, provided however, any additional warranty or guarantee whether expressed or implied is extended by the
Principal or Manufacturer only, and the Surety assumes no liability for such a guarantee.

Signed, sealed and dated this 2nd day of November, 2018.

PRINCIPAL

L.C. United Painting Co., Inc.

By: Kate Luby (Seal)

WESTFIELD INSURANCE COMPANY

By: Jane M. Haller (Seal)
Jane M. Haller, Attorney-in-Fact

THIS POWER OF ATTORNEY SUPERCEDES ANY PREVIOUS POWER BEARING THIS SAME POWER # AND ISSUED PRIOR TO 09/24/18, FOR ANY PERSON OR PERSONS NAMED BELOW.

General
Power
of Attorney

POWER NO. 2142412 07

Westfield Insurance Co.
Westfield National Insurance Co.
Ohio Farmers Insurance Co.
Westfield Center, Ohio

CERTIFIED COPY

Know All Men by These Presents, That WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY, corporations, hereinafter referred to individually as a "Company" and collectively as "Companies," duly organized and existing under the laws of the State of Ohio, and having its principal office in Westfield Center, Medina County, Ohio, do by these presents make, constitute and appoint
DONN JOHNSON, LORI A. POWELL, CASEY D. LOPEZ, THOMAS C. MOGLIA, ROBERT F. MOGLIA, JR., EDMUND M. GEORGE, JANE M. HALLER, KATALIE A. HEIN, ASHLEY LAPARL, JENNIFER HUDSON, JOINTLY OR SEVERALLY

of BLOOMFIELD HILLS and State of ~~MI~~ its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings, or other instruments or contracts of suretyship.

LIMITATION: THIS POWER OF ATTORNEY CANNOT BE USED TO EXECUTE NOTE GUARANTEE, MORTGAGE DEFICIENCY, MORTGAGE GUARANTEE, OR BANK DEPOSITORY BONDS.

and to bind any of the Companies thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the applicable Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolution adopted by the Board of Directors of each of the WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY:

"Be It Resolved, that the President, any Senior Executive, any Secretary or any Fidelity & Surety Operations Executive or other Executive shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

The Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements of indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed by the President and sealed and attested by the Corporate Secretary."

"Be It Further Resolved, that the signature of any such designated person and the seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signatures or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached." (Each adopted at a meeting held on February 8, 2000).

In Witness Whereof, WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY have caused these presents to be signed by their National Surety Leader and Senior Executive and their corporate seals to be hereto affixed this 24th day of SEPTEMBER A.D., 2018.

Corporate
Seals
Affixed



WESTFIELD INSURANCE COMPANY
WESTFIELD NATIONAL INSURANCE COMPANY
OHIO FARMERS INSURANCE COMPANY

By: *Dennis P. Baus*
Dennis P. Baus, National Surety Leader and Senior Executive

State of Ohio
County of Medina ss.:

On this 24th day of SEPTEMBER A.D., 2018, before me personally came Dennis P. Baus to me known, who, being by me duly sworn, did depose and say, that he resides in Wooster, Ohio; that he is National Surety Leader and Senior Executive of WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY, the companies described in and which executed the above instrument; that he knows the seals of said Companies; that the seals affixed to said instrument are such corporate seals; that they were so affixed by order of the Boards of Directors of said Companies; and that he signed his name thereto by like order.

Notarial
Seal
Affixed



David A. Kotnik
David A. Kotnik, Attorney at Law, Notary Public
My Commission Does Not Expire (Sec. 147.03 Ohio Revised Code)

State of Ohio
County of Medina ss.:

I, Frank A. Carrino, Secretary of WESTFIELD INSURANCE COMPANY, WESTFIELD NATIONAL INSURANCE COMPANY and OHIO FARMERS INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; and furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Westfield Center, Ohio, this 2nd day of November A.D., 2018



Frank A. Carrino
Frank A. Carrino, Secretary

FULL UNCONDITIONAL WAIVER

My/our contract with L.C. United Painting
To provide Paint and Paint Related Materials
2327295, 2327561, 2328240, 2327538
for improvement of the property described as:

WATER TOWER
2490 TOWERVIEW DRIVE
NEENAH, WI 54957

having been fully paid and satisfied, all my/our construction lien rights against
such property are hereby waived and released.

TNEMEC COMPANY, INC.

BY:

Linda Roe

(Signature of Lien Claimant)

ADDRESS:

6800 CORPORATE DRIVE

KANSAS CITY, MO 64120

TELEPHONE:

816-326-4208

SIGNED ON:

July 23 2018

(Date)

DO NOT SIGN BLANK OR INCOMPLETE FORMS. RETAIN A COPY

Director's Report
May 20, 2019

1. Non-Billable Water Report -1.82% (January, February, March) down from 1.94% (December, January, February).
2. Pay Request No. 3 for Chemical Storage and Feed Modifications project to August Winters & Sons, Inc. in the amount of \$97,117.35. This pay request was approved by the Board of Public Works at the April 23, 2019 meeting. Note: The original amount of this pay request was \$122,117.35. However, the Board of Public Works voted to withhold \$25,000.00 for the damaged Polymer bulk tank.
3. Pay Request No.1 for Contract 1-19 Miscellaneous Sewer and Water Main Construction and Street Construction on Caroline Street for \$93,280.50, Stevens Street for 88,753.75, and 5th Street for \$93,014.50 to Carl Bowers & Sons Construction. This pay request was approved by the Board of Public Works at the May 8, 2019 meeting.
4. Pay Request No.1 for Contract 2-19 Miscellaneous Sewer and Water Main Construction and Street Construction on Stanley Street for \$0.00, Stanley Court for \$0.00, and Thomas Court for \$192,983.00 to Robert J. Immel Excavating, Inc.. This pay request was approved by the Board of Public Works at the May 8, 2019 meeting.
5. Contract 4-19 Concrete Pavement and Sidewalk Repair was awarded to Sommers Construction on May 1, 2019.
6. Construction update.
7. The next Water Commission Meeting is scheduled for June 17, 2019.

