



**City of Neenah  
Water Works Commission Agenda  
and  
Storm Water Citizen Advisory Board Agenda  
Monday, May 18, 2026 at 4:30 PM  
Hauser Room  
211 Walnut Street**

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- I. Call to Order
- II. Public Appearances
- III. Approval of Minutes
  - A. Approval of April 20, 2026 Regular Meeting Minutes (Attachment)
  - B. Approval of April 20, 2026 Closed Session Meeting Minutes
- IV. Unfinished Business
- V. New Business
  - A. Election of Officers
  - B. Approval of April 2026 Invoices (Attachment)
  - C. Receive and Place on File 2025 Water Utility Audit (Attachment)
  - D. Receive and Place on File Financial Reports (Attachment)
  - E. Water Utility Uniform Discussion
  - F. Microplastics Discussion
  - G. Receive and Place on File Director's Report (Attachment)
  - H. Storm Water Report - None
- VI. Adjournment

**Notice:** Pursuant to the requirements of Wis. Stats. Sec. 19.84 (Open Meeting Notice Law), 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 on which they have decision-making responsibility. This may constitute a meeting of the Neenah Common Council and must be noticed as such. The Council will not take any formal action at this meeting.

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 Clerk's Office (920) 886-6100 or [e-mail clerk@neenahwi.gov](mailto:clerk@neenahwi.gov) at least 48 hours prior to the scheduled meeting or event to request an accommodation.

**MINUTES OF THE NEENAH WATER WORKS COMMISSION  
AND  
STORM WATER CITIZEN ADVISORY BOARD MEETING**  
Regular Meeting – April 20, 2026  
Hauser Room – City Hall, 211 Walnut Street, Neenah, WI

**Present:** President Schmeichel; Commissioners: Lang, Bauman, Steiner, and Hemes; and Director Mach.

**Also Present:** Mayor-Elect Borchardt, Alderman Pollnow, Human Resources and Safety Director Barber; Deputy Director of Human Resources & Safety Schott; Compensation Director Cristy Reetz from MRA (via Zoom), Water Distribution Manager Jens; Water Treatment Manager Gorges; Filter Plant Mechanical Technician Patton, Water Utility Business Manager Barlow, Finance Director Rasmussen, Water Distribution Tech I Maynard; and Relief Operator Preissner

Call to Order - President Schmeichel called the meeting to order at 4:30 p.m.

Public Appearances – None.

Approve Special Meeting Minutes for April 6, 2026 – Following discussion, **M.S.C. Hemes/Bauman to approve the April 6, 2026 Special Meeting Minutes**. All voting aye.

Approve Closed Session Meeting Minutes for April 6, 2026 – Following discussion, **M.S.C. Bauman/Hemes to approve the April 6, 2026 Closed Session Meeting Minutes**. All voting aye.

Unfinished Business – None.

Approve the Invoices for March 2026 – Commissioners had no questions about charges or invoices.

Following discussion, **M.S.C. Schmeichel/Steiner approve the March 2026 invoices**. All voting aye.

Approval of Draft Water Quality Report – Director Mach briefly explained the contents of the Water Quality Report. Commissioners had questions regarding the frequency of PFAS testing. Director Mach noted that the results listed are from EPA UCMR5 and future PFAS testing rounds will be completed in the future.

Following discussion, **M.S.C. Lang/Hemes to approve the Draft Water Quality Report for 2025**. All voting aye.

Salary Plan Presentation from MRA – Ms. Cristy Reetz presented salary information as generated by MRA. She explained that MRA uses a midpoint-to-midpoint method to make comparisons. She noted that the range-spread in Neenah was 43% and noted peer data range-spreads were close to 30%. Commissioners asked whether she was able to match roles “apples-to-apples” within utilities and how many description matches were considered a minimum. Ms. Reetz noted that she sent out a survey – some entities responded and she was able to find some data online. She also noted that a minimum of five matches were needed for validity.

Following discussion, **Informational only. No action required.**

Storm Water Report – None.

Director’s Report –

1. Water Loss Report – The utility has been experiencing some recent main breaks due to excessive rains and shifting ground.

**Waterworks Commission and Storm Water Citizens Advisory Board Meeting Minutes**  
**April 20, 2026**  
**Page 2 of 2**

2. The following applicable items were approved at the April 16, 2026 Board of Public Works meeting:
  - Award Contract 4-26, Concrete Pavement and Sidewalk Repair, to Jim Fischer, Inc., in the amount of \$251,505.00. The total amount attributable to Water is \$11,323.25.
  - Award Contract 5-26, HMA Pavement Repair, to MCC, Inc., in the amount of \$189,910.62. The total amount attributable to Water is \$21,511.11.
3. Solar Installation Update – The array is performing well.
4. Graef has indicated that ESRI will no longer be licensing some of the components required to support our GIS in the future. Staff are working with Graef, ESRI, VertiGIS, and Neenah staff to develop a plan to transition to City servers.
5. The next regular Waterworks Commission meeting is scheduled for Monday, May 18, 2026.

Closed Session – Following discussion, **M.S.C. Hemes/Bauman convene into closed session pursuant to Wis. Stats §19.85 (1)(e) for considering compensation of a public employee over which the governmental body has jurisdiction or exercises responsibility.** All voting aye.

The Commission convened into closed session at 5:04 p.m.

Adjournment – **M.S.C. Hemes/Bauman to adjourn in closed session at 6:42 p.m.** All voting aye.

Respectfully submitted,



Anthony L. Mach  
Director, Neenah Water Utility

**WATER UTILITY CASH ACTIVITY**  
**April 2026**

Cash Balance Apr 1, 2026		\$5,567,241
Cash Receipts		
Water Collection Receipts	585,009	
Sewer/Storm Billing Services	7,500	
Investment Maturities	500,000	
Other Water Receipts	<u>24,146</u>	
		<u>1,116,655</u>
Cash Distributions		
Check Register	154,411	
WE Energies	30,887	
Disbursements to the City	<u>247,767</u>	
		<u>433,065</u>
<b>Cash Balance Apr 30, 2026</b>		<b><u><u>6,250,831</u></u></b>

**APR DISBURSEMENTS TO THE CITY**

Payroll		109,170
Payroll Benefits		40,258
Vehicle Fuel & Fluids		1,173
Vehicle Maintenance		938
Postage		402
IS Services		5,033
GIS Services		157
Finance Services-Payment Receipting		2,594
Finance Services-Accounting		5,964
HR Services		1,998
Legal Services		2,881
Payment in Lieu of Taxes		76,122
Rent		<u>1,077</u>
<b>Total Disbursements to the City</b>		<b><u><u>247,767</u></u></b>

**REPLACEMENT FUND RESERVES AS OF APR 2026**

Sludge Lagoon		\$1,332,039
Vehicles		191,199
Painting Hydrants		54,875
GAC Media Replacement		530,000
Pump Rehab		187,254
Meters/Endpoints		100,000
Boiler Replacement		<u>67,500</u>
<b>Total Replacement Fund Reserves</b>		<b><u><u>\$2,462,867</u></u></b>

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02
04/30/2026	4098	U S BANK	04-12-26	283.04	LODGE KOHLER HOTEL & S	HOTEL WRWA MACH
04/30/2026	4148	U S BANK	04-27-26	502.54	USABBLUEBOOK	LAB REAGENTS
04/30/2026	4148	U S BANK	04-27-26	60.17	AMAZON MKTPL*B72SE7KX1	FLARE FITTINGS/BARCODE SC
04/23/2026	4086	MICHELS	3404	280.30	BACKFILL	
04/30/2026	4148	U S BANK	04-27-26	75.40	LINCOLN CONTRACTORS SUPPL	VAC TRAILER FITTING
04/30/2026	4040	U S BANK	04-12-26	38.00	ASC EMPL SOLTN PRTL ECOM	AUDIOGRAM-WATER
04/30/2026	4098	U S BANK	04-12-26	34.86	AMAZON.COM*BG9F333H0	OFFICE SUPPLIES
04/30/2026	4148	U S BANK	04-27-26	7.20	DSPS E SERVICE FEE COM	CC DEVICE CERT PROCESS FE
04/30/2026	61570	HOLZ, GREGG/DEBORAH	000032437	20.49	OVERPD FINAL ACCOUNT	000003546
04/30/2026	4148	U S BANK	04-27-26	81.95	JERSEY MIKES 29026	SAFETY LUNCH-PLANT
04/30/2026	4098	U S BANK	04-12-26	282.23	IN *MASTER LEAK TECHNOLOG	REPAIR LISTENING EQUIPMEN
04/16/2026	61529	WISCONSIN PUBLIC SERVICE	5877513235	143.68	PUMPING ELEC MAR 2026	
04/02/2026	61475	BRAZEE'S ACE HARDWARE	65865	19.18	SHOP SUPPLIES	
04/16/2026	61530	ZIEMKE, MICHAEL	000035805	1,956.77	OVERPD FINAL ACCOUNT	000020668
04/30/2026	61584	WISCONSIN DEPT OF NATURAL RESOURCES	COATES	25.00	CERTIFICATION TEST ( MIKE	COATES )
04/09/2026	61490	HAWLEY, GAIL	000040097	229.11	OVERPD FINAL ACCOUNT	000019042
04/02/2026	3995	PRIMADATA LLC	74432	2,114.94	MARCH UTILITY BILL POSTAG	E
04/30/2026	4098	U S BANK	04-12-26	61.08	USABBLUEBOOK	LAB REAGENTS
04/30/2026	4148	U S BANK	04-27-26	26.99	EBAY O*16-14520-94725	TOWER MIXER LINKS
04/16/2026	61521	MISSISSIPPI LIME COMPANY LLC	CD186515	5,871.06	HYDRATED LIME	
04/23/2026	61541	JOHNSON CONTROLS FIRE PROTECTION LP	25318328	2,220.65	ANNUAL FIRE ALARM MONITOR	ING
04/16/2026	61521	MISSISSIPPI LIME COMPANY LLC	CD187999	5,723.64	HYDRATED LIME	
04/30/2026	4148	U S BANK	04-27-26	30.49	AMAZON MKTPL*B72SE7KX1	LAB STAND
04/30/2026	4148	U S BANK	04-27-26	93.96	EBAY O*20-14514-94696	PIPE HANGERS FOR TOWER
04/30/2026	4098	U S BANK	04-12-26	136.78	THE HOME DEPOT #4903	RANGE HOOD/CUT OFF WHEELS
04/30/2026	4098	U S BANK	04-12-26	10.90	AMAZON MKTPL*BG6AE2232	RELAY
04/30/2026	4111	MICHELS	3632	307.21	BACKFILL	
04/30/2026	4098	U S BANK	04-12-26	31.97	AMAZON MKTPL*BG6AE2232	LABELS
04/30/2026	4108	HYDRITE CHEMICAL COMPANY	2026000024608	7,747.14	SODIUM HYPOCHLORITE	
04/30/2026	4148	U S BANK	04-27-26	295.00	FIRELINE SPRINKLER	ANNUAL SPRINKLER FLOW TES
04/30/2026	4098	U S BANK	04-12-26	72.99	AMAZON MKTPL*BC5IP47N1	WHITEBOARD
04/30/2026	4040	U S BANK	04-12-26	302.91	U.S. CELLULAR	AIRTIME 3/22-4/21
04/30/2026	61578	OTIS ELEVATOR COMPANY	100402295775	2,514.24	ANNUAL ELEVATOR SERVICE C	ONTRACT
04/02/2026	61483	MISSISSIPPI LIME COMPANY LLC	CD182600	5,791.51	HYDRATED LIME	
04/16/2026	61505	BRAZEE'S ACE HARDWARE	65983	17.10	SHOP SUPPLIES	
04/30/2026	4040	U S BANK	04-12-26	216.28	TDS METROCOM	03/22-04/21 PHONE FEES
04/02/2026	61475	BRAZEE'S ACE HARDWARE	65915	38.36	SHOP SUPPLIES	
04/30/2026	4098	U S BANK	04-12-26	6.85	AMAZON MKTPL*BC42G4ZP0	BLACK INK
04/02/2026	3981	CHEMTRADE CHEMICALS US LLC	90369490	8,670.93	FERRIC SULFATE	
04/23/2026	61532	BRAZEE'S ACE HARDWARE	66101	176.67	PLUMBING PARTS AND TOOLS	
04/30/2026	4148	U S BANK	04-27-26	37.80	BRANDLY	BUSINESS CARDS STONE
04/30/2026	4148	U S BANK	04-27-26	133.56	GRAINGER	FLANGE BEARINGS
04/09/2026	61498	MISSISSIPPI LIME COMPANY LLC	CD184791	5,616.00	HYDRATED LIME	
04/16/2026	4040	BAKER TILLY US LLP	BT3566464	9,450.00	AUDIT SERVICES THRU 3/31	
04/30/2026	4098	U S BANK	04-12-26	3,799.56	BADGER METER INC	METER READS MAR 2026
04/30/2026	4098	U S BANK	04-12-26	2,437.50	CORE & MAIN - W0005	CROSS CONNECTION DEVICES
04/30/2026	4098	U S BANK	04-12-26	14.34	THE UPS STORE 2376	LAB SHIPPING
04/09/2026	61495	MERKLEY, VICTORIA	000033005	190.81	OVERPD FINAL ACCOUNT	000005856
04/30/2026	4098	U S BANK	04-12-26	134.56	AMAZON MKTPL*BC5IP47N1	VACUUM CLEANER & AIR FRES
04/30/2026	4098	U S BANK	04-12-26	3,606.76	LANDIS+GYR TECHNOLOGY,	90428633/METER READS MAR
04/30/2026	4148	U S BANK	04-27-26	1,961.79	HAWKINS INC	HYDROFULOSILICIC ACID
04/09/2026	4015	DIVERSIFIED BENEFIT SERVICES INC	473984	79.05	APR HRA WATER-17 EES @ \$4	.65 EA
04/30/2026	4115	PRIMADATA LLC	74890	2,569.00	APR UTILITY BILL POSTAGE	
04/30/2026	4148	U S BANK	04-27-26	8.38	ZORO TOOLS INC	CAPS TOWER MIXER
04/30/2026	4098	U S BANK	04-12-26	1,271.02	WOLTER, INC.	GENERATOR PM-BOOSTER STAT
04/30/2026	4148	U S BANK	04-27-26	1,701.06	IDEXX DISTRIBUTION INC	LAB MEDIA/VESSELS
04/30/2026	4148	U S BANK	04-27-26	11.99	AMAZON MKTPL*B77RB4RP0	FLARE CAPS
04/30/2026	4148	U S BANK	04-27-26	320.00	DSPS EPAY ISE	ANNUAL CC DEVICE CERTS
04/30/2026	61585	WRWA	05-18-26	125.00	CERTIFICATION REVIEW CLAS	S ( MIKE COATES )
04/30/2026	4098	U S BANK	04-12-26	1,536.67	USABBLUEBOOK	LAB REAGENTS/STANDARDS

