

AGENDA

REGULAR WATER COMMISSION MEETING AND STORM WATER CITIZEN ADVISORY BOARD MEETING

Monday, May 19, 2025

4:30 P.M.

**Hauser Room – City Hall
211 Walnut St., Neenah, WI 54956**

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

1. Approve Regular Meeting Minutes for April 21, 2025 (Attachment)
2. Approve the Invoices for April 2025 (Attachment)
3. Appearances
4. Old Business/New Business
 - A. Annual Utility Audit Report (Attachment)
 - B. Financial Reports (Attachment)
 - C. Request to Approve Final Payment for Contract 3-24W Removal and Disposal of Lime Sludge (Attachment)
 - D. Request to Approve Proposal from Graef for Distribution System Model (Attachment)
 - E. Director's Report (Attachment)
 - F. Any Other Business That May Legally Come Before the Commission
 - G. Adjournment

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

**MINUTES OF THE NEENAH WATER WORKS COMMISSION
AND
STORM WATER CITIZEN ADVISORY BOARD MEETING**
Regular Meeting – April 21, 2025
Hauser Room – City Hall, 211 Walnut Street, Neenah, WI

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

Also Present: Public Works Engineer Kummerow and Mr. Frank Cuthbert

President Schmeichel called the meeting to order at 4:31 p.m.

Approve Regular Meeting Minutes for March 17, 2025 – Following discussion, **M.S.C. Hemes/Bauman to approve the March 17, 2025 Regular Meeting Minutes.** All voting aye.

Approve the Invoices for March 2025 – Commissioners asked about charges from Load Cell Central. Director Mach explained that this charge was for replacement load cells for the Carbon System.

Following discussion, **M.S.C. Schmeichel/Steiner to approve the March 2025 invoices.** All voting aye.

Appearances – None.

Old Business/New Business

Storm Water Report – Public Works Engineer Kummerow presented the Storm Water Report for this month. Highlights of the report include an update on the MS4 Report, Storm Water Planning Grant, and S. Commercial Street construction. He further explained some of the content of the MS4 Report, including educational components, outfall inspections, Neenah Creek cleanup events, salt / brine usage, catch basin cleaning, and updates to the storm system map.

Following discussion, **No action needed.**

Request to Approve the Draft 2024 Water Quality Report – Director Mach presented the 2024 WQR for Commission review and consideration. There are no major updates for this year. Director Mach did note that there were four lead exceedances out of 60 samples. This is not a violation and staff continue to work with the DNR to improve corrosion control.

Following discussion, **M.S.C. Bauman/Hemes to approve the Draft 2024 Water Quality Report.** All voting aye.

Request to Allocate Funds to Repair the Lagoon Berms – Director Mach informed the Commission of the current state of the berms and roads around the lagoons. There are three major areas which need immediate attention and staff are in the process of getting quotes for the work. The maximum estimated cost for this emergency project is \$60,000. Commissioners asked Director Mach to report back with any quotes received but were comfortable setting the maximum allowance for this work at \$60,000.

Following discussion, **M.S.C. Schmeichel/Steiner to approve allocating funds to repair the Lagoon Berms at a cost not to exceed \$60,000.** All voting aye.

Waterworks Commission and Storm Water Citizens Advisory Board Regular Meeting Minutes
April 21, 2025
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Request to Approve Static Mileage Reimbursement for Director Mach – Director Mach presented the City approved Travel Policy along with a memo and calculation of his average monthly mileage. He explained that he does not have access to any of the Utility vehicles and that all travel is provided by his personal vehicle. Tallying mileage is inefficient and many of the smaller trips to job sites and the plant go unreimbursed. Director Mach has requested that the Commission approve a static reimbursement per the enclosed Policy.

Following discussion, **M.S.C. Hemes/Steiner to approve the static monthly mileage reimbursement of \$89.25 for Director Mach retroactive to April 1, 2025.** All voting aye.

Director's Report –

1. Distribution Technician Larry Reckner has announced his retirement in June of 2025. Larry has been with us for 31 years and we wish him a very happy and healthy retirement! The opening in Distribution will be advertised and filled.
2. Water Loss Report – Water loss continues to increase slightly. Staff are planning on commencing leak detection efforts after the construction projects are substantially complete.
3. The following applicable items were approved at the March 18, 2025 Board of Public Works meeting:
 - Award Contract 3-25, Utilities and Street Construction on Caroline Street and Hickory Lane to David Tenor Corporation, Green Bay, WI, in the amount of \$808,444.20. The total amount for Water is \$217,735.40.
 - Change Order No. 4, Contract 1-24, Utilities and Street Construction, Belmont Avenue, Belmont Court, Cedar Street, and Stevens Street, to David Tenor Corporation, in the amount of \$23,352.50 for Water final quantity adjustments.
 - Final Payment No. 9, Contract 1-24, Utilities and Street Construction, Belmont Avenue, Belmont Court, Cedar Street, and Stevens Street, to David Tenor Corporation, in the amount of \$3,006.02 for Water on Belmont Ave., \$5,263.85 for Water on Belmont Ct., \$31,847.69 for Water on Cedar St., and \$14,662.50 for Water on Stevens St.
 - Pay Request No. 4, Contract 1-24W, Removal and Replacement of Carbon Dioxide Tank and Related Appurtenances, to Rohde Brothers, Inc., in the amount of \$31,000.00.
 - Change Order