**NEENAH WATER UTILITY
PRODUCTION/UNBILLED WATER REPORT**

**THREE MONTH TOTALS
(1000 GALLONS)**

USAGE PERIOD	RAW WATER	FINISHED WATER	BILLED WATER	UNBILLED ACCOUNTED	% UNBILLED
CURRENT THREE MONTHS (January, February, March)	264,540	257,060	222,889	38,843	-1.82%
MOST RECENT THREE MONTHS (December, January, February)	264,090	256,370	208,379	43,021	1.94%
1 YEAR AGO (January, February, March)	262,560	253,770	210,267	34,010	3.74%

**DAILY AVERAGE
(MGD)**

USAGE PERIOD	RAW WATER	FINISHED WATER
March-19	2.79	2.71
February-19	3.10	3.00
March-18	2.83	2.76

Pay To: August Winters & Sons
PO Box 1896
Appleton, WI 54912-1896

Contract No. Chemical Feed and Delivery System Upgrade

Date: April 23, 2019

Estimate No. 3

<u>Account Description</u>	<u>Account #</u>	<u>Payment</u>
Chemical Feed and Delivery Upgrade	400-0000-207-0373	\$97,117.35

Approved by Water Department

April 18, 2019 KFD

Approved by Board of Public Works

April 23, 2019 KFD

Approved by Water Commission

N/A

Number of Attachments

14

City of Neenah
Water Utility
Contract Payment Form

SECTION 00 62 76
 APPLICATION FOR PAYMENT NO. #3

To: City of Neenah
 From: August Winter & Sons, Inc.
 Contract: Chemical Storage & Feed Mods
 Project: 3512-18-01
 For work accomplished through the date of: March 31, 2019

1. Original Contract Price:	474,474.00
2. Add (Deduct) by Revised Quantities:	
3. Net change by Change Orders and Written Amendments (+ or -):	74,968.00-
4. Current Contract Price (1 plus 2 plus 3):	399,506.00
5. Total completed and stored to date:	297,500.00
6. Retainage (per Agreement):	
<u>2.5</u> % of completed work:	\$ 9,987.65
_____ % of stored material:	\$ _____
Total Retainage:	9,987.65
7. Total completed and stored to date less retainage (5 minus 6):	287,512.35
8. Less previous Application for Payments:	165,395.00
9. Due this Application (7 minus 8):	122,117.35

- 25,000.00 *withhold for damaged tank*
\$ 97,117.35

Record of Previous Payments:

1.	1/31/19	112,575.00	4	
2.	2/28/19	52,820.00	5	
3.			6	
Sub-Total		\$ 165,395.00		\$

Accompanying Documentation: _____
 SUBMITTED:

By: *Kurt Van Grinsun* Date: 4/09/2019
 CONTRACTOR (Authorized Signature)

RECOMMENDED:
 By: *Josh Steffed* Date: 4/16/19
 ENGINEER (Authorized Signature)

APPROVED:
 By: _____ Date: _____
 OWNER (Authorized Signature)

APPLICATION FOR PAYMENT

APPLICATION AND CERTIFICATE FOR PAYMENT

Invoice #: 26108

To Owner: City of Neenah
P O Box 426

Project: 57618- City of Neenah

Application No.: 3

Distribution to:
 Owner
 Architect
 Contractor

Neenah, WI 54956

Period To: 3/31/2019

From Contractor: August Winter & Sons, Inc.

Via Architect: Robert E Lee

2323 N. Roemer Road

Project Nos: 3512-18-01

Appleton, WI 54912

Contract For: Chemical Storage & Feed Mods

Contract Date: 7/17/2018

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract Continuation Sheet is attached.

1. Original Contract Sum	\$474,474.00
2. Net Change By Change Order	-\$74,968.00
3. Contract Sum To Date	\$399,506.00
4. Total Completed and Stored To Date	\$297,500.00
5. Retainage:	
a. 2.50% of Total Contract	\$9,987.65
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$9,987.65
6. Total Earned Less Retainage	\$287,512.35
7. Less Previous Certificates For Payments	\$165,395.00
8. Current Payment Due	\$122,117.35
9. Balance To Finish, Plus Retainage	\$111,993.65

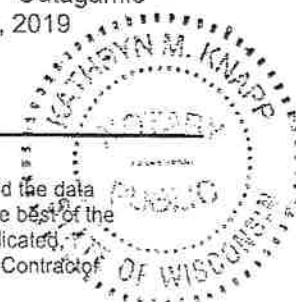
CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$2,685.00	\$77,653.00
Total Approved this Month	\$0.00	\$0.00
TOTALS	\$2,685.00	\$77,653.00
Net Changes By Change Order	-\$74,968.00	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: August Winter & Sons, Inc.

By: Kurt Van Grinsun Date: 04/09/19

State of: Wisconsin County of: Outagamie
 Subscribed and sworn to before me this 9th day of April, 2019
 Notary Public:
 My Commission expires: 5/13/2021
Kathryn M Krapp



ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information, and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$ 122,117.35

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:

By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CONTINUATION SHEET

Application and Certification for Payment, containing

Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

Application No. : 3

Application Date : 03/19/19

To: 03/31/19

Architect's Project No.: 3512-18-01

Invoice # : 26108

Contract : 57618- City of Neenah

A Item No.	B Description of Work	C Scheduled Value	D E Work Completed		F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	% (G / C)	H Balance To Finish (C-G)	I Retainage
			From Previous Application (D+E)	This Period In Place					
			001	Allowances					
002	FRP storage and day tanks for ferric sulfate	50,000.00	50,000.00	0.00	0.00	50,000.00	100.00%	0.00	2,500.00
003	Polyethylene storage and day tanks for polymer	35,000.00	35,000.00	-10,000.00	0.00	25,000.00	71.43%	10,000.00	1,750.00
004	Double wall polyethylene storage and day tanks for HFS acid	20,000.00	20,000.00	0.00	0.00	20,000.00	100.00%	0.00	1,000.00
005	Chemical transfer pumps	2,000.00	2,000.00	0.00	0.00	2,000.00	100.00%	0.00	100.00
006	Perisaltic chemical pumps and accessories	30,000.00	0.00	30,000.00	0.00	30,000.00	100.00%	0.00	1,282.65
007	Diaphragm chemical pumps and accessories	12,000.00	12,000.00	0.00	0.00	12,000.00	100.00%	0.00	600.00
008	Freeze proof emergency eyewash and shower	4,000.00	0.00	4,000.00	0.00	4,000.00	100.00%	0.00	0.00
009	Emergency eyewash and shower including the mixing valve	3,000.00	0.00	3,000.00	0.00	3,000.00	100.00%	0.00	0.00
010	Potable hot water and tempered water piping including all va	5,000.00	0.00	3,750.00	0.00	3,750.00	75.00%	1,250.00	0.00
011	Chemical supply and feed piping including all required valve	6,000.00	3,000.00	1,500.00	0.00	4,500.00	75.00%	1,500.00	150.00
012	Painting work in accordance with Spec 09 90 00	3,000.00	300.00	1,200.00	0.00	1,500.00	50.00%	1,500.00	15.00
013	Provide electrical & instrumentation work for chemical stora	100,000.00	10,000.00	40,000.00	0.00	50,000.00	50.00%	50,000.00	500.00
014	Ashphalt concrete pavement complete	26,000.00	26,000.00	0.00	0.00	26,000.00	100.00%	0.00	1,300.00
015	Concrete site work complete	5,500.00	5,500.00	0.00	0.00	5,500.00	100.00%	0.00	275.00
016	Landscaping Complete	4,000.00	4,000.00	0.00	0.00	4,000.00	100.00%	0.00	200.00
017	Chain link fence complete	29,000.00	29,000.00	0.00	0.00	29,000.00	100.00%	0.00	1,450.00
018	Temporary precast concrete barrier complete	1,000.00	1,000.00	0.00	0.00	1,000.00	100.00%	0.00	50.00
019	All other work for Chemical Storage and feed mods	134,974.00	53,953.00	47,265.00	0.00	101,218.00	74.99%	33,756.00	2,697.65
021	CO #1	-77,653.00	-77,653.00	0.00	0.00	-77,653.00	100.00%	0.00	-3,882.65
022	CO #2	2,685.00	0.00	2,685.00	0.00	2,685.00	100.00%	0.00	0.00
Grand Totals		399,506.00	174,100.00	123,400.00	0.00	297,500.00	74.47%	102,006.00	9,987.65

Limited Waiver of Construction Lien

1. Upon receipt of payment, the undersigned hereby waives all rights to or claims for a lien on the land hereafter described, for any and all work, materials, plans and specifications made or furnished for the improvements of said lands, furnished between the date of March 1, 2019 and March 31, 2019 to the extent of \$ 122,117.35 only.

(Describe) One hundred twenty two thousand one hundred seventeen dollars & 00/100**

said improvements being done for City of Neenah, Owner by August Winter & Sons, Inc., Prime Contractor said lands being situated in Winnebago County, Wisconsin, and described as Chemical Storage & Feed Mods

(legal description, street address or other clear description).

2. The work done or to be done or materials furnished or to be furnished by the undersigned for said job consists of Plumbing Work
3. The right to assert construction lien rights for work done or materials furnished in excess of said amount or exclusive of stated period on said job is hereby expressly reserved.
4. This waiver furnished is a waiver of lien rights only, and not of any contract rights of the claimant otherwise existing.
5. Notwithstanding Section 779.05, Wisconsin Statutes, if the consideration for this lien waiver consists of an uncertified check or other negotiable instrument, this lien waiver is null and void if such check or other negotiable instrument is dishonored or otherwise not paid when due.

Dated this 9th day of April, 2019

AUGUST WINTER & SONS, INC.



Secretary
2323 North Roemer Road, PO BOX 1896
Appleton, WI 54913

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

Job Number: 57618-

Job Name: City of Neenah

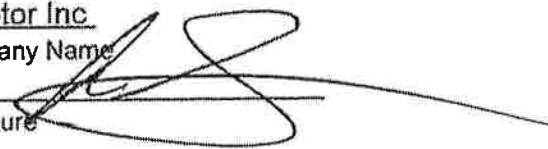
The undersigned has been paid and has received a progress payment in the sum of: **\$82.00** for labor, service, equipment or material furnished to **August Winter and Sons, Inc.** on the job of: 57618- located at: **234 S Park Street
Neenah, WI 54956**

through: 2/19/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 3-1-19

By: Adaptor Inc
Company Name

Signature 

Please sign and return by mail or fax to:
August Winter & Sons, Inc. Email: ar@augustwinter.com
PO Box 1896 FAX (920)739-4993
Appleton, WI 54912-1896

For the following Invoices:

Job: 57618- Invoice: 33006 82.00

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

RECEIVED
MAR 15 2019
AUGUST WINTER & SONS, INC.

Job Number: 57618- Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of: **\$29,858.40** for labor, service, equipment or material furnished to **August Winter and Sons, Inc.** on the job of: 57618- located at: **234 S Park Street
Neenah, WI 54956**

through: 3/6/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 3/12/19

By: Belding Tank Technologies Inc

Company Name

Bart Bylsma / Controller

Signature

BART Bylsma

Please sign and return by mail or fax to:

August Winter & Sons, Inc.
PO Box 1896
Appleton, WI 54912-1896

Email: ar@augustwinter.com
FAX (920)739-4993

For the following Invoices:

Job: 57618-	Invoice: 22577	8,453.70
Job: 57618-	Invoice: 22578	8,453.70
Job: 57618-	Invoice: 22579	6,475.50
Job: 57618-	Invoice: 22580	6,475.50

**UNCONDITIONAL WAIVER AND RELEASE
PROGRESS PAYMENT**

Job Number: 57618-

Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$864.83 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**
on the job of: 57618-

located at: **234 S Park Street
Neenah, WI 54956**

through: 2/19/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: _____

By: Fabick Rents

Company Name

Fabick Rents

Signature

[Handwritten Signature]

Please sign and return by mail or fax to:

August Winter & Sons, Inc.
PO Box 1896
Appleton, WI 54912-1896

Email: ar@augustwinter.com
FAX (920)739-4993

For the following Invoices:

Job: 57618-

Invoice: 497563

864.83

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

Job Number: 57618-

Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$30,400.00 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**
on the job of: 57618-
located at: **234 S Park Street**
Neenah, WI 54956

through: 1/22/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 1-29-19

By: Northern Electric Inc

Company Name

Signature

TREASURER

Please sign and return by mail or fax to:

August Winter & Sons, Inc.