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02
04/16/2026	4059	NORTHERN LAKE SERVICE INC	2604339	126.72	LAB TESTS	
04/02/2026	3988	MCMAHON	942432	780.00	FEB SERVICES-OAK ST/FOX R	IVER CROSSING WMR
04/23/2026	4091	PRIMADATA LLC	74844	963.45	POSTAGE FOR APR DELINQUEN	T NOTICES
04/30/2026	4148	U S BANK	04-27-26	251.74	GREENHECK	VENT FAN/BIRD SCREEN
04/30/2026	4098	U S BANK	04-12-26	97.00	AMERICAN WATER WORKS ASSO	AWWA MEMBERSHIP BARLOW
04/30/2026	4098	U S BANK	04-12-26	3,521.53	LANDIS+GYR TECHNOLOGY,	90426959/METER READS FEB
04/30/2026	4098	U S BANK	04-12-26	20.00	IN *ENABLING ELEMENTS, IN	BOOSTER STAT TELEM APR 26
04/02/2026	3978	AIRGAS USA LLC	9169741235	3,551.10	CARBON DIOXIDE	
04/30/2026	61575	MISSISSIPPI LIME COMPANY LLC	CD192148	5,803.20	HYDRATED LIME	
04/30/2026	4148	U S BANK	04-27-26	43.20	BRANDLY	BUSINESS CARDS READER
04/16/2026	4054	MICHELS	3271	374.09	BACKFILL	
04/16/2026	4062	PRIMADATA LLC	74431	580.22	MAR UTILITY BILL PRINTING	
04/30/2026	4148	U S BANK	04-27-26	35.00	BADGER LABORATORIES INC	LAB TEST
04/30/2026	4098	U S BANK	04-12-26	47.99	EBAY O*14-14471-44851	DOOR ALARM CONTACTS
04/30/2026	4148	U S BANK	04-27-26	55.50	4TE*CULLIGAN WATER CONDIT	LAB WATER
04/30/2026	4098	U S BANK	04-12-26	649.97	SERVICE MOTOR COMPANY DAL	REPLACE WINDOW/PARTS
04/16/2026	61523	NWPA	04-22-26	270.00	TRAINING SEMINAR-NWPA	
04/30/2026	4098	U S BANK	04-12-26	62.00	WI STATE HYGIENE LAB	LAB TEST
04/30/2026	4148	U S BANK	04-27-26	4,866.43	HAWKINS INC	SODIUM PERMANGANATE
04/30/2026	4148	U S BANK	04-27-26	779.18	HAWKINS INC	AMMONIA HYDROXIDE
04/30/2026	4098	U S BANK	04-12-26	29.99	AMAZON MKTPL*BC3V58242	OFFICE SUPPLIES
04/16/2026	61529	WISCONSIN PUBLIC SERVICE	5877513235	131.03	PUMPING HEAT MAR 2026	
04/30/2026	61576	MUNICIPAL PROPERTY INSURANCE CO.	4810350 2026	38,331.00	2026 PROPERTY INSURANCE	
04/30/2026	4148	U S BANK	04-27-26	95.83	WM SUPERCENTER #2986	SUPPLIES
04/30/2026	4148	U S BANK	04-27-26	69.15	ZORO TOOLS INC	PIPE TOWER MIXER
04/30/2026	4098	U S BANK	04-12-26	200.00	CORE & MAIN - W1005	SERVICE PARTS
04/23/2026	4067	AIRGAS USA LLC	9170728866	3,663.24	CARBON DIOXIDE	
04/30/2026	4148	U S BANK	04-27-26	13.00	YCBM.COM PLAN PROF	BOOKING SOFTWATER APR 26
04/30/2026	4098	U S BANK	04-12-26	138.36	AMAZON MKTPL*BY00Y6422	INK
04/23/2026	61545	MISSISSIPPI LIME COMPANY LLC	CD189627	5,826.60	HYDRATED LIME	
04/30/2026	4148	U S BANK	04-27-26	43.20	BRANDLY	BUSINESS CARDS JENS
04/23/2026	4091	PRIMADATA LLC	74709	167.00	UPDATED UTILITY BILL SHEE	T STOCK
04/30/2026	4110	MCMAHON	942701	1,300.00	MAR OAK ST/FOX RIVER CROS	SING WMR
<b>Overall - Total</b>				<b>154,411.14</b>		

# Reporting and insights from 2025 audit: Neenah Water Utility

December 31, 2025

# Executive summary

May 13, 2026

To the Neenah Water Utility  
Neenah, Wisconsin

We have completed our audit of the financial statements of Neenah Water Utility (the Utility) for the year ended December 31, 2025, and have issued our report thereon dated May 13, 2026. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Utility's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

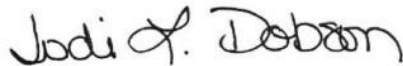
Additionally, we have included information on key risk areas Neenah Water Utility should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

Jodi Dobson, Principal: [jodi.dobson@bakertilly.com](mailto:jodi.dobson@bakertilly.com) or +1 (608) 240 2469

Sincerely,

Baker Tilly US, LLP



Jodi Dobson, Principal, CPA

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS. NONATTEST SERVICES ARE PROVIDED BY BAKER TILLY ADVISORY GROUP, LP.

# Responsibilities

## Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Utility's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
  - Are free from material misstatement
  - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or those charged with governance of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Internal control matters
- Qualitative aspects of Utility's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of the Utility and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Utility's current year results.

## Key areas of focus and significant findings

### Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

### Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

## Internal control matters

We considered the Utility's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Utility's 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.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

# Required communications

## Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Utility are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2025. We noted no transactions entered into by the Utility during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Unbilled Revenues	Evaluation of prior year's actual fourth quarter usage	Reasonable in relation to the financial statements as a whole
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Lease receivable and related deferral	Evaluation of leases by management and incremental borrowing rate used for percent value calculation	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

## **Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for the Utility or that otherwise appear to be unusual due to their timing, size or nature.

## **Significant difficulties encountered during the audit**

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

## **Disagreements with management**

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.

## **Audit report**

There have been no departures from the auditors' standard report.

## **Audit consultations outside the engagement team**

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

## **Uncorrected misstatements and corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the attachments summarizes the uncorrected misstatements that we presented to management, other than those that are clearly trivial, that, in our judgment, may not have been detected except through our auditing procedures. In our judgment, none of the uncorrected misstatements, either individually or in the aggregate, indicate matters that could have had a significant effect on the Utility's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

## **Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

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 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 information in documents containing audited basic financial statements**

The Utility's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The Utility can use the audited financial statements in other client prepared documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

## **Management's consultations with other accountants**

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

## **Written communications between management and Baker Tilly**

The attachments include copies of other material written communications, including a copy of the management representation letter.

## **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

## **Fraud**

We did not identify any known or suspected fraud during our audit.

## **Going concern**

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Utility's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

## **Independence**

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

## **Related parties**

We did not have any significant findings or issues arise during the audit in connection with the Utility's related parties.

## 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.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, 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.

## Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation

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

# Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



## Capital project oversight

Public sector capital projects face increasing pressure from cost escalation, supply chain disruption, regulatory complexity and heightened scrutiny around transparency and accountability. Strong planning, governance and controls are critical across the full project life cycle, from feasibility and funding strategy through execution and closeout.

Independent oversight helps chart a clear course from planning to delivery. Our teams work alongside leadership to strengthen governance, establish financial and contractual controls, align funding with project goals and monitor performance throughout execution, helping projects stay on schedule, within budget and aligned with community priorities.



## Succession planning

An aging workforce, rising retirement rates and competition for specialized talent make succession planning a fiscal and operational a priority for public sector organizations.

By identifying critical roles, assessing workforce risk, building internal talent pipelines and integrating succession planning with broader workforce strategies, Baker Tilly helps organizations preserve institutional knowledge and maintain continuity, today and into the future.



## Economic development

Successful economic development depends on disciplined planning, sound financial analysis and coordinated execution. Public sector leaders must balance incentives, infrastructure investment, funding opportunities and stakeholder priorities while maintaining fiscal responsibility.

Baker Tilly's supports local governments with strategic and financial planning, incentive structuring and negotiation, tax increment financing administration, project financing, grant strategy, and economic and fiscal impact analysis. This integrated approach helps leaders move from vision to action, strengthening communities and advancing sustainable, long-term growth.

# Management representation letter



5/13/2026

Baker Tilly US, LLP

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Neenah Water Utility as of December 31, 2025 and 2024 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 (U.S. GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. GAAP. 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 dated August 6, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the Utility required by U.S. GAAP 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, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which U.S. GAAP require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement 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) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole.
- 9) We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 10) Guarantees, whether written or oral, under which the Utility is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 11) 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 Works Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) 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.
- 13) 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.

- 14) 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.
- 15) 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.
- 16) We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

#### Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) 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.
- 19) 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.
- 20) 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 U.S. GAAP.
  - 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.
- 21) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, as identified in the engagement letter or an addendum to the engagement letter. We have designated Andrew Kahl, Deputy Finance Director, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.

The nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, are listed below.

a) Financial statement preparation


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

- 22) 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.
- 23) 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.
- 24) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 25) 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.
- 26) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 27) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 28) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 29) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 30) Tax-exempt bonds issued have retained their tax-exempt status.
- 31) 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.
- 32) 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.
- 33) With respect to the supplementary information, (SI):
  - a) We acknowledge our responsibility for presenting the SI in accordance with U.S. GAAP, and we believe the SI, including its form and content, is fairly presented in accordance with U.S. GAAP. 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.


- 34) 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.
- 35) We have identified any leases or other contracts that are required to be reported as leases and are in agreement with the key assumptions used in the measurement of any lease related assets, liabilities or deferred inflows of resources.
- 36) We have reviewed existing contracts and determined there are no items requiring accounting or reporting as Subscription Based Information Technology Agreements.
- 37) We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102.
- 38) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors' report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.
- 39) Any direct borrowings, direct placements, lines of credit, or debt default clauses have been identified and properly disclosed.

Sincerely,

Neenah Water Utility

Signed:   
Anthony L. Mach, Water Utility Director

Signed:   
Vicky Rasmussen, Director of Finance

Signed:   
Andrew Kahl, Deputy Director of Finance

# Client service team



**Jodi Dobson, CPA**  
**Principal**

4807 Innovate Lane  
Madison, WI 53718  
United States

**T +1 (608) 240 2374 | Madison**  
[jodi.dobson@bakertilly.com](mailto:jodi.dobson@bakertilly.com)

# Accounting changes relevant to Neenah Water Utility

## Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
103	Financial reporting model improvements	✓	12/31/26
104	Disclosure of certain capital assets	✓	12/31/26
105	Subsequent events	✓	12/31/27

Further information on upcoming [GASB pronouncements](#).

## Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis: While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items): The new statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.
- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position: The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information, and budgetary comparison information: Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

## Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including

- (a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately, and by major class of underlying asset. In addition, if there are any other intangible assets reported, they should also be disclosed separately.
- (b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale, and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures, it is important to plan ahead to ensure the required information is available for implementation.

## Updated guidance for the financial reporting of subsequent events

GASB Statement No. 105, *Subsequent Events*, which supersedes GASB Statement No. 56, is intended to enhance consistency in the application of requirements for subsequent events.

The Statement defines subsequent events as transactions or other events that occur after year end but before the date the financial statements are available to be issued. The date the financial statements are available to be issued is the date at which (a) the financial statements are complete in a form and format that complies with generally accepted accounting principles (GAAP) and (b) approvals necessary for issuance have been obtained, or typically the opinion date. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature.

The Statement also clarifies:

- The different types of subsequent events (recognized and nonrecognized events)
- When note disclosures are required
- The information that should be included in those note disclosures

# Two-way audit communications

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. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. 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.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

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 governing board 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. We anticipate that the Utility will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

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

- a. The entity'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?

We also need to know if you have taken action 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 month of December, and sometimes early in 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.