PO Box 1896

Appleton, WI 54912-1896

Email: ar@augustwinter.com

FAX (920)739-4993

For the following Invoices:

Job: 57618-

Invoice: 57618-1

30,400.00

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

Job Number: 57618-

Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$531.60 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**
on the job of: 57618-

located at: **234 S Park Street**
Neenah, WI 54956

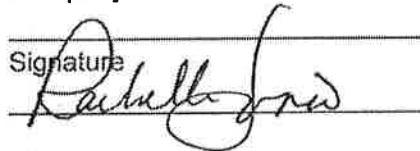
through: 3/6/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 3/12/19

By: Packer Fastener and Supply Inc.
Company Name

Signature



Please sign and return by mail or fax to:

August Winter & Sons, Inc.
PO Box 1896
Appleton, WI 54912-1896

Email: ar@augustwinter.com
FAX (920)739-4993

For the following Invoices:

Job: 57618-	Invoice: 429526	247.84
Job: 57618-	Invoice: 428136	254.76
Job: 57618-	Invoice: 428323	29.00

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

Job Number: 57618-

Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$280.64 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**
on the job of: 57618-

located at: **234 S Park Street**
Neenah, WI 54956

through: 2/22/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 3/4/19

By: Packer Fastener and Supply Inc.
Company Name

Signature
Rachelle Jones

Please sign and return by mail or fax to:

August Winter & Sons, Inc.

PO Box 1896

Appleton, WI 54912-1896

Email: ar@augustwinter.com

FAX (920)739-4993

For the following Invoices:

Job: 57618-

Invoice: 427990

280.64

**UNCONDITIONAL WAIVER AND RELEASE
PROGRESS PAYMENT**

RECEIVED
FEB 25 2019
AUGUST WINTER & SONS, INC.


Job Number: 57618- Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$492.15 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**
on the job of: 57618-
located at: **234 S Park Street**
Neenah, WI 54956

through: 2/15/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 2/20/19

By: Packer Fastener and Supply Inc
Company Name

Signature

Please sign and return by mail or fax to:

August Winter & Sons, Inc.
PO Box 1896
Appleton, WI 54912-1896

Email: ar@augustwinter.com
FAX (920)739-4993

For the following Invoices:

Job: 57618-	Invoice: 425899	246.69
Job: 57618-	Invoice: 426235	196.36
Job: 57618-	Invoice: 426307	49.10

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

Job Number: 57618-

Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$264.44 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**

on the job of: 57618-

located at: **234 S Park Street
Neenah, WI 54956**

through: 2/19/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 2/26/19

By: Packer Fastener and Supply Inc

Company Name

Signature

Jordan Schmitt

Please sign and return by mail or fax to:

August Winter & Sons, Inc.

PO Box 1896

Appleton, WI 54912-1896

Email: ar@augustwinter.com

FAX (920)739-4993

For the following Invoices:

Job: 57618-

Invoice: 426476

5.19

Job: 57618-

Invoice: 426533

259.25

KU

UNCONDITIONAL WAIVER AND RELEASE PROGRESS PAYMENT

Job Number: 57618-

Job Name: City of Neenah

The undersigned has been paid and has received a progress payment in the sum of:
\$683.80 for labor, service, equipment or material furnished to **August Winter and Sons, Inc.**
on the job of: 57618-

located at: **234 S Park Street**
Neenah, WI 54956

through: 1/22/2019 only, for and in the consideration of the payment amount listed above, the undersigned does hereby waive and release any lien rights to, or claim of liens with respect to and on said above-described premises, and the improvements thereon, on account of labor, services, material, fixtures, apparatus or machinery heretofore furnished by the undersigned to or for the above described premises by virtue of said contract.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU, IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM

Dated: 1/29/19

By: Packer Fastener and Supply Inc.
Company Name

Signature
Rachel Jones

Please sign and return by mail or fax to:

August Winter & Sons, Inc.
PO Box 1896
Appleton, WI 54912-1896

Email: ar@augustwinter.com
FAX (920)739-4993

For the following Invoices:

Job: 57618-	Invoice: 421760	109.69
Job: 57618-	Invoice: 422846	308.83
Job: 57618-	Invoice: 422980	265.28

Pay To: Carl Bowers & Sons Const. Co., Inc.
N1844 Maloney Road
Kaukauna, WI 54130

Contract No. Contract 1-19 Miscellaneous Sewer and Water Main Construction
and Street Construction on Caroline Street, Stevens Street, Fifth Street

Water Work Order No: 410, 414, 415

Date: May 2, 2019

Estimate No. 1

Account Description	Account #	Payment	Contract Breakdown	Budget	Change Orders	Pd to Date
Sanitary - Caroline (Union to Van)	046-5081-743-0236	\$29,279.00	\$94,000.00	\$100,000		\$0.00
Water Main - Caroline (Union to Van)	400-0000-207-0410	\$93,280.50	\$117,488.00	\$80,900		\$0.00
Storm - Miscellaneous Repairs	049-5203-743-0236	\$0.00	\$93,000.00	\$123,000		\$0.00
Street - Caroline (Union to Van)	012-4394-743-0236	\$1,270.15	\$145,000.00	\$185,000		\$0.00
Sanitary - Stevens (Congress to Doty)	046-5082-743-0236	\$84,892.00	\$109,000.00	\$100,000		\$0.00
Water Main - Stevens (Congress to Doty)	400-0000-207-0414	\$88,753.75	\$140,000.00	\$94,400		\$0.00
Storm - Miscellaneous Repairs	049-5203-743-0236	\$44,062.90	\$52,000.00	\$135,000		\$0.00
Street - Stevens (Congress to Doty)	012-4398-743-0236	\$2,336.05	\$145,000.00	\$180,000		\$0.00
Sanitary - Miscellaneous Repairs	046-5001-743-0236	\$24,551.80	\$45,320.00	\$45,320		\$0.00
Water Main - 5th (Clark to Lincoln)	400-0000-207-0415	\$93,014.50	\$117,487.00	\$86,600		\$0.00
Storm - Miscellaneous Repairs	049-5203-743-0236	\$58,034.55	\$75,130.00	\$116,975		\$0.00
Street - 5th (Clark to Lincoln)	012-4301-743-0236	\$1,365.15	\$66,104.00	\$65,000		\$0.00
TOTAL		\$520,840.35	\$1,199,529.00	\$1,312,195	\$0	\$0.00

Prepared by HK 5-2-19

Approved by Public Works Department [Signature] 5-2-2019

Approved by Board of Public Works [Signature] 5-8-2019

Approved by Common Council _____
 (final payments only)

Approved by Water Commission _____
 (final payments only)

Sent to Finance _____

Number of Attachments 2

City of Neenah
 Public Works Department
 Contract Payment Form

COPY

May 2, 2019

The following is Estimate No. 1 for Contract 1-19, Miscellaneous Sewer and Water Main Construction and Street Construction on Fifth Street, Stevens Street and Caroline Street to Carl Bowers & Sons Construction Co., N1844 Maloney Road, Kaukauna, WI 54130

DESCRIPTION	Unit Price	Original Bid		Estimate No. 1	
		Quantity	Total	Quantity	Total
Part 1 Fifth St. / Stevens St. / Caroline St.					
A. Sanitary Sewer					
1. Furnish and relay 15-inch PVC sanitary sewer	\$90.00	40 Lin. Ft.	\$3,600.00	0 Lin. Ft.	\$0.00
2. Furnish and relay 12-inch PVC sanitary sewer	\$89.00	30 Lin. Ft.	\$2,670.00	0 Lin. Ft.	\$0.00
3. Furnish and relay 10-inch PVC sanitary sewer	\$71.00	750 Lin. Ft.	\$53,250.00	380 Lin. Ft.	\$26,980.00
4. Furnish and relay 8-inch PVC sanitary sewer	\$70.00	845 Lin. Ft.	\$59,150.00	848 Lin. Ft.	\$59,360.00
5. Furnish and relay 6 inch sanitary lateral in ROW (51)	\$52.00	1,400 Lin. Ft.	\$72,800.00	947 Lin. Ft.	\$49,244.00
6. Furnish and relay 6 inch sanitary lateral ROW to house	\$50.00	100 Lin. Ft.	\$5,000.00	0 Lin. Ft.	\$0.00
7. Furnish and pipeburst sanitary lateral	\$15.00	400 Lin. Ft.	\$6,000.00	0 Lin. Ft.	\$0.00
8. Reconnect sanitary lateral at foundation - pipeburst	\$1,600.00	2 Each	\$3,200.00	0 Each	\$0.00
9. Reconnect under basement floor - pipeburst	\$2,100.00	13 Each	\$27,300.00	0 Each	\$0.00
10. Reconnect lateral to wye at main	\$300.00	3 Each	\$900.00	2 Each	\$600.00
11. Furnish and Install Standard manhole (3)	\$300.00	30 Ver. Ft.	\$9,000.00	30 Ver. Ft.	\$8,940.00
12. Remove sanitary manhole	\$300.00	6 Each	\$1,800.00	3 Each	\$900.00
13. Adjust sanitary manhole (with slurry backfill)	\$300.00	6 Each	\$1,800.00	0 Each	\$0.00
14. Clean and Televiser Sewer (Sanitary only)	\$1,850.00	1 Lump Sum	\$1,850.00	0 Lump Sum	\$0.00
Part 1.A. Sanitary Sewer Total			\$248,320.00		\$146,024.00
B. Water Main					
1. Furnish & install 16-inch PVCO C-900 main	\$230.00	85 Lin. Ft.	\$19,550.00	0 Lin. Ft.	\$0.00
2. Furnish & install 12-inch PVCO C-900 main	\$225.00	95 Lin. Ft.	\$21,375.00	137 Lin. Ft.	\$30,825.00
3. Furnish & install 8-inch PVCO C-900 main	\$60.00	2,465 Lin. Ft.	\$147,900.00	2,543 Lin. Ft.	\$152,550.00
4. Furnish & install horizontal 16-inch valve w/ box	\$8,400.00	1 Each	\$8,400.00	0 Each	\$0.00
5. Furnish & install horizontal 12-inch valve w/ box	\$2,800.00	3 Each	\$8,400.00	4 Each	\$11,200.00
6. Furnish & install 8-inch valve w/ box	\$1,700.00	10 Each	\$17,000.00	8 Each	\$13,600.00
7. Furnish & install 8-inch tapping sleeve and valve w/ box	\$4,000.00	1 Each	\$4,000.00	0 Each	\$0.00
8. Furnish & install 1-inch long side service	\$2,125.00	26 Each	\$55,250.00	14 Each	\$29,750.00
9. Furnish & install 1-inch short side service	\$1,200.00	28 Each	\$33,600.00	20 Each	\$24,000.00
10. Furnish & install 1-inch service from ROW to house by excavation	\$40.00	25 Lin. Ft.	\$1,000.00	0 Lin. Ft.	\$0.00
11. Furnish & install 1-inch service from ROW to house by excavation in same trench as san. lateral	\$30.00	25 Lin. Ft.	\$750.00	0 Lin. Ft.	\$0.00
			\$0.00	0	\$0.00
12. Furnish & install 1-inch service from ROW to house by pulling w/ sanitary sewer pipeburst	\$12.00	400 Lin. Ft.	\$4,800.00	0 Lin. Ft.	\$0.00
			\$0.00	0	\$0.00
13. Furnish & install 1-inch service from ROW to house by pulling	\$40.00	25 Lin. Ft.	\$1,000.00	0 Lin. Ft.	\$0.00
14. Water service connection to structure	\$350.00	15 Each	\$5,250.00	0	\$0.00
15. Furnish & install hydrant, lead and valve	\$5,400.00	8 Each	\$43,200.00	5 Each	\$27,000.00
16. Abandon hydrant	\$300.00	5 Each	\$1,500.00	2 Each	\$600.00
17. Abandon Valve manhole	\$400.00	2 Each	\$800.00	0 Each	\$0.00
18. Abandon Valve Box	\$150.00	8 Each	\$1,200.00	0 Each	\$0.00
Part 1.B. Water Main Total			\$374,975.00		\$289,525.00