**Neenah Water**  
 SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

December 31, 2025

	Financial Statements Effect - Debit (Credit) to Financial Statement Total									
	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Total Assets/ Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>	<u>Total Liabilities/ Deferred Inflows</u>	<u>Total Net Position/ Fund Balances</u>	<u>Total Revenues</u>	<u>Total Expenses/ Expenditures</u>	<u>Change in Net Position/ Fund Balances</u>
Neenah Water Utility	-	191,240	191,240	-	-	-	191,240	191,240	-	191,240

There are no prior year PAJE's.

# **Neenah Water Utility**

An Enterprise Fund of the City of Neenah, Wisconsin

Financial Statements and  
Supplementary Information

December 31, 2025 and 2024

# Neenah Water Utility

An Enterprise Fund of the City of Neenah, Wisconsin

Table of Contents

December 31, 2025

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Net Position	4
Statements of Revenues, Expenses and Changes in Net Position	6
Statements of Cash Flows	7
Notes to Financial Statements	9
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	32
Schedule of Employer Contributions - Wisconsin Retirement System	32
Notes to Required Supplemental Information	33
<b>Supplementary Information</b>	
<b>Water Utility</b>	
Utility Plant	34
Operating Revenues and Expenses	35
Rate of Return - Regulatory Basis	37

## Independent Auditors' Report

To the Utility Commission of  
Neenah Water Utility

### Opinion

We have audited the financial statements of the Neenah Water Utility (Utility), an enterprise fund of the City of Neenah, Wisconsin, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position for the Utility, as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 1, the financial statements of the Utility are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only the Utility. They do not purport to, and do not, present fairly the financial position of the City of Neenah, Wisconsin, as of December 31, 2025, and 2024, and the changes in financial position, or cash flows 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.

### Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, 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.

Management has omitted Management 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 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.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is 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 supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
May 13, 2026

# Neenah Water Utility

Statements of Net Position  
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 7,842,667	\$ 6,252,058
Other special accounts	2,322,867	3,097,433
Restricted assets:		
Redemption account	-	397,764
Customer accounts receivable	778,910	803,291
Unbilled revenues	911,827	894,449
Other accounts receivable	22,015	35,936
Due from Municipality	248	105
Materials and supplies	125,002	166,721
Prepayments	3,310	1,778
Interest receivable	8,808	13,539
Current portion of lease receivable	41,541	40,178
	<u>12,057,195</u>	<u>11,703,252</u>
Total current assets		
<b>Noncurrent Assets</b>		
Other assets:		
Lease receivable	8,163,264	8,206,875
Capital assets:		
Plant in service	80,791,900	76,771,138
Accumulated depreciation/amortization	(29,351,751)	(28,157,824)
Construction work in progress	15,600	1,546,902
	<u>59,619,013</u>	<u>58,367,091</u>
Total noncurrent assets		
Total assets	<u>71,676,208</u>	<u>70,070,343</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pension	<u>628,347</u>	<u>863,736</u>

See notes to the financial statements

# Neenah Water Utility

Statements of Net Position  
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 205,159	\$ 611,694
Due to Municipality	913,464	875,704
Accrued interest	19,208	21,560
Accrued vacation	38,165	37,540
Other current liabilities	22,285	79,914
Current portion of advances	285,048	279,459
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	-	593,139
Accrued interest	-	2,338
Total current liabilities	<u>1,483,329</u>	<u>2,501,348</u>
<b>Noncurrent Liabilities</b>		
Advance from Municipality	2,161,513	2,446,561
Accrued sick leave	169,841	194,727
Unearned revenues	11,219	11,024
Net pension liability	<u>105,087</u>	<u>90,806</u>
Total noncurrent liabilities	<u>2,447,660</u>	<u>2,743,118</u>
Total liabilities	<u>3,930,989</u>	<u>5,244,466</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pension	335,071	537,695
Deferred inflows related to leases	<u>8,204,805</u>	<u>8,247,053</u>
Total deferred inflows of resources	<u>8,539,876</u>	<u>8,784,748</u>
<b>Net Position</b>		
Net investment in capital assets	51,421,866	49,567,077
Debt service	-	395,426
Unrestricted	<u>8,411,824</u>	<u>6,942,362</u>
Total net position	<u>\$ 59,833,690</u>	<u>\$ 56,904,865</u>

See notes to the financial statements

## Neenah Water Utility

Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Sales of water	\$ 8,546,948	\$ 8,194,635
Other	209,987	212,931
Total operating revenues	<u>8,756,935</u>	<u>8,407,566</u>
<b>Operating Expenses</b>		
Operation and maintenance	4,496,104	3,523,614
Depreciation	1,757,967	1,688,466
Total operating expenses	<u>6,254,071</u>	<u>5,212,080</u>
<b>Operating Income</b>	<u>2,502,864</u>	<u>3,195,486</u>
<b>Nonoperating Income (Expenses)</b>		
Investment income	307,154	418,583
Income from nonutility operations	89,349	85,576
Income from merchandising and jobbing	30,460	35,404
Gain on sale of fixed assets	22,619	30,522
Gain (loss) on investments	48,130	42,548
Interest expense	(52,664)	(89,110)
Miscellaneous income (expenses)	303,792	(900)
Amortization of debt premium	-	4,831
Total nonoperating expenses	<u>748,840</u>	<u>527,454</u>
Income before contributions and transfers	3,251,704	3,722,940
<b>Capital Contributions</b>	590,585	1,026,276
<b>Transfers, Tax Equivalent</b>	<u>(913,464)</u>	<u>(875,704)</u>
Change in net position	2,928,825	3,873,512
<b>Net Position, Beginning</b>	<u>56,904,865</u>	<u>53,031,353</u>
<b>Net Position, Ending</b>	<u>\$ 59,833,690</u>	<u>\$ 56,904,865</u>

See notes to the financial statements

# Neenah Water Utility

## Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Received from customers	\$ 8,921,323	\$ 8,483,938
Paid to suppliers for goods and services	(3,030,041)	(2,150,814)
Paid to employees for operating payroll	(1,414,850)	(1,334,383)
Net cash flows from operating activities	<u>4,476,432</u>	<u>4,998,741</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Paid to Municipality for tax equivalent	(875,705)	(880,142)
Cash received from settlements	303,792	-
Net cash flows from noncapital financing activities	<u>(571,913)</u>	<u>(880,142)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(3,297,985)	(4,597,195)
Proceeds on disposal of assets	152,935	263,773
Capital contributions received	139,398	239,808
Debt issuance costs and amounts paid to escrow	-	(900)
Debt retired	(872,598)	(2,240,781)
Interest paid	(57,354)	(98,728)
Net cash flows from capital and related financing activities	<u>(3,935,604)</u>	<u>(6,434,023)</u>
<b>Cash Flows From Investing Activities</b>		
Investments purchased	-	(42,550)
Investments sold and matured	446,240	-
Investment income	449,364	546,707
Net cash flows from investing activities	<u>895,604</u>	<u>504,157</u>
Net change in cash and cash equivalents	864,519	(1,811,267)
<b>Cash and Cash Equivalents, Beginning</b>	<u>7,581,560</u>	<u>9,392,827</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 8,446,079</u>	<u>\$ 7,581,560</u>
<b>Noncash Capital and Related Financing Activities</b>		
Developer financed additions to utility plant	<u>\$ 451,187</u>	<u>\$ 786,468</u>
Capital expenditures for utility plant included in accounts payable	<u>\$ 33,883</u>	<u>\$ -</u>

See notes to the financial statements

## Neenah Water Utility

Statements of Cash Flows  
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>		
Operating income	\$ 2,502,864	\$ 3,195,486
Nonoperating revenue (expense)	30,460	35,404
Noncash items in operating income:		
Depreciation	1,757,967	1,688,466
Depreciation charged to clearing and other utilities	183,576	169,560
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	7,003	(58,029)
Other accounts receivable	13,921	(9,048)
Due from other funds	(143)	(105)
Materials and supplies	41,719	(40,139)
Prepayments	(1,532)	1,110
Pension related deferrals and assets	47,046	(36,688)
Accounts payable	(24,752)	(102,870)
Accrued sick and vacation	(24,261)	134,175
Other current liabilities	(57,629)	18,794
Unearned revenue	193	2,625
	<u>\$ 4,476,432</u>	<u>\$ 4,998,741</u>
<b>Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts</b>		
Cash and investments	\$ 7,842,667	\$ 6,252,058
Redemption account	-	397,764
Other special accounts	<u>2,322,867</u>	<u>3,097,433</u>
Total cash and investments	10,165,534	9,747,255
Less noncash equivalents	<u>(1,719,455)</u>	<u>(2,165,695)</u>
Cash and cash equivalents	<u>\$ 8,446,079</u>	<u>\$ 7,581,560</u>

See notes to the financial statements

# Neenah Water Utility

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Notes to Financial Statements  
December 31, 2025

## 1. Summary of Significant Accounting Policies

The financial statements of Neenah Water Utility (the 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  
December 31, 2025

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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.

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 market 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.

## Other Special Accounts

Assets designated by the Utility Commission for future capital projects.

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## Anticipated Future Special Assessments

At December 31, 2025 there were \$404,154 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 \$5,000 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

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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 Outflows 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.

## Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Vacation and sick leave pay is accrued when earned in the financial statements.

# Neenah Water Utility

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Notes to Financial Statements  
December 31, 2025

## 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.

## Leases

The Utility is a lessor because it leases capital assets to other entities. As a lessor, the Utility reports a lease receivable and corresponding deferred inflow of resources in the financial statements. The Utility continues to report and depreciate the capital assets being leased as capital assets.

## 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.

## Nonoperating Revenues

The utility reports interest on lease receivables as income from nonutility operations and revenues from the PFAS settlement as miscellaneous nonoperating revenues.

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*
- Statement No. 105, *Subsequent Events*

When they become effective, application of these standards may restate portions of these financial statements.

## 2. Deposits and Investments

	Carrying Value as of December 31,		Risks
	2025	2024	
Checking and savings	\$ 5,654,009	\$ 3,380,131	Custodial credit risk
LGIP	3,041,544	4,201,229	Credit risk
			Custodial credit risk, credit risk, concentration of credit risk,
Corporate bonds	499,393	990,464	interest rate risk
			Custodial credit risk, credit risk, concentration of credit risk,
Municipal bonds	243,583	480,733	interest rate risk
			Custodial credit risk, credit risk, concentration of credit risk,
U.S. agency securities	726,805	694,498	interest rate risk
Petty cash	200	200	None
Total	<u>\$ 10,165,534</u>	<u>\$ 9,747,255</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 non-interest-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 \$1,000,000.

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.

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, 2025 and 2024, the fair value of the LGIP's assets were substantially equal to the Utility share.

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

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 methods fair value measurements are as follows:

- U.S. agency securities, municipal bonds and corporate bonds are valued by a pricing service that uses matrix pricing or a yield of a similar investment type.

Investment Type	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 499,393	\$ -	\$ 499,393
Municipal bonds	-	243,583	-	243,583
U.S. agency securities, implicitly guaranteed	-	726,805	-	726,805
Total	\$ -	\$ 1,469,781	\$ -	\$ 1,469,781

Investment Type	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 990,464	\$ -	\$ 990,464
Municipal bonds	-	480,733	-	480,733
U.S. agency securities, implicitly guaranteed	-	694,498	-	694,498
Total	\$ -	\$ 2,165,695	\$ -	\$ 2,165,695

### Custodial Credit Risk

#### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Utility 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 total deposit balances at these institutions.

	2025		2024	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Local/area bank	(A)	\$ 5,654,009	(A)	\$ 3,380,131
Total	\$ -	\$ 5,654,009	\$ -	\$ 3,380,131

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

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

The Municipality's investment policy address Custodial Credit Risk of deposits in the following manner:

Where allowed by state and in accordance with the Government Finance Officers Association (GFOA) Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and nonnegotiable certificates of deposit.

## 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 Municipality'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, 2025, the Utility investments were rated as follows:

<b>Investment Type</b>	<b>Moody's Investors Services</b>
U.S. agencies, implicitly guaranteed	Aa1
Corporate bonds	A1
Municipal bonds	Aa3

As of December 31, 2024, the Utility investments were rated as follows:

<b>Investment Type</b>	<b>Moody's Investors Services</b>
U.S. agencies, implicitly guaranteed	Aaa
Corporate bonds	Aa2
Municipal bonds	Aa3

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

The Municipality's investment policy addresses this risk. The Municipality 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.

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## 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.

The City's investment policy addresses this risk. The City Of Neenah will diversify investments by limiting investments to avoid overconcentration in securities from specific issuer in 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.

At December 31, 2025 and 2024, the Utility investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2025	2024
Federal Farm Credit Bank	U.S. agencies implicitly guaranteed	10.80%	-%
Federal National Mortgage Association	U.S. agencies implicitly guaranteed	5.30	-

## 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, 2025, the Utility 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	\$ 726,805	\$ 245,535	\$ 481,270	\$ -
Corporate bonds	499,393	499,393	-	-
Municipal bonds	243,583	-	243,583	-
Total	<u>\$ 1,469,781</u>	<u>\$ 744,928</u>	<u>\$ 724,853</u>	<u>\$ -</u>

As of December 31, 2024, the Utility 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	\$ 694,498	\$ -	\$ 694,498	\$ -
Corporate bonds	990,464	498,023	492,441	-
Municipal bonds	480,733	246,020	234,713	-
Total	<u>\$ 2,165,695</u>	<u>\$ 744,043</u>	<u>\$ 1,421,652</u>	<u>\$ -</u>

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## Investment Policy

The Municipality's investment policy addresses this risk. The Municipality 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.