DESCRIPTION	Unit Price	Original Bid		Estimate No. 1	
		Quantity	Total	Quantity	Total
C. Storm Sewer					
1. Furnish and relay 24-inch storm sewer	\$60.00	375 Lin. Ft.	\$22,500.00	0 Lin. Ft.	\$0.00
2. Furnish and relay 21-inch storm sewer	\$60.00	385 Lin. Ft.	\$23,100.00	0 Lin. Ft.	\$0.00
3. Furnish and relay 15-inch storm sewer	\$46.00	50 Lin. Ft.	\$2,300.00	0 Lin. Ft.	\$0.00
4. Furnish and relay 12-inch storm sewer	\$44.00	910 Lin. Ft.	\$40,040.00	789 Lin. Ft.	\$34,716.00
5. Furnish and relay 10-inch storm sewer	\$43.00	1,230 Lin. Ft.	\$52,890.00	855 Lin. Ft.	\$36,765.00
6. Furnish and install 4-inch storm sewer lateral	\$38.00	925 Lin. Ft.	\$35,150.00	380 Lin. Ft.	\$14,440.00
7. Furnish and install storm manhole (10)	\$300.00	55 Ver. Ft.	\$16,500.00	24 Ver. Ft.	\$7,140.00
8. Furnish and install catch basin	\$1,400.00	13 Each	\$18,200.00	9 Each	\$12,600.00
9. Remove Storm Manhole	\$200.00	11 Each	\$2,200.00	2 Each	\$400.00
10. Remove Storm catch basin	\$150.00	9 Each	\$1,350.00	7 Each	\$1,050.00
11. Adjust storm manhole (w/ slurry backfill)	\$450.00	1 Each	\$450.00	0 Each	\$0.00
12. Adjust storm catch basin	\$300.00	6 Each	\$1,800.00	0 Each	\$0.00
13. Install and Maintain Type "D" Inlet Protection	\$90.00	20 Each	\$1,800.00	4 Each	\$360.00
14. Clean and Televiser Sewer (Storm only)	\$1,850.00	1 Lump Sum	\$1,850.00	0 Lump Sum	\$0.00
Part 1.C. Storm Sewer Total			\$220,130.00		\$107,471.00
D. Street (HMA Pavement)					
1. Remove existing pavement and maintain utility trench	\$1.00	9,000 Lin. Ft.	\$9,000.00	5,233 Lin. Ft.	\$5,233.00
2. Sawcut existing bituminous pavement	\$2.00	700 Lin. Ft.	\$1,400.00	0 Lin. Ft.	\$0.00
3. Remove existing bituminous pavement	\$1.20	8,750 Sq. Yd.	\$10,500.00	0 Sq. Yd.	\$0.00
4. Remove concrete curb and gutter	\$2.25	3,600 Lin. Ft.	\$8,100.00	0 Lin. Ft.	\$0.00
5. Remove concrete sidewalk/driveway apron	\$0.60	8,000 Sq. Ft.	\$4,800.00	0 Sq. Ft.	\$0.00
6. Unclassified Excavation	\$10.00	3,500 Cu. Yd.	\$35,000.00	0 Cu. Yd.	\$0.00
7. Furnish and install geogrid (Stevens & Caroline)	\$2.80	5,500 Sq. Yd.	\$15,400.00	0 Sq. Yd.	\$0.00
8. Furnish and install crushed aggregate base	\$11.00	2,500 Ton	\$27,500.00	0 Ton	\$0.00
9. Furnish and install 30-inch concrete curb and gutter (various loca	\$25.20	500 Lin. Ft.	\$12,600.00	0 Lin. Ft.	\$0.00
10. Furnish and install 30-inch concrete curb and gutter (continuous	\$12.55	3,100 Lin. Ft.	\$38,905.00	0 Lin. Ft.	\$0.00
11. Furnish and install 4-inch concrete sidewalk	\$4.85	3,000 Sq. Ft.	\$14,550.00	0 Sq. Ft.	\$0.00
12. Furnish and install 6-inch concrete sidewalk/driveway apron	\$5.50	5,000 Sq. Ft.	\$27,500.00	0 Sq. Ft.	\$0.00
13. Fine grading and base preparation	\$0.50	2,750 Sq. Yd.	\$1,375.00	0 Sq. Yd.	\$0.00
14. Furnish and install HMA Pavement	\$73.00	1,650 Ton	\$120,450.00	0 Ton	\$0.00
15. Furnish and install 1/2-inch rods	\$1.00	600 Lin. Ft.	\$600.00	0 Lin. Ft.	\$0.00
16. Install detectable warning fields (supplied by City)	\$42.00	22 Each	\$924.00	0 Each	\$0.00
17. Terracing, fertilize, seed & hydromulch	\$8.00	2,500 Sq. Yd.	\$20,000.00	0 Sq. Yd.	\$0.00
18. Install and Maintain Traffic Control	\$7,500.00	1 Lump Sum	\$7,500.00	0 Lump Sum	\$0.00
Part 1.D. Street Total			\$356,104.00		\$5,233.00
TOTAL			\$1,199,529.00		\$548,253.00

C.O. 1	Work to date	\$548,253.00
C.O. 2	Retainage ¹	\$27,412.65
C.O. 3	Due Contractor	\$520,840.35
	Previously paid	\$0.00
	Due this estimate	\$520,840.35
		\$1,199,529.00

NOTE (1): Retainage set per Wis. Statute 66.0901(9).
Retainage is 5% of the estimate until 50% of the work is completed.
At 50% completion, no additional amounts are retained.
For Final Estimates, there is no retainage.

Respectfully submitted,



Gerry Kaiser, PE

Director of Public Works

Pay To: Robert J. Immel Excavating, Inc.
PO Box 135
Greenville, WI 54942

Contract No. Contract 2-19 Miscellaneous Sewer and Water Main Construction
and Street Construction on Stanley Street, Stanley Court, Thomas Court

Water Work Order No: 411, 413, 412

Date: May 2, 2019

Estimate No. 1

Account Description	Account #	Payment	Contract Breakdown	Budget	Change Orders	Pd to Date
Sanitary - Miscellaneous Repairs	046-5001-743-0236		\$15,525.00	\$15,525		\$0.00
Water Main - Stanley Court	400-0000-207-0411		\$237,642.00	\$196,400		\$0.00
Storm - Miscellaneous Repairs	049-5203-743-0236		\$75,000.00	\$75,000		\$0.00
Street - Stanley Court	012-4395-743-0236		\$275,000.00	\$475,000		\$0.00
Sanitary - Miscellaneous Repairs	046-5001-743-0236		\$20,000.00	\$20,000		\$0.00
Water Main - Thomas Court	400-0000-207-0412	\$192,983.00	\$237,643.00	\$196,400		\$0.00
Storm - Miscellaneous Repairs	049-5203-743-0236		\$46,000.00	\$46,000		\$0.00
Street - Thomas Court	012-4396-743-0236	\$1,535.20	\$275,000.00	\$475,000		\$0.00
Sanitary - Miscellaneous Repairs	046-5001-743-0236		\$10,000.00	\$10,000		\$0.00
Water Main - Stanley St (Marathon to Commercial)	400-0000-207-0413		\$160,000.00	\$138,600		\$0.00
Storm - Miscellaneous Repairs	049-5203-743-0236		\$38,690.00	\$38,690		\$0.00
Street - Stanley St (Marathon to Commercial)	012-4397-743-0236		\$187,970.50	\$150,000		\$0.00
TOTAL		\$194,518.20	\$1,578,470.50	\$1,836,615	\$0	\$0.00

Prepared by HK 5-3-19

Approved by Public Works Department 5-3-2019

Approved by Board of Public Works 5-8-2019

Approved by Common Council
 (final payments only)

Approved by Water Commission
 (final payments only)

Sent to Finance

Number of Attachments 2

COPY

The following is Estimate No. 1 for Contract 2-19, Miscellaneous Sewer and Water Main Construction and Street Construction on Stanley Street, Stanley Court and Thomas Court to Robert J. Immel Excavating, Inc., PO Box 135, Greenville, WI 54942

DESCRIPTION	Unit Price	Original Bid		Estimate No. 1	
		Quantity	Total	Quantity	Total
Part 1 -Sanley Ct. / Stanley St. / Thomas Ct.					
A. Sanitary Sewer					
1. Spot Repair 8-inch sewer main (Sta. 24+30)	\$4,025.00	1 Each	\$4,025.00	0 Each	\$0.00
2. Furnish and relay 6 inch sanitary lateral in ROW (5)	\$65.00	150 Lin. Ft.	\$9,750.00	0 Lin. Ft.	\$0.00
3. Furnish and relay 6 inch sanitary lateral ROW to house	\$60.00	150 Lin. Ft.	\$9,000.00	0 Lin. Ft.	\$0.00
4. Furnish and pipeburst sanitary lateral	\$10.50	300 Lin. Ft.	\$3,150.00	0 Lin. Ft.	\$0.00
5. Reconnect sanitary lateral at foundation - pipeburst	\$1,550.00	1 Each	\$1,550.00	0 Each	\$0.00
6. Reconnect under basement floor - pipeburst	\$2,100.00	5 Each	\$10,500.00	0 Each	\$0.00
7. Adjust sanitary manhole (with slurry backfill) and install chimney s	\$500.00	15 Each	\$7,500.00	0 Each	\$0.00
8. Clean sanitary sewer	\$50.00	1 Lump Sum	\$50.00	0 Lump Sum	\$0.00
Part 1.A. Sanitary Sewer Total			\$45,525.00		\$0.00
B. Water Main					
1. Furnish & install 8-inch PVC0 C-900 main	\$65.00	4,800 Lin. Ft.	\$312,000.00	1,616 Lin. Ft.	\$105,040.00
2. Furnish & install 6-inch PVC0 C-900 main	\$140.00	120 Lin. Ft.	\$16,800.00	0 Lin. Ft.	\$0.00
3. Furnish & install 8-inch valve w/ box	\$1,450.00	16 Each	\$23,200.00	3 Each	\$4,350.00
4. Reconnect 2" copper service to water main	\$1,875.00	3 Each	\$5,625.00	0 Each	\$0.00
5. Reconnect 1" copper service to water main	\$1,430.00	90 Each	\$128,700.00	0 Each	\$0.00
6. Remove and replace stop box and stem	\$520.00	93 Each	\$48,360.00	0 Each	\$0.00
7. Furnish & install 1-inch long side service	\$2,500.00	2 Each	\$5,000.00	17 Each	\$42,500.00
8. Furnish & install 1-inch short side service	\$1,750.00	2 Each	\$3,500.00	23 Each	\$40,250.00
9. Furnish & install 1-inch service from ROW to house by excavation	\$50.00	70 Lin. Ft.	\$3,500.00	0 Lin. Ft.	\$0.00
10. Furnish & install 1-inch service from ROW to house by excavation in same trench as san. lateral	\$20.00	175 Lin. Ft.	\$3,500.00	0 Lin. Ft.	\$0.00
			\$0.00	0	\$0.00
11. Furnish & install 1-inch service from ROW to house by pulling w/ sanitary sewer pipeburst	\$10.50	300 Lin. Ft.	\$3,150.00	0 Lin. Ft.	\$0.00
			\$0.00	0	\$0.00
12. Furnish & install 1-inch service from ROW to house by pulling	\$50.00	50 Lin. Ft.	\$2,500.00	0	\$0.00
13. Water service connection to structure	\$400.00	6 Each	\$2,400.00	0 Each	\$0.00
14. Furnish & install hydrant, lead and valve	\$5,500.00	13 Each	\$71,500.00	2	\$11,000.00
15. Abandon hydrant	\$400.00	8 Each	\$3,200.00	0 Each	\$0.00
16. Abandon Valve manhole	\$350.00	2 Each	\$700.00	0 Each	\$0.00
17. Abandon Valve Box	\$150.00	11 Each	\$1,650.00	0 Each	\$0.00
Part 1.B. Water Main Total			\$635,285.00		\$203,140.00
C. Storm Sewer					
1. Furnish and relay 18-inch storm sewer	\$100.00	10 Lin. Ft.	\$1,000.00	0 Lin. Ft.	\$0.00
2. Furnish and relay 15-inch storm sewer	\$58.00	50 Lin. Ft.	\$2,900.00	0 Lin. Ft.	\$0.00
3. Furnish and relay 12-inch storm sewer	\$42.00	295 Lin. Ft.	\$12,390.00	0 Lin. Ft.	\$0.00
4. Furnish and relay 10-inch storm sewer	\$41.50	1,060 Lin. Ft.	\$43,990.00	0 Lin. Ft.	\$0.00
5. Furnish and install 4-inch storm sewer lateral	\$33.00	900 Lin. Ft.	\$29,700.00	0 Lin. Ft.	\$0.00
6. Furnish and install storm manhole (9)	\$520.00	35 Ver. Ft.	\$18,200.00	0 Ver. Ft.	\$0.00
7. Furnish and install catch basin	\$1,600.00	21 Each	\$33,600.00	0 Each	\$0.00
8. Remove Storm Manhole	\$270.00	6 Each	\$1,620.00	0 Each	\$0.00
9. Remove Storm catch basin	\$200.00	19 Each	\$3,800.00	0 Each	\$0.00
10. Adjust storm manhole (w/ slurry backfill)	\$500.00	8 Each	\$4,000.00	0 Each	\$0.00
11. Adjust storm catch basin	\$200.00	9 Each	\$1,800.00	0 Each	\$0.00
12. Install and Maintain Type "D" Inlet Protection	\$100.00	40 Each	\$4,000.00	0 Each	\$0.00
13. Clean and Televis Storm Sewer	\$2,690.00	1 Lump Sum	\$2,690.00	0 Lump Sum	\$0.00
Part 1.C. Storm Sewer Total			\$159,690.00		\$0.00