## 3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ended December 31, 2025 and 2024:

Due To	Due From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 913,464	Tax equivalents	\$ 875,704	Tax equivalents
Water Utility	Municipality	248	Operating items	105	Operating items

The following is a schedule of transfer balances for the years ended December 31, 2025 and 2024:

To	From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 913,464	Tax equivalent	\$ 875,704	Tax equivalent

## 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.

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

### Restricted Net Position

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

	<u>2025</u>	<u>2024</u>
Restricted assets:		
Redemption account	\$ -	\$ 397,764
Current liabilities payable from restricted assets	-	(2,338)
Total restricted net position as calculated	<u>\$ -</u>	<u>\$ 395,426</u>

The purpose of the restricted net position is as follows:

	<u>2025</u>	<u>2024</u>
Debt service	\$ -	\$ 395,426
Total restricted net position	<u>\$ -</u>	<u>\$ 395,426</u>

### 5. Changes in Capital Assets

A summary of changes in water capital assets for 2025 follows:

	<u>Balance 1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/25</u>
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	3,413,979	1,613,660	-	5,027,639
Water treatment	24,824,899	396,858	95,967	25,125,790
Transmission and distribution	45,844,728	2,692,142	670,789	47,866,081
General	2,434,374	196,032	111,174	2,519,232
Total capital assets being depreciated	<u>76,648,958</u>	<u>4,898,692</u>	<u>877,930</u>	<u>80,669,720</u>
Total capital assets	<u>76,771,138</u>	<u>4,898,692</u>	<u>877,930</u>	<u>80,791,900</u>
Less accumulated depreciation:				
Source of supply	(130,978)	-	-	(130,978)
Pumping	(2,133,348)	(128,770)	-	(2,262,118)
Water treatment	(15,478,128)	(830,684)	95,968	(16,212,844)
Transmission and distribution	(8,323,590)	(903,789)	540,474	(8,686,905)
General	(2,091,780)	(78,300)	111,174	(2,058,906)
Total accumulated depreciation	<u>(28,157,824)</u>	<u>(1,941,543)</u>	<u>747,616</u>	<u>(29,351,751)</u>
Construction in progress	<u>1,546,902</u>	<u>15,600</u>	<u>1,546,902</u>	<u>15,600</u>
Net capital assets	<u>\$ 50,160,216</u>			<u>\$ 51,455,749</u>

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

A summary of changes in water capital assets for 2024 follows:

	<b>Balance 1/1/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/24</b>
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	3,384,251	45,321	15,593	3,413,979
Water treatment	24,747,553	77,346	-	24,824,899
Transmission and distribution	42,911,290	4,029,324	1,095,886	45,844,728
General	2,382,817	122,907	71,350	2,434,374
Total capital assets being depreciated	<u>73,556,889</u>	<u>4,274,898</u>	<u>1,182,829</u>	<u>76,648,958</u>
Total capital assets	<u>73,679,069</u>	<u>4,274,898</u>	<u>1,182,829</u>	<u>76,771,138</u>
Less accumulated depreciation:				
Source of supply	(130,978)	-	-	(130,978)
Pumping	(2,040,566)	(108,374)	15,593	(2,133,347)
Water treatment	(14,653,733)	(824,396)	-	(15,478,129)
Transmission and distribution	(8,334,226)	(851,998)	862,634	(8,323,590)
General	(2,089,873)	(73,258)	71,351	(2,091,780)
Total accumulated depreciation	<u>(27,249,376)</u>	<u>(1,858,026)</u>	<u>949,578</u>	<u>(28,157,824)</u>
Construction in progress	<u>236,980</u>	<u>1,309,922</u>	<u>-</u>	<u>1,546,902</u>
Net capital assets	<u>\$ 46,666,673</u>			<u>\$ 50,160,216</u>

## 6. Lease Disclosures

### Lessor - Lease Receivables

<b>Lease Receivables Description</b>	<b>Date of Inception</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Receivable Balance 12/31/25</b>	<b>Receivable Balance 12/31/24</b>
Cell tower attachment	08/01/2005	08/01/2080	1.00%	\$ 7,790,615	\$ 7,792,685
Cell tower attachment	01/01/2024	01/01/2028	3.50	96,360	118,140
Cell tower attachment	10/01/1999	10/01/2039	1.74	317,830	336,228
Total activities				<u>\$ 8,204,805</u>	<u>\$ 8,247,053</u>

The Utility recognized \$42,248 and \$40,457 of lease revenue during 2025 and 2024, respectively.

The Utility recognized \$89,349 and \$85,576 of interest revenue during 2025 and 2024, respectively.

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## 7. Long-Term Obligations

### Revenue Debt

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/25</u>
01/25/2006	Water treatment plant	05/01/2025	2 %	\$ 8,788,354	\$ - *

\* The debt noted is directly placed with a third party.

### Advances From Other Funds of the Municipality

Other funds of the Municipality have advanced the following to the Utility:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/25</u>
2/1/2023	Capital improvements	12/1/2032	2 %	\$ 3,000,000	\$ 2,446,561

Advances from other funds of the Municipality debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 285,048	\$ 44,668	\$ 329,716
2027	290,749	38,883	329,632
2028	296,564	32,981	329,545
2029	302,496	26,961	329,457
2030	308,546	20,820	329,366
2031-2032	963,158	24,366	987,524
Total	<u>\$ 2,446,561</u>	<u>\$ 188,679</u>	<u>\$ 2,635,240</u>

### Long-Term Obligations Summary

Long-term obligation activity for the year ended December 31, 2025 is as follows:

	<u>1/1/25 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/25 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 593,139	\$ -	\$ 593,139	\$ -	\$ -
Advance from Municipality	2,726,020	-	279,459	2,446,561	285,048
Accrued sick and vacation leave	232,267	214,054	238,315	208,006	38,165
Unearned revenues	11,024	195	-	11,219	-
Total	<u>\$ 3,562,450</u>	<u>\$ 214,249</u>	<u>\$ 1,110,913</u>	<u>\$ 2,665,786</u>	<u>\$ 323,213</u>

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

Long-term obligation activity for the year ended December 31, 2024 is as follows:

	<u>1/1/24</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 2,559,940	\$ -	\$ 1,966,801	\$ 593,139	\$ 593,139
Advance from Municipality	3,000,000	-	273,980	2,726,020	279,459
Accrued sick and vacation leave	98,092	184,838	50,663	232,267	37,540
Unamortized debt premium	4,831	-	4,831	-	-
Unearned revenues	<u>8,399</u>	<u>2,625</u>	<u>-</u>	<u>11,024</u>	<u>-</u>
<b>Total</b>	<u>\$ 5,671,262</u>	<u>\$ 187,463</u>	<u>\$ 2,296,275</u>	<u>\$ 3,562,450</u>	<u>\$ 910,138</u>

## 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.

### 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 2024 as follows:

	<u>2024</u>
Operating revenues	\$ 8,407,566
Investment income	546,707
Miscellaneous nonoperating income	35,404
Less operation and maintenance expenses	<u>(3,523,614)</u>
<b>Net defined earnings</b>	<u>\$ 5,466,063</u>
Minimum required earnings per resolution: Subsequent year annual debt service	\$ 600,152
<b>Coverage factor</b>	<u>1.25</u>
<b>Minimum required earnings</b>	<u>\$ 750,190</u>
<b>Actual debt coverage</b>	<u>9.11</u>

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## Number of Customers and Billed Volumes - Water

The Utility has the following number of customers and billed volumes for 2025 and 2024:

	Customers		Sales (000 gals)	
	2025	2024	2025	2024
Residential	10,719	10,547	399,418	389,331
Multifamily residential	94	94	26,366	24,517
Commercial	753	760	147,859	144,857
Industrial	114	115	418,282	370,412
Public authority	58	39	17,520	17,598
<b>Total</b>	<b>11,738</b>	<b>11,555</b>	<b>1,009,445</b>	<b>946,715</b>

## 8. 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 policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the water subtotal:

	2025	2024
Plant in service	\$ 80,791,900	\$ 76,771,138
Accumulated depreciation/amortization	(29,351,751)	(28,157,824)
Construction work in progress	15,600	1,546,902
<b>Subtotal</b>	<b>51,455,749</b>	<b>50,160,216</b>
Less capital related debt:		
Current portion of capital related long-term debt	-	593,139
Capital related A/P	33,883	-
<b>Subtotal</b>	<b>33,883</b>	<b>593,139</b>
<b>Total net investment in capital assets</b>	<b>\$ 51,421,866</b>	<b>\$ 49,567,077</b>

## 9. 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 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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can be found using the link above.

#### 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 a retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings is the average of the participant's three highest earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## Postretirement 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>
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

## 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 was 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 \$92,072 and \$81,397 in contributions from the Utility during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2025 and December 31, 2024 are:

	<u>2025</u>		<u>2024</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Executives and Elected Officials)	6.90 %	6.90 %	6.80 %	6.80 %
Protective with Social Security	6.90	14.30	6.80	13.20
Protective without Social Security	6.90	19.10	6.80	18.10

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

### Pension Liabilities, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the Utility reported a liability (asset) of \$105,087 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. 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, 2024, the City of Neenah's proportion was .13235373%, which was a decrease of .00044803% from its proportion measured as of December 31, 2023.

At December 31, 2024, the Utility reported a liability (asset) of \$90,806 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. 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, 2023, the City of Neenah's proportion was .13280176%, which was an increase of .00053038% from its proportion measured as of December 31, 2022.

For the years ended December 31, 2025 and 2024, the Utility recognized pension expense (revenue) of \$47,046 and \$(36,688), respectively.

At December 31, 2025, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Neenah Water Utility</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ 432,351	\$ 333,859
Changes in assumption	50,250	-
Net differences between project and actual earnings on pension plan	47,016	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	398	1,212
Employer contributions subsequent to the measurement date	<u>98,332</u>	<u>-</u>
Total	<u>\$ 628,347</u>	<u>\$ 335,071</u>

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

At December 31, 2024, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Neenah Water Utility</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 490,688	\$ 536,714
Changes in assumption	60,655	-
Net differences between project and actual earnings on pension plan	219,816	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	505	981
Employer contributions subsequent to the measurement date	<u>92,072</u>	<u>-</u>
Total	<u>\$ 863,736</u>	<u>\$ 537,695</u>

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:

<b>Years Ending December 31:</b>	<b>Deferred Outflows of Resources</b>
2026	\$ 58,459
2027	202,495
2028	(50,332)
2029	(15,678)
2030	-
Thereafter	<u>-</u>
Total	<u>\$ 194,944</u>

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

### 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:

	2025	2024
Actuarial Valuation Date:	December 31, 2023	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2024	December 31, 2023
Experience Study:	January 1, 2021 - December 31, 2023, Published November 19, 2024	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	6.8%
Discount Rate:	6.8%	6.8%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1%-5.7%	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement Adjustments: *	1.7%	1.7%

\* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The percentages listed above are the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

## Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

### 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 geometric real rates of return for each major asset class as of December 31, 2025 are summarized in the following table:

#### Asset Allocation Targets and Expected Returns<sup>1</sup> as of the Measurement Date December 31, 2024

<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %<sup>2</sup></b>
Public Equity	38 %	7.0 %	4.3 %
Public Fixed Income	27	6.1	3.4
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Private Equity/Debt	20	9.5	6.7
Leverage <sup>3</sup>	(12)	3.7	1.1
Total Core Fund <sup>3</sup>	100	7.5	4.8
<b>Variable Fund Asset</b>			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

<sup>2</sup> New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.6%.

<sup>3</sup> The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.

## Neenah Water Utility

Notes to Financial Statements

December 31, 2025

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2024 are summarized in the following table:

### Asset Allocation Targets and Expected Returns<sup>1</sup> as of the Measurement Date December 31, 2023

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % <sup>2</sup>
Public Equity	40 %	7.3 %	4.5 %
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage <sup>3</sup>	(12)	3.7	1.0
Total Core Fund <sup>3</sup>	100	7.4	4.6
<b>Variable Fund Asset</b>			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

<sup>2</sup> New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.7%.

<sup>3</sup> The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.

# Neenah Water Utility

Notes to Financial Statements  
December 31, 2025

## Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2025 and December 31, 2024. As of December 31, 2025, this discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Services' Aa2 rating and Standard and Poor's Corp.'s AA.) As of December 31, 2024, the discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 3.77%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% 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.

## 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 current discount rate, 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 or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2025 follows:

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase to Discount Rate (7.80%)</u>
Utility's proportionate share of the net position liability (asset)	\$ 985,435	\$ 108,087	\$ (520,451)

The sensitivity analysis as of December 31, 2024 follows:

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase to Discount Rate (7.80%)</u>
Utility's proportionate share of the net position liability (asset)	\$ 877,889	\$ 90,806	\$ (459,913)

## 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/about-etf/reports-and-studies/financial-reports-and-statements>.

# Neenah Water Utility

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Notes to Financial Statements  
December 31, 2025

## 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 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.

## 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.

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 SUPPLEMENTARY INFORMATION**

## Neenah Water Utility

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended December 31, 2025

<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>
12/31/25	0.13235373%	\$ 105,087	\$ 1,334,377	7.88%	98.79%
12/31/24	0.13280176%	90,806	1,197,015	7.59%	98.85%
12/31/23	0.13227138%	329,322	1,096,296	30.04%	95.72%
12/31/22	0.13110266%	(562,869)	1,202,652	46.80%	106.02%
12/31/21	0.13053840%	(424,231)	1,150,844	36.86%	105.26%
12/31/20	0.12971997%	(226,291)	1,100,597	20.56%	102.96%
12/31/19	0.12818106%	251,327	1,093,552	22.98%	96.45%
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%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2024

<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>
12/31/25	\$ 98,332	\$ 98,332	\$ -	\$ 1,414,849	6.95%
12/31/24	92,072	92,072	-	1,334,377	6.90%
12/31/23	81,397	81,397	-	1,197,015	6.80%
12/31/22	74,000	74,000	-	1,096,296	6.75%
12/31/21	81,179	81,179	-	1,202,652	6.75%
12/31/20	77,682	77,682	-	1,150,844	6.75%
12/31/19	73,740	73,740	-	1,100,597	6.70%
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%

See notes to the required supplementary information

## Neenah Water Utility

Notes to Required Supplementary Information  
Year Ended December 31, 2025

### 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 of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.*

	2016-2018	2019-2021
Long-term expected rate of return	7.2%	7.0%
Discount rate	7.2%	7.0%
Salary increases:		
Inflation	3.2%	3.0%
Seniority/Merit	0.2%-5.6%	0.1%-5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table
Postretirement adjustments	2.10%	1.90%
	2022-2024	2025
Long-term expected rate of return	6.8%	6.8%
Discount rate	6.8%	6.8%
Salary increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1%-5.6%	0.1%-5.7%
Mortality	2020 WRS Experience Table	2020 WRS Experience Table
Postretirement adjustments	1.70%	1.70%

## **SUPPLEMENTARY INFORMATION**

# Neenah Water Utility

Water Utility Plant

Year Ended December 31, 2025

	<b>Balance 1/1/25</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/25</b>
<b>Source of Supply</b>				
Land and land rights	\$ 23,941	\$ -	\$ -	\$ 23,941
Intakes	130,978	-	-	130,978
Total source of supply	<u>154,919</u>	<u>-</u>	<u>-</u>	<u>154,919</u>
<b>Pumping</b>				
Structures and improvements	1,961,066	1,500,756	-	3,461,822
Other power production equipment	282,592	48,223	-	330,815
Electric pumping equipment	1,165,752	64,681	-	1,230,433
Other pumping equipment	4,569	-	-	4,569
Total pumping	<u>3,413,979</u>	<u>1,613,660</u>	<u>-</u>	<u>5,027,639</u>
<b>Water Treatment</b>				
Land and land rights	98,239	-	-	98,239
Structures and improvements	16,399,657	106,739	26,685	16,479,711
Water treatment equipment	8,425,242	290,119	69,282	8,646,079
Total water treatment	<u>24,923,138</u>	<u>396,858</u>	<u>95,967</u>	<u>25,224,029</u>
<b>Transmission and Distribution</b>				
Distribution reservoirs and standpipes	2,477,083	-	-	2,477,083
Transmission and distribution mains	30,234,785	1,357,375	137,044	31,455,116
Services	7,274,151	488,551	111,435	7,651,267
Meters	2,642,496	600,315	393,985	2,848,826
Hydrants	3,216,213	245,901	28,325	3,433,789
Total transmission and distribution	<u>45,844,728</u>	<u>2,692,142</u>	<u>670,789</u>	<u>47,866,081</u>
<b>General</b>				
Structures and improvements	93,332	-	-	93,332
Office furniture and equipment	37,331	-	-	37,331
Computer equipment	217,556	-	-	217,556
Transportation equipment	399,762	175,486	102,429	472,819
Tools, shop and garage equipment	115,935	20,546	8,745	127,736
Laboratory equipment	66,297	-	-	66,297
Power-operated equipment	243,770	-	-	243,770
Communication equipment	48,881	-	-	48,881
SCADA equipment	1,211,510	-	-	1,211,510
Total general	<u>2,434,374</u>	<u>196,032</u>	<u>111,174</u>	<u>2,519,232</u>
Total water utility plant	<u>\$ 76,771,138</u>	<u>\$ 4,898,692</u>	<u>\$ 877,930</u>	<u>\$ 80,791,900</u>

## Neenah Water Utility

Water Utility Operating Revenues and Expenses  
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Sales of water:		
Unmetered	\$ 6,304	\$ 4,663
Metered:		
Residential	3,233,497	3,182,326
Commercial	1,112,385	1,073,911
Industrial	2,149,213	1,921,965
Public authorities	114,099	115,248
Total metered sales	6,609,194	6,293,450
Private fire protection	140,537	137,457
Public fire protection	1,791,950	1,766,049
Bad debt expense	(1,037)	(6,984)
Total sales of water	<u>8,546,948</u>	<u>8,194,635</u>
Other operating revenues:		
Forfeited discounts	62,768	63,759
Miscellaneous service revenue	24,119	40,067
Rents from water property	47,183	45,744
Other	75,917	63,361
Total operating revenues	<u>8,756,935</u>	<u>8,407,566</u>
<b>Operating Expenses</b>		
Operation and maintenance:		
Source of supply:		
Operation supervision and engineering	3,089	3,055
Maintenance:		
Supervision and engineering	12,356	12,222
Lake, river and other intakes	12,180	6,260
Total source of supply	<u>27,625</u>	<u>21,537</u>
Pumping:		
Operation supervision and engineering	14,563	14,009
Fuel for power production	167,202	160,028
Pumping labor	105,326	104,433
Miscellaneous	16,899	11,885
Maintenance:		
Supervision and engineering	17,399	16,857
Power production equipment	-	889
Pumping equipment	-	181
Total pumping	<u>321,389</u>	<u>308,282</u>
Water treatment:		
Operation supervision and engineering	32,020	31,751
Chemicals	797,267	659,750
Operation labor	370,148	362,919
Miscellaneous	102,904	89,697
Maintenance:		
Supervision and engineering	37,354	36,639
Structures and improvements	614,823	149,712
Water treatment equipment	208,432	124,507
Total water treatment	<u>2,162,948</u>	<u>1,454,975</u>

## Neenah Water Utility

Water Utility Operating Revenues and Expenses  
Year Ended December 31, 2025

	<u>2025</u>	<u>2024</u>
Transmission and distribution:		
Operation supervision and engineering	\$ 16,538	\$ 12,859
Storage facilities	9,197	5,151
Transmission and distribution lines	115,138	138,178
Meters	41,252	81,953
Customer installations	27,097	37,943
Miscellaneous	115,186	104,345
Maintenance:		
Supervision and engineering	12,638	8,945
Reservoirs and standpipes	408	5,151
Mains	215,691	160,812
Services	63,041	47,961
Meters	7,054	9,322
Hydrants	134,134	16,278
Miscellaneous	<u>(6,965)</u>	<u>(8,332)</u>
Total transmission and distribution	<u>750,409</u>	<u>620,566</u>
Customer accounts:		
Supervision	18,312	14,091
Meter reading	27,849	12,586
Accounting and collecting labor	<u>129,602</u>	<u>125,602</u>
Total customer accounts	<u>175,763</u>	<u>152,279</u>
Administrative and general:		
Salaries	254,623	235,267
Office supplies	10,148	5,938
Outside services employed	42,523	18,407
Property insurance	45,207	44,214
Injuries and damages	44,242	31,036
Employee pensions and benefits	518,040	490,909
Miscellaneous	33,044	31,326
Rents	<u>12,540</u>	<u>12,140</u>
Total administrative and general	<u>960,367</u>	<u>869,237</u>
Taxes	<u>97,603</u>	<u>96,738</u>
Total operation and maintenance	4,496,104	3,523,614
Depreciation	<u>1,757,967</u>	<u>1,688,466</u>
Total operating expenses	<u>6,254,071</u>	<u>5,212,080</u>
Operating income	<u>\$ 2,502,864</u>	<u>\$ 3,195,486</u>

## Neenah Water Utility

Rate of Return - Regulatory Basis  
Years Ended December 31, 2025 and 2024

	<b>Water</b>	
	<b>2025</b>	<b>2024</b>
<b>Utility Financed Plant in Service</b>		
Beginning of year	\$ 65,339,201	\$ 63,157,505
End of year	<u>68,819,586</u>	<u>65,339,201</u>
Average	<u>67,079,394</u>	<u>64,248,353</u>
<b>Utility Financed Accumulated Depreciation</b>		
Beginning of year	(26,492,678)	(25,639,097)
End of year	<u>(27,552,158)</u>	<u>(26,492,678)</u>
Average	<u>(27,022,418)</u>	<u>(26,065,888)</u>
<b>Materials and Supplies</b>		
Beginning of year	166,720	126,582
End of year	<u>125,003</u>	<u>166,720</u>
Average	<u>145,862</u>	<u>146,651</u>
<b>Regulatory Liability</b>		
Beginning of year	(96,309)	(96,309)
End of year	<u>(67,667)</u>	<u>(81,201)</u>
Average	<u>(81,988)</u>	<u>(88,755)</u>
Average net rate base	<u>\$ 40,120,850</u>	<u>\$ 38,240,361</u>
Operating income, regulatory basis	<u>\$ 2,186,867</u>	<u>\$ 2,601,236</u>
Rate of return (percent)	<u>5.45 %</u>	<u>6.80 %</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**  
**12 MONTH FINANCIAL REPORT**  
**January 1 through December 31, 2025**

**Neenah Water Utility**  
**Comparative Balance Sheet**  
**as of December 31, 2025 & 2024**

Assets		2025		Assets		2024	
<b>Current Assets</b>				<b>Current Assets</b>			
<b>Cash &amp; Cash Equivalents</b>				<b>Cash &amp; Cash Equivalents</b>			
Cash on Hand	\$	5,654,009		Cash on Hand	\$	3,380,133	
Working Funds - Petty Cash		200		Working Funds - Petty Cash		200	
Prepays		3,310		Prepays		1,778	
<b>Total Cash &amp; Cash Equivalents</b>		<b>\$ 5,657,519</b>		<b>Total Cash &amp; Cash Equivalents</b>		<b>\$ 3,382,111</b>	A)
<b>Temporary Investments</b>				<b>Temporary Investments</b>			
Unrestricted		718,678		Unrestricted	\$	706,032	
Restricted for Debt Service		0		Restricted for Debt Service		675,495	B)
Replacement Reserves		2,322,866		Replacement Reserves		2,819,702	
<b>Total Temporary Investments</b>		<b>\$ 3,041,544</b>		<b>Total Temporary Investments</b>		<b>\$ 4,201,229</b>	
<b>Receivables</b>				<b>Receivables</b>			
Customer Account	\$	1,707,437		Customer Account	\$	1,714,439	C)
Other		22,263		Other		36,041	D)
Investment Interest		8,808		Investment Interest		13,539	
<b>Total Receivables</b>		<b>\$ 1,738,508</b>		<b>Total Receivables</b>		<b>\$ 1,764,019</b>	
<b>Inventory</b>				<b>Inventory</b>			
Chemical	\$	100,086		Chemical	\$	141,805	
Meter & Hydrant Supplies		24,916		Meter & Hydrant Supplies		24,916	
<b>Total Inventory</b>		<b>\$ 125,002</b>		<b>Total Inventory</b>		<b>\$ 166,721</b>	E)
<b>Total Current Assets</b>		<b>\$ 10,562,573</b>		<b>Total Current Assets</b>		<b>\$ 9,514,080</b>	
<b>NonCurrent Assets</b>				<b>NonCurrent Assets</b>			
Long Term Investments		1,469,780		Long Term Investments		2,165,693	
Cell Tower Lease Rec		8,204,805		Cell Tower Lease Rec		8,247,053	
Deferred Outflows Related to Pension		1,358,361		Deferred Outflows Related to Pension		1,785,127	
<b>Fixed Assets</b>				<b>Fixed Assets</b>			
Utility Plant in Service	\$	80,791,898		Utility Plant in Service	\$	76,771,137	
Less: Accumulated Depreciation	(29,351,747)			Less: Accumulated Depreciation	(28,157,823)		
Net Utility Plant in Service		\$ 51,440,151		Net Utility Plant in Service		\$ 48,613,314	
Construction Work in Process		15,600		Construction Work in Process		1,546,902	
Deferred Special Assessments		404,154		Deferred Special Assessments		404,154	
<b>Total NonCurrent Assets</b>		<b>62,892,851</b>		<b>Total NonCurrent Assets</b>		<b>62,762,243</b>	
<b>Total Assets</b>		<b>\$73,455,424</b>		<b>Total Assets</b>		<b>\$72,276,323</b>	
<b>Liabilities &amp; Capital</b>				<b>Liabilities &amp; Capital</b>			
<b>Current Liabilities</b>				<b>Current Liabilities</b>			
<b>Accruals</b>				<b>Accruals</b>			
Due to Vendors/Contractors	\$205,164			Due to Vendors/Contractors	\$611,733		
Payrolls	22,285			Payrolls	79,875		
In Lieu of Property Taxes	913,464			In Lieu of Property Taxes	875,704		F)
Interest	19,208			Interest	23,898		
<b>Total Accruals</b>		<b>\$ 1,160,121</b>		<b>Total Accruals</b>		<b>\$ 1,591,210</b>	
Deferred Revenue		\$ 11,219		Deferred Revenue		\$ 11,024	
<b>Total Current Liabilities</b>		<b>\$1,171,340</b>		<b>Total Current Liabilities</b>		<b>\$1,602,234</b>	
<b>NonCurrent Liabilities</b>				<b>NonCurrent Liabilities</b>			
Safe Drinking Loan		-		Safe Drinking Loan		593,139	G)
City Loan		2,446,561		City Loan		2,726,020	H)
Employee Vacation & Sick Leave Reserve		208,005		Employee Vacation & Sick Leave Reserve		232,267	
Allowance of Uncollectable A/R		16,700		Allowance of Uncollectable A/R		16,700	
Deferred Inflow Cell Tower Lease		8,204,805		Deferred Inflow Cell Tower Lease		8,247,053	
Deferred Special Assessments		404,154		Deferred Special Assessments		404,154	
Net Pension Liability		105,087		Net Pension Liability		90,806	I)
<b>Total NonCurrent Liabilities</b>		<b>\$ 11,385,312</b>		<b>Total NonCurrent Liabilities</b>		<b>\$ 12,310,139</b>	
<b>Total Liabilities</b>		<b>\$ 12,556,652</b>		<b>Total Liabilities</b>		<b>\$ 13,912,373</b>	
Deferred Inflows Related to Pension		\$ 1,065,085		Deferred Inflows Related to Pension		\$ 1,459,086	
<b>Capital &amp; Retained Earnings</b>				<b>Capital &amp; Retained Earnings</b>			
City Paid in Capital		\$ 2,661,887		City Paid in Capital		\$ 2,661,887	J)
<b>Beginning Retained Earnings</b>	\$	54,242,979		<b>Beginning Retained Earnings</b>	\$	50,369,463	
Net Income (Loss)		2,928,821		Net Income (Loss)		3,873,514	K)
<b>Ending Retained Earnings</b>		<b>\$ 57,171,800</b>		<b>Ending Retained Earnings</b>		<b>\$ 54,242,977</b>	
<b>Total Capital &amp; Retained Earnings</b>		<b>59,833,687</b>		<b>Total Capital &amp; Retained Earnings</b>		<b>56,904,864</b>	
<b>Total Liabilities &amp; Capital</b>		<b>\$ 73,455,424</b>		<b>Total Liabilities &amp; Capital</b>		<b>\$ 72,276,323</b>	