DESCRIPTION	Unit Price	Original Bid		Estimate No. 1	
		Quantity	Total	Quantity	Total
D. Street (HMA Pavement)					
1. Remove existing pavement and maintain utility trench	\$1.00	10,800 Lin. Ft.	\$10,800.00	1,616 Lin. Ft.	\$1,616.00
2. Sawcut existing bituminous pavement	\$2.75	200 Lin. Ft.	\$550.00	0 Lin. Ft.	\$0.00
3. Full depth sawcut concrete pavement	\$3.75	200 Lin. Ft.	\$750.00	0 Lin. Ft.	\$0.00
4. Remove existing bituminous pavement	\$1.03	16,750 Sq. Yd.	\$17,252.50	0 Sq. Yd.	\$0.00
5. Remove concrete curb and gutter	\$2.15	7,300 Lin. Ft.	\$15,695.00	0 Lin. Ft.	\$0.00
6. Remove concrete sidewalk/driveway apron	\$0.77	15,000 Sq. Ft.	\$11,550.00	0 Sq. Ft.	\$0.00
7. Unclassified Excavation	\$9.95	9,000 Cu. Yd.	\$89,550.00	0 Cu. Yd.	\$0.00
8. Furnish and install geogrid (Stanley Ct. & Thomas Ct.)	\$1.75	12,000 Sq. Yd.	\$21,000.00	0 Sq. Yd.	\$0.00
9. Furnish and install crushed aggregate base	\$10.10	11,500 Ton	\$116,150.00	0 Ton	\$0.00
10. Furnish and install 30-inch concrete curb and gutter (various loc	\$25.50	700 Lin. Ft.	\$17,850.00	0 Lin. Ft.	\$0.00
11. Furnish and install 30-inch concrete curb and gutter (continuous	\$11.40	6,600 Lin. Ft.	\$75,240.00	0 Lin. Ft.	\$0.00
12. 8-inch concrete pavement repair	\$68.00	50 Sq. Yd.	\$3,400.00	0 Sq. Yd.	\$0.00
13. Furnish and install 4-inch concrete sidewalk	\$5.15	2,000 Sq. Ft.	\$10,300.00	0 Sq. Ft.	\$0.00
14. Furnish and install 6-inch concrete sidewalk/driveway apron	\$5.50	13,000 Sq. Ft.	\$71,500.00	0 Sq. Ft.	\$0.00
15. Furnish and install tie bar	\$10.00	40 Each	\$400.00	0 Each	\$0.00
16. Fine grading and base preparation	\$3.75	4,900 Sq. Yd.	\$18,375.00	0 Sq. Yd.	\$0.00
17. Furnish and install HMA Pavement	\$60.70	3,200 Ton	\$194,240.00	0 Ton	\$0.00
18. Furnish and install 1/2-inch rods	\$1.02	1,000 Lin. Ft.	\$1,020.00	0 Lin. Ft.	\$0.00
19. Install detectable warning fields (supplied by City)	\$36.00	18 Each	\$648.00	0 Each	\$0.00
20. Terracing, fertilize, seed & hydromulch	\$5.00	8,000 Sq. Yd.	\$40,000.00	0 Sq. Yd.	\$0.00
21. Install and Maintain Traffic Control	\$21,700.00	1 Lump Sum	\$21,700.00	0 Lump Sum	\$0.00
Part 1.D. Street Total			\$737,970.50		\$1,616.00
TOTAL			\$1,578,470.50		\$204,756.00

C.O. 1	Work to date	\$204,756.00
C.O. 2	Retainage ¹	\$10,237.80
C.O. 3	Due Contractor	\$194,518.20
	Previously paid	\$0.00
	Due this estimate	\$194,518.20
		\$1,578,470.50

NOTE (1): Retainage set per Wis. Statute 66.0901(9).

Retainage is 5% of the estimate until 50% of the work is completed.

At 50% completion, no additional amounts are retained.

For Final Estimates, there is no retainage.

Respectfully submitted,



Gerry Kaiser, PE

Director of Public Works