**Neenah Water Utility  
Notes and Explanations  
Comparative Balance Sheet  
For the Period Ending December 31, 2025 & 2024**

Liquidity (Current assets/current liabilities) ratio = 9.02 for year-end 2025.  
Above 1 is the goal. The figure for year-end 2024 = 5.94

- A) Total Cash Equivalents have increased for year-end 2025 over the prior year due to retirement of long-term debt.
- B) Restricted Funds are retained due to bond covenants and Commission set asides. Invested in LGIP funds. Unrestricted funds are available for projects and emergencies. There are no Restricted Funds required.
- C) Customer Account includes bills sent out at the end of December to residential, commercial, multifamily, industrial, and public authority accounts.
- D) Includes other billings not yet paid.
- E) Total Inventory is the value of water treatment chemicals and distribution materials held in inventory.
- F) PILOT based on Utility Plant in Service.
- G) Safe Drinking Water Loan used for plant construction, issued 2005 and 2006 with maturity dates 5/1/2024 and 5/1/2025. These loans have been retired.
- H) Loan from the City for CIP Projects.
- I) Net Pension Liability and Net Pension Asset are based on WRS investment performance.
- J) Includes City projects paid by TIF.
- K) Net income

<b>Neenah Water Utility</b>					
<b>Comparative Income Statement</b>					
<b>Twelve Months Ending - December 31, 2025 &amp; 2024</b>					
	<b>2025</b>		<b>2024</b>	<b>Percent Change</b>	
<b>Water Operating Revenue</b>					
<b>Unmetered</b>					
Sales to General Customers (WFC)	6,304		4,663	35.2%	(A) 1,641
Private Fire Protection (Firelines)	140,537		137,457	2.2%	(B) 3,080
Public Fire Protection - All Customers	1,791,950		1,766,049	1.5%	(C) 25,901
<b>Total Unmetered Revenue</b>	<b>\$1,938,791</b>		<b>\$1,908,169</b>	1.6%	30,622
<b>Metered</b>					
Bulk Water - All Customer Types	2,080		2,420	-14.0%	(D) (340)
Residential Customers	3,231,417		3,179,906	1.6%	(E) 51,511
Multi Residential Customers	170,413		159,329	7.0%	(F) 11,084
Commercial Customers	941,972		914,582	3.0%	(G) 27,390
Industrial Customers	2,149,213		1,921,965	11.8%	(H) 227,248
Municipal/Other Public Customers	114,099		115,248	-1.0%	(I) (1,149)
<b>Total Metered Revenue</b>	<b>\$6,609,194</b>		<b>\$6,293,450</b>	5.0%	315,744
<b>Total Water Operating Revenue</b>	<b>\$ 8,547,985</b>		<b>\$ 8,201,619</b>	4.2%	(J) 346,366
<b>Other Operating Revenue</b>					
Forfeited Discounts (Late Fees)	62,768		63,759	-1.6%	(K) (991)
Miscellaneous Service Revenues	43,997		54,871	-19.8%	(L) (10,874)
Water Property Rental Revenue	136,532		128,844	6.0%	(M) 7,688
Other Revenues	379,759		70,442	439.1%	(N) 309,317
<b>Total Other Operating Revenue</b>	<b>\$623,056</b>		<b>\$317,916</b>	96.0%	305,140
<b>Total Operating Revenue</b>	<b>\$ 9,171,041</b>		<b>\$ 8,519,535</b>	7.6%	(O) 651,506
<b>Operating Expenses</b>					
Source of Supply Expenses	27,625		21,538	28.3%	(P) 6,087
Pumping Expenses	321,390		308,282	4.3%	(Q) 13,108
Water Treatment Expenses	2,164,025		1,456,014	48.6%	(R) 708,011
Transmission & Distribution Expenses	749,334		617,482	21.4%	(S) 131,852
Customer Account Expenses	176,801		159,264	11.0%	(T) 17,537
Administrative & General Expenses	442,326		379,226	16.6%	(U) 63,100
Employee Fringe Benefit Expense	470,994		392,299	20.1%	(V) 78,695
GASB 68 Pension Adjustment	47,046		-36,688	228.2%	(W) 83,734
GASB 101 Sick Leave Adjustment	0		135,298	-100.0%	(X) (135,298)
Depreciation Expense	1,757,967		1,688,466	4.1%	(Y) 69,501
Property Tax Expense	913,464		875,704	4.3%	(Z) 37,760
Payroll Tax Expense	82,262		80,016	2.8%	(AA) 2,246
Other Tax Expense	15,341		18,764	-18.2%	(3,423)
<b>Total Operating Expenses</b>	<b>\$ 7,168,575</b>		<b>\$ 6,095,665</b>	17.6%	1,072,910
<b>Net Operating Income (Loss)</b>	<b>\$ 2,002,466</b>		<b>\$ 2,423,870</b>	-17.4%	(421,404)
<b>Other Revenue</b>					
Interest Income	307,154		418,583	-26.6%	(BB) (111,429)
Market Adjustment (Long-Term Investment)	48,130		42,548	13.1%	
Amortization of Debt Premium	-		4,831	-100.0%	(4,831)
Capital Contributions	581,501		1,019,721	-43.0%	(438,220)
Sale of Vehicles and Equipment	22,619		30,522	-25.9%	
P-Card Rebate	19,615		22,549	-13.0%	
<b>Total Other Revenue</b>	<b>\$ 979,019</b>		<b>\$ 1,538,754</b>	-36.4%	(CC) (559,735)
<b>Other Expenses</b>					
Interest Expense on Long-Term Debt	52,664		89,110	-40.9%	(36,446)
<b>Total Other Expenses</b>	<b>\$ 52,664</b>		<b>\$ 89,110</b>	-40.9%	(36,446)
<b>Net Income (Loss)</b>	<b>\$ 2,928,821</b>		<b>\$ 3,873,514</b>	-24.4%	(DD) (944,693)

**Neenah Water Utility  
Notes and Explanations  
Comparative Income Statement  
For the Period Ending December 31, 2025 & 2024**

- A. Sales to General Customers (water for construction).
- 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. Public Fire Protection is based upon the square footage of each building.
- D. Bulk Water is related to construction activity. A hydrant meter is used to determine usage.
- E. Residential reflects revenues increasing by 1.6% year-over-year.
- F. Multi-Family Residential reflects a 7.0% increase year-over-year.
- G. Commercial reflects a 3.0% increase due to positive economic activity.
- H. Industrial reflects a strong increase of 11.8% due to positive economic activity.
- I. Public sales include schools, parks, and other public buildings.
- J. Total Water Operating Revenues is the sum of A thru I. Revenue for 2025 is 4.2% higher than the prior year.
- K. Forfeited Discounts is late fee revenue on overdue customer balances.
- L. Miscellaneous Service Revenue is 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 fees from cell providers for antenna space. It increases, as contract provisions require.
- N. Revenue received for sale of scrap, miscellaneous service fees, and returned check fees. Also includes PFAS Settlement funds.
- O. Total Operating Revenues for the year are 7.6% higher than in the prior year.
- P. Source of Supply Expenses are for supervision of intakes and related structures, including testing, inspections, cleanings, and repairs. Inspections and cleanings are twice a year as needed.
- Q. Pumping Expenses were up in 2025 compared to the prior year due to increased maintenance, fuel, and electrical expenses.

**Neenah Water Utility**  
**Notes and Explanations Comparative Income Statement**  
**For the Period Ending December 31, 2025 & 2024**  
**Page 2 of 2**

- R. Treatment Expenses, including Structures and Improvements have increased due to Plant projects, lagoon dredging, and lagoon berm repairs.
- S. Transmission and Distribution Expenses are up for 2025 compared to the prior year, due to increased miscellaneous, meters, mains, and services expenses.
- T. Customer Account Expense increased in 2025 over the prior year due to the increased amount of supervision, records, and collection required, uncollectable accounts, and transition to AMI.
- U. Administrative & General Expenses increased year-over-year due to property insurance cost increases as well as outside services utilization.
- V. Fringe benefits are affected by health insurance cost increases, staffing levels, overtime or call-in work for water main breaks and plant emergencies, and retirement payouts.
- W. GASB 68 requires employers participating in pension plans to recognize their proportionate share of the net pension liability and pension expense in their financial statements. It also mandates the recognition of deferred outflows of resources and deferred inflows of resources related to pensions. These adjustments are made to the net pension liability and recognized in pension expense over time.
- X. GASB 101, "Compensated Absences," mandates that governments recognize liabilities for compensated absences, including sick leave, when the benefit is earned and it's more likely than not (more than 50% probability) that it will be used or paid out. This means governments must now analyze their leave policies and determine if sick leave is likely to be used, either as time off or through payment upon termination, and recognize a liability accordingly.
- Y. Depreciation Expense is dependent upon actual depreciation of the plant in service.
- Z. Payment In Lieu of Property Tax (PILOT) reflects the value of the water system
- AA. Payroll Taxes
- BB. Interest Income has decreased significantly due to economic factors.
- CC. Total Other Revenue is down due to a decrease in capital contributions and interest income.
- DD. Net Income in 2025 decreased by 24.4% compared to the prior year.

**Neenah Water Utility**  
**2025 Construction Work in Progress**

	Budget	3 Months	6 Months	9 Months	12 Months	Totals
<b>Capital Projects:</b>						
Meter/Endpoint Replacement	500,000	534,932	30,412	10,263	24,708	600,315
Misc tools and equipment	20,000					-
Technology update	10,000					-
Misc consulting fees	20,000					-
Misc plant contingency	50,000					-
Rebuild (1) finished water pump	30,000		22,610			22,610
Rebuild (1) raw water pump	15,000					-
Replace 2012 Dump Truck	185,000		154,486			154,486
Build and Refurbish Offices at Plant	80,000		42,711		50,333	93,044
Replace Leak Trailer	10,000				9,701	9,701
Mini-Dump Truck Plow	15,000	10,845				10,845
Replace Finished Water VFDs (2)	35,000					-
Replace (1) Air Scour VFD	25,000					-
Repair/Rebuild Brick Façade	100,000				26,079	26,079
UV Transmittance Monitor	-		9,389			9,389
Inter Check Valve Replacement	-		25,061			25,061
Replace Carbon Dioxide Tank	-	173,500	19,544	7,500		200,544
Booster Station	-	6,622	159,664	14,847	54,867	236,000
<b>Watermain Addition/Replacement:</b>						
S. Commercial Hydrant Relocations	55,000			58,020		58,020
Fox River Crossing	500,000				15,600	15,600
Forest Manor Ct.	144,000		82,806	88,929	8,407	180,142
Alexander Dr.	116,000		137,287		6,652	143,939
Lexington Ct.	97,000		105,911		5,392	111,303
Bruce St.	97,000		80,223		3,998	84,221
Hickory Ln.	189,000		1,118	20,570	148,461	170,149
Caroline St.	65,000		683	73,682	3,421	77,786
Elm St.	256,000		271,951		13,107	285,058
Douglas St.	-		18,100	10,627	1,180	29,907
S. Park Ave	-	162,039	606		26,307	188,952
Freedom Meadows	-	25,493	687		20,846	47,026
Misc Hydrants	-		5,625	10,375	22,848	38,848
Misc Services	-	3,260	13,847	2,445	6,800	26,352
<b>Totals</b>	<b>2,614,000</b>	<b>916,691</b>	<b>1,182,721</b>	<b>297,258</b>	<b>448,707</b>	<b>2,845,377</b>
<b>2025 Temporary Investments</b>						
<b>December 31, 2025</b>						
<b>Replacement Reserves</b>						
Sludge Lagoon Reserve			1,332,039			
Vehicle Replacement Reserve			179,199			
Painting Hydrants Reserve			52,875			
GAC Media Replacement			530,000			
Pump Rehab			171,254			
Meters/Endpoints			0			
Boiler Replacement			57,500			
			<b>\$2,322,867</b>			

# **NEENAH WATER UTILITY**

## **3 MONTH FINANCIAL REPORT**

**January 1 through March 31, 2026**

**Neenah Water Utility  
Comparative Balance Sheet  
as of March 31, 2026 & 2025**

		2026			2025
<b>Assets</b>			<b>Assets</b>		
<b>Current Assets</b>			<b>Current Assets</b>		
<b>Cash &amp; Cash Equivalents</b>			<b>Cash &amp; Cash Equivalents</b>		
Cash on Hand	\$	5,567,241	Cash on Hand	\$	3,574,320
Working Funds - Petty Cash		200	Working Funds - Petty Cash		200
Prepays		2,741	Prepays		0
<b>Total Cash &amp; Cash Equivalents</b>		<b>\$ 5,570,182</b>	<b>Total Cash &amp; Cash Equivalents</b>		<b>\$ 3,574,520</b> <span style="float: right;">A)</span>
<b>Temporary Investments</b>			<b>Temporary Investments</b>		
Unrestricted		641,462	Unrestricted	\$	13,947
Restricted for Debt Service		0	Restricted for Debt Service		605,220
Replacement Reserves		2,427,866	Replacement Reserves		2,924,702
<b>Total Temporary Investments</b>		<b>\$ 3,069,328</b>	<b>Total Temporary Investments</b>		<b>\$ 3,543,869</b>
<b>Receivables</b>			<b>Receivables</b>		
Customer Account	\$	1,783,096	Customer Account	\$	1,769,894
Other		1,077	Other		1,700
Investment Interest		11,004	Investment Interest		17,031
<b>Total Receivables</b>		<b>\$ 1,795,177</b>	<b>Total Receivables</b>		<b>\$ 1,788,625</b>
<b>Inventory</b>			<b>Inventory</b>		
Chemical	\$	100,086	Chemical	\$	141,805
Meter & Hydrant Supplies		24,916	Meter & Hydrant Supplies		24,916
<b>Total Inventory</b>		<b>\$ 125,002</b>	<b>Total Inventory</b>		<b>\$ 166,721</b> <span style="float: right;">E)</span>
<b>Total Current Assets</b>		<b>\$ 10,559,689</b>	<b>Total Current Assets</b>		<b>\$ 9,073,735</b>
<b>NonCurrent Assets</b>			<b>NonCurrent Assets</b>		
Long Term Investments		1,469,780	Long Term Investments		1,916,470
Cell Tower Lease Rec		8,204,805	Cell Tower Lease Rec		8,247,053
Deferred Outflows Related to Pension		1,358,361	Deferred Outflows Related to Pension		1,785,127
<b>Fixed Assets</b>			<b>Fixed Assets</b>		
Utility Plant in Service	\$	80,807,498	Utility Plant in Service	\$	78,318,038
Less: Accumulated Depreciation	(29,789,654)		Less: Accumulated Depreciation	(28,587,143)	
Net Utility Plant in Service		\$ 51,017,844	Net Utility Plant in Service		\$ 49,730,895
Construction Work in Process		553,948	Construction Work in Process		916,691
Deferred Special Assessments		404,154	Deferred Special Assessments		404,154
<b>Total NonCurrent Assets</b>		<b>63,008,892</b>	<b>Total NonCurrent Assets</b>		<b>63,000,390</b>
<b>Total Assets</b>		<b>\$73,568,581</b>	<b>Total Assets</b>		<b>\$72,074,125</b>
<b>Liabilities &amp; Capital</b>			<b>Liabilities &amp; Capital</b>		
<b>Current Liabilities</b>			<b>Current Liabilities</b>		
<b>Accruals</b>			<b>Accruals</b>		
Due to Vendors/Contractors	\$42,417		Due to Vendors/Contractors	\$92,532	
Payrolls	4,263		Payrolls	9,422	
In Lieu of Property Taxes	909,858		In Lieu of Property Taxes	885,528	F)
Interest	7,206		Interest	14,001	
<b>Total Accruals</b>		<b>\$ 963,744</b>	<b>Total Accruals</b>		<b>\$ 1,001,483</b>
Deferred Revenue		\$ -	Deferred Revenue		\$ -
<b>Total Current Liabilities</b>		<b>\$963,744</b>	<b>Total Current Liabilities</b>		<b>\$1,001,483</b>
<b>NonCurrent Liabilities</b>			<b>NonCurrent Liabilities</b>		
Safe Drinking Loan		-	Safe Drinking Loan		593,139
City Loan		2,161,513	City Loan		2,446,561
Employee Vacation & Sick Leave Reserve		207,814	Employee Vacation & Sick Leave Reserve		207,834
Allowance of Uncollectable A/R		16,700	Allowance of Uncollectable A/R		16,700
Deferred Inflow Cell Tower Lease		8,204,805	Deferred Inflow Cell Tower Lease		8,247,053
Deferred Special Assessments		404,154	Deferred Special Assessments		404,154
Net Pension Liability		105,087	Net Pension Liability		90,806
<b>Total NonCurrent Liabilities</b>		<b>\$ 11,100,073</b>	<b>Total NonCurrent Liabilities</b>		<b>\$ 12,006,247</b> <span style="float: right;">I)</span>
<b>Total Liabilities</b>		<b>\$ 12,063,817</b>	<b>Total Liabilities</b>		<b>\$ 13,007,730</b>
Deferred Inflows Related to Pension		\$ 1,065,085	Deferred Inflows Related to Pension		\$ 1,459,086
<b>Capital &amp; Retained Earnings</b>			<b>Capital &amp; Retained Earnings</b>		
City Paid in Capital		\$ 2,661,887	City Paid in Capital		\$ 2,661,887
<b>Beginning Retained Earnings</b>	\$	57,171,802	<b>Beginning Retained Earnings</b>	\$	54,242,979
Net Income (Loss)		605,990	Net Income (Loss)		702,443
<b>Ending Retained Earnings</b>		<b>\$ 57,777,792</b>	<b>Ending Retained Earnings</b>		<b>\$ 54,945,422</b> <span style="float: right;">K)</span>
<b>Total Capital &amp; Retained Earnings</b>		<b>60,439,679</b>	<b>Total Capital &amp; Retained Earnings</b>		<b>57,607,309</b>
<b>Total Liabilities &amp; Capital</b>		<b>\$ 73,568,581</b>	<b>Total Liabilities &amp; Capital</b>		<b>\$ 72,074,125</b>

**Neenah Water Utility  
Notes and Explanations  
Comparative Balance Sheet  
For the Period Ending March 31, 2026 & 2025**

Liquidity (Current assets/current liabilities) ratio = 10.96 for the 1<sup>st</sup> Quarter of 2026. Above 1 is the goal. 1<sup>st</sup> Quarter of 2025 = 9.06

- A) Total Cash Equivalents have increased for the 1<sup>st</sup> Quarter 2026 over the corresponding period in 2025 due to retirement of long-term debt.
- B) Restricted Funds are retained due to bond covenants and Commission set asides. Invested in LGIP funds. Unrestricted funds are available for projects and emergencies. There are no Restricted Funds required.
- C) Customer Account includes bills sent out at the end of March to residential, commercial, multifamily, industrial, and public authority accounts.
- D) Includes other billings not yet paid.
- E) Total Inventory is the value of water treatment chemicals and distribution materials held in inventory.
- F) PILOT based on Utility Plant in Service.
- G) Safe Drinking Water Loan used for plant construction, issued 2005 and 2006 with maturity dates 5/1/2024 and 5/1/2025. These loans have been retired.
- H) Loan from the City for CIP Projects.
- I) Net Pension Liability and Net Pension Asset are based on WRS investment performance.
- J) Includes City projects paid by TIF.
- K) Net income

<b>Neenah Water Utility</b>					
<b>Comparative Income Statement</b>					
<b>Three Months Ending - March 31, 2026 &amp; 2025</b>					
	<b>2026</b>		<b>2025</b>	<b>Percent Change</b>	
<b>Water Operating Revenue</b>					
<b>Unmetered</b>					
Sales to General Customers (WFC)	1,468		864	69.9%	(A) 604
Private Fire Protection (Firelines)	35,219		34,917	0.9%	(B) 302
Public Fire Protection - All Customers	450,006		445,835	0.9%	(C) 4,171
<b>Total Unmetered Revenue</b>	<b>\$486,693</b>		<b>\$481,616</b>	1.1%	5,077
<b>Metered</b>					
Bulk Water - All Customer Types	0		0	0.0%	(D) -
Residential Customers	781,094		795,489	-1.8%	(E) (14,395)
Multi Residential Customers	40,167		40,030	0.3%	(F) 137
Commercial Customers	216,920		203,352	6.7%	(G) 13,568
Industrial Customers	472,371		477,339	-1.0%	(H) (4,968)
Municipal/Other Public Customers	17,016		22,888	-25.7%	(I) (5,872)
<b>Total Metered Revenue</b>	<b>\$1,527,568</b>		<b>\$1,539,098</b>	-0.7%	(11,530)
<b>Total Water Operating Revenue</b>	<b>\$ 2,014,261</b>		<b>\$ 2,020,714</b>	-0.3%	(J) (6,453)
<b>Other Operating Revenue</b>					
Forfeited Discounts (Late Fees)	8,084		8,787	-8.0%	(K) (703)
Miscellaneous Service Revenues	4,185		11,529	-63.7%	(L) (7,344)
Sewer/Storm Billing Services	22,500		0	0.0%	(M) 22,500
Water Property Rental Revenue	45,477		42,345	7.4%	(N) 3,132
Other Revenues	3,807		5,915	-35.6%	(O) (2,108)
<b>Total Other Operating Revenue</b>	<b>\$84,053</b>		<b>\$68,576</b>	22.6%	15,477
<b>Total Operating Revenue</b>	<b>\$ 2,098,314</b>		<b>\$ 2,089,290</b>	0.4%	(P) 9,024
<b>Operating Expenses</b>					
Source of Supply Expenses	3,995		3,772	5.9%	(Q) 223
Pumping Expenses	64,232		59,708	7.6%	(R) 4,524
Water Treatment Expenses	328,954		334,484	-1.7%	(S) (5,530)
Transmission & Distribution Expenses	139,730		145,700	-4.1%	(T) (5,970)
Customer Account Expenses	69,909		45,882	52.4%	(U) 24,027
Administrative & General Expenses	148,759		105,675	40.8%	(V) 43,084
Employee Fringe Benefit Expense	110,968		115,519	-3.9%	(W) (4,551)
GASB 68 Pension Adjustment	0		0	0.0%	(X) -
Depreciation Expense	437,907		429,320	2.0%	(Y) 8,587
Property Tax Expense	224,760		228,750	-1.7%	(Z) (3,990)
Payroll Tax Expense	25,318		22,290	13.6%	(AA) 3,028
Other Tax Expense	0		0	0.0%	-
<b>Total Operating Expenses</b>	<b>\$ 1,554,532</b>		<b>\$ 1,491,100</b>	4.3%	63,432
<b>Net Operating Income (Loss)</b>	<b>\$ 543,782</b>		<b>\$ 598,190</b>	-9.1%	(54,408)
<b>Other Revenue</b>					
Interest Income	73,256		82,107	-10.8%	(BB) (8,851)
Market Adjustment (Long-Term Investment)	-		0	0.0%	
Capital Contributions	-		38,121	-100.0%	(38,121)
Sale of Vehicles and Equipment	-		0	0.0%	
P-Card Rebate	-		0	0.0%	
<b>Total Other Revenue</b>	<b>\$ 73,256</b>		<b>\$ 120,228</b>	-39.1%	(CC) (46,972)
<b>Other Expenses</b>					
Interest Expense on Long-Term Debt	11,048		15,975	-30.8%	(4,927)
<b>Total Other Expenses</b>	<b>\$ 11,048</b>		<b>\$ 15,975</b>	-30.8%	(4,927)
<b>Net Income (Loss)</b>	<b>\$ 605,990</b>		<b>\$ 702,443</b>	-13.7%	(DD) (96,453)

**Neenah Water Utility  
Notes and Explanations  
Comparative Income Statement  
For the Period Ending March 31, 2026 & 2025**

- A. Sales to General Customers (water for construction).
- 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. Public Fire Protection is based upon the square footage of each building.
- D. Bulk Water is related to construction activity. A hydrant meter is used to determine usage.
- E. Residential reflects revenues decreasing by 1.8% compared to the same period last year.
- F. Multi-Family Residential usage is relatively flat compared to the same period last year.
- G. Commercial reflects a 6.7% increase compared to the same period last year due to positive economic activity.
- H. Industrial revenues remained relatively steady, with a 1.0% decrease.
- I. Public sales include schools, parks, and other public buildings.
- J. Total Water Operating Revenues is the sum of A thru I. Revenue in the 1<sup>st</sup> quarter of 2026 is relatively flat as compared to the same period of 2025.
- K. Forfeited Discounts is late fee revenue on overdue customer balances.
- L. Miscellaneous Service Revenue is received for reading and billing sewer exemption meters; reconnect fees and turning on service lines; hydrant hook-up fees; customer repair charges.
- M. Revenue from the City for Sewer and Stormwater billing services. This service started as of 1/1/2026.
- N. Revenue received for annual fire hydrant rental to the Town of Neenah and rental fees from cell providers for antenna space. It increases, as contract provisions require.
- O. Revenue received for sale of scrap, miscellaneous service fees, and returned check fees.
- P. Total Operating Revenues in the 1<sup>st</sup> quarter are relatively flat compared to the corresponding period of 2025.
- Q. Source of Supply Expenses are for supervision of intakes and related structures, including testing, inspections, cleanings, and repairs. Inspections and cleanings are twice a year as needed.

**Neenah Water Utility**  
**Notes and Explanations Comparative Income Statement**  
**For the Period Ending March 31, 2026 & 2025**  
**Page 2 of 2**

- R. Pumping Expenses were up in the 1<sup>st</sup> quarter of 2026 as compared to the corresponding period in 2025 due to increased maintenance, fuel, and electrical expenses.
- S. Treatment Expenses have remained relatively flat year-over-year.
- T. Transmission and Distribution Expenses are down for the 1<sup>st</sup> quarter of 2026 to the same period in 2025 due to decreased miscellaneous, meters, mains, and services expenses.
- U. The Customer Account Expense increased in the 1<sup>st</sup> quarter of 2026 over the corresponding period in 2025 due to the increased expenses associated with the Utility managing the Utility Billing functions.
- V. Administrative & General Expenses increased due to property insurance cost increases, hiring of the Business Manager in December of 2025, and outside services utilization.
- W. Fringe benefits are affected by health insurance cost increase, staffing levels, overtime or call-in work for water main breaks and plant emergencies, and retirement payouts.
- X. GASB 68 requires employers participating in pension plans to recognize their proportionate share of the net pension liability and pension expense in their financial statements. It also mandates the recognition of deferred outflows of resources and deferred inflows of resources related to pensions. These adjustments are made to the net pension liability and recognized in pension expense over time.
- Y. Depreciation Expense is dependent upon actual depreciation of the plant in service.
- Z. Payment In Lieu of Property Tax (PILOT) reflects the value of the water system.
- AA. Payroll Taxes
- BB. Interest Income has decreased due to economic factors.
- CC. Total Other Revenue is down due to a decrease in capital contributions and interest income.
- DD. Net Income in the 1<sup>st</sup> quarter of 2026 decreased by 13.7% compared to the same period in 2025.

**Neenah Water Utility**  
**2026 Construction Work in Progress**

	Budget	3 Months	6 Months	9 Months	12 Months	Totals
<b>Capital Projects:</b>						
Meter/Endpoint Replacement	500,000	493,542				493,542
Misc tools and equipment	20,000					-
Technology update	10,000					-
Misc consulting fees	20,000					-
Misc plant contingency	50,000					-
Replace Air Scour or Intermediate VFD	30,000					-
Replace Backwash VFDs (2)	80,000					-
Replace 2016 Pickup Truck	45,000					-
GAC Media Replacement	600,000					-
Platform Lift	30,000	17,582				17,582
Build/Refurbish Plant Office (2025)		3,369				
Rebuild (1) Raw Pump		20,656				
Shoreline (2025)		12,250				
<b>Watermain Addition/Replacement:</b>						
Sterling Ave.	145,000					-
Greenfield St.	68,000					-
Elm St.	539,000					-
Reed St.	454,000					-
Henry St.	347,000					-
N. Water St. Railroad Crossings	300,000					-
Fox River Crossing (2025)		5,200				
Misc Hydrants						-
Misc Services		1,349				1,349
<b>Totals</b>	<b>3,238,000</b>	<b>553,948</b>	-	-	-	<b>512,473</b>
<b>2026 Temporary Investments</b>						
<b>March 31, 2026</b>						
<b>Replacement Reserves</b>						
Sludge Lagoon Reserve			1,332,039			
Vehicle Replacement Reserve			188,199			
Painting Hydrants Reserve			54,375			
GAC Media Replacement			530,000			
Pump Rehab			183,254			
Meters/Endpoints			75,000			
Boiler Replacement			65,000			
			<b>\$2,427,867</b>			



## Memorandum

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**Date:** May 18, 2026  
**To:** Waterworks Commission  
**From:** Anthony L. Mach  
**RE:** Water Utility Uniform Discussion

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After attending several conferences and training sessions, our staff have been commenting that we don't have any professional-looking clothing to wear to these sessions. I would like to discuss the possibility of having the Utility purchase some logo-wear to be used by staff.

**Attachments:**  
None



## Memorandum

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**Date:** May 18, 2026  
**To:** Waterworks Commission  
**From:** Anthony L. Mach  
**RE:** Microplastics Discussion

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Napoli-Schkolnik has notified us that there is a potential additional claim opportunity for microplastics in surface water. While I don't believe this to be an issue for our treatment process, I have filled out their form to get more information.

**Attachments:**  
None

**Director's Report**  
**May 18, 2026**

1. Relief Operator Preissner has accepted the position of Filter Plant Electrical Technician.
2. Water Loss Report.
3. Solar Installation Update.
4. The Water Utility has taken possession of the new Dump Truck.
5. The PSC Annual Report has been filed.
6. The Water Utility received a check for \$54,106.76 for the PFAS settlement.
7. The next regular Waterworks Commission meeting is scheduled for Monday, June 15, 2026.

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

**THREE MONTH TOTALS  
(1000 GALLONS)**

<b>USAGE PERIOD</b>	<b>RAW WATER</b>	<b>FINISHED WATER</b>	<b>BILLED WATER</b>	<b>WATER LOSS ACCOUNTED</b>	<b>WATER LOSS UNACCOUNTED</b>	<b>% WATER LOSS UNACCOUNTED</b>
CURRENT THREE MONTHS (January, February, March)	353,400	334,980	229,062	16,443	89,475	26.71%
MOST RECENT THREE MONTHS (December, January, February)	348,390	331,970	233,925	32,199	65,846	19.83%
1 YEAR AGO (January, February, March)	346,440	331,620	231,537	18,380	81,703	24.64%

NOTES:

Raw water is the total amount of raw water withdrawn from Lake Winnebago / Fox River during the indicated period.

Finished water is the total amount of water entering the distribution system during the indicated period

Billed water is the total usage during the indicated period.

Water loss accounted includes internal plant usage, estimated loss from known main breaks and service leaks, and hydrant flushing.

Water loss unaccounted is calculated by subtracting the billed water and water loss accounted from the finished water.

**DAILY AVERAGE  
(MGD)**

<b>USAGE PERIOD</b>	<b>RAW WATER</b>	<b>FINISHED WATER</b>
Mar, 2026	3.98	3.75
Feb, 2026	4.00	3.79
Mar, 2025	3.93	3.76

Neenah Water Utility - Industrial Tower Solar Array

Months in Operation	Dates			Usage (kWh)			Solar Array Output (kWh)			Generation (kWh) [\$0.15376/kWh Usage + \$0.0462/kWh Excess Gen. - Meter Fees]	
	From	To	Days	In Reading	Out Reading	Usage	In Reading	Out Reading	Generation	Net Usage (Generation)	Estimated Net Savings + Surplus
	12/13/2021	12/22/2021	8	65710	66027	317	0	111	111	206	\$ 14.19
1	12/22/2021	1/24/2022	33	66027	67607	1580	111	730	619	961	\$ 79.83
2	1/24/2022	2/23/2022	30	67607	69322	1715	730	1427	697	1018	\$ 90.32
3	2/23/2022	3/24/2022	29	69322	70886	1564	1427	2424	997	567	\$ 130.02
4	3/24/2022	4/23/2022	30	70886	72295	1409	2424	3328	904	505	\$ 117.67
5	4/23/2022	5/24/2022	31	72295	73281	986	3328	4576	1248	(262)	\$ 139.57
6	5/24/2022	6/24/2022	31	73281	73902	621	4576	5941	1365	(744)	\$ 111.80
7	6/24/2022	7/23/2022	29	73902	74477	575	5941	7226	1285	(710)	\$ 104.39
8	7/23/2022	8/23/2022	31	74477	75079	602	7226	8545	1319	(717)	\$ 108.14
9	8/23/2022	9/22/2022	30	75079	75663	584	8545	9704	1159	(575)	\$ 99.79
10	9/22/2022	10/22/2022	30	75663	75869	206	9704	10689	985	(779)	\$ 58.50
11	10/22/2022	11/23/2022	32	75869	76854	985	10689	11506	817	168	\$ 106.05
12	11/23/2022	12/23/2022	30	76854	78267	1413	11506	11877	371	1042	\$ 47.24
13	12/23/2022	1/25/2023	33	78267	79918	1651	11877	12203	326	1325	\$ 48.16
14	1/25/2023	2/22/2023	28	79918	81361	1443	12203	12924	721	722	\$ 109.19
15	2/22/2023	3/23/2023	29	81361	82835	1474	12924	13752	828	646	\$ 125.59
16	3/23/2023	4/22/2023	30	82835	84109	1274	13752	14960	1208	66	\$ 183.96
17	4/22/2023	5/24/2023	32	84109	85162	1053	14960	16144	1184	(131)	\$ 166.09
18	5/24/2023	6/23/2023	30	85162	85772	610	16144	17584	1440	(830)	\$ 130.54
19	6/23/2023	7/22/2023	29	85772	86338	566	17584	18908	1324	(758)	\$ 120.49
20	7/22/2023	8/24/2023	33	86338	86982	644	18908	20427	1519	(875)	\$ 137.68
21	8/24/2023	9/22/2023	29	86982	87559	577	20427	21529	1102	(525)	\$ 111.36
22	9/22/2023	10/20/2023	28	87559	88145	586	21529	22275	746	(160)	\$ 95.86
23	10/20/2023	11/21/2023	32	88145	88900	755	22275	23003	728	27	\$ 110.03
24	11/21/2023	12/22/2023	31	88900	91178	2278	23003	23506	503	1775	\$ 75.50
25	12/22/2023	1/24/2024	33	91178	95362	4184	23506	23743	237	3947	\$ 35.39
26	1/24/2024	2/21/2024	28	95362	97057	1695	23743	24370	627	1068	\$ 97.14
27	2/21/2024	3/23/2024	31	97057	98313	1256	24370	25582	1212	44	\$ 189.15
28	3/23/2024	4/24/2024	32	98313	99494	1181	25582	26760	1178	3	\$ 183.74
29	4/24/2024	5/23/2024	29	99494	212	718	26760	28043	1283	(565)	\$ 132.55
30	5/23/2024	6/25/2024	33	212	885	673	28043	29357	1314	(641)	\$ 128.06
31	6/25/2024	7/25/2024	30	885	1482	597	29357	30682	1325	(728)	\$ 119.52
32	7/25/2024	8/26/2024	32	1482	2121	639	30682	32109	1427	(788)	\$ 128.26
33	8/26/2024	9/25/2024	30	2121	2718	597	32109	33358	1249	(652)	\$ 116.67
34	9/25/2024	10/24/2024	29	2718	3353	635	33358	34588	1230	(595)	\$ 120.59
35	10/24/2024	11/22/2024	29	3353	4038	685	34588	35205	617	68	\$ 95.91
36	11/22/2024	12/24/2024	32	4038	5832	1794	35205	35662	457	1337	\$ 70.35
37	12/24/2024	1/24/2025	31	5832	10100	4268	35662	36265	603	3665	\$ 93.50
38	1/24/2025	2/22/2025	29	10100	14082	3982	36265	36693	428	3554	\$ 69.80
39	2/22/2025	3/25/2025	31	14082	18332	4250	36693	37785	1092	3158	\$ 180.64
40	3/25/2025	4/24/2025	30	18332	21591	3259	37785	38843	1058	2201	\$ 175.02
41	4/24/2025	5/22/2025	28	21591	22225	634	38843	40022	1179	(545)	\$ 121.27
42	5/22/2025	6/24/2025	33	22225	22936	711	40022	41332	1310	(599)	\$ 135.51
43	6/24/2025	7/25/2025	31	22936	23562	626	41332	42642	1310	(684)	\$ 124.17
44	7/25/2025	8/25/2025	31	23562	24184	622	42642	43902	1260	(638)	\$ 122.04
45	8/25/2025	9/23/2025	29	24184	24790	606	43902	45090	1188	(582)	\$ 117.72
46	9/23/2025	10/22/2025	29	24790	25398	608	45090	46100	1010	(402)	\$ 112.33
47	10/22/2025	11/20/2025	29	25398	26062	664	46100	46893	793	(129)	\$ 112.99
48	11/20/2025	12/23/2025	33	26062	27857	1795	46893	47329	436	1359	\$ 70.90
49	12/23/2025	1/26/2026	34	27857	29976	2119	47329	47850	521	1598	\$ 91.06
50	1/26/2026	2/23/2026	28	29976	31797	1821	47850	48755	905	916	\$ 160.03
51	2/23/2026	3/24/2026	29	31797	33540	1743	48755	49655	900	843	\$ 159.08
52	3/24/2026	4/24/2026	31	33540	35178	1638	49655	50781	1126	512	\$ 199.34
										18687	\$ 6,084.68

Number of Full Months in Operation		52
Cost of System (Less Incentives)	\$	10,183.00
Projected Payback (Years)		7.25
Total Cost of System	\$	22,886.00
Incentives	\$	12,703.00
Net Cost of System	\$	10,183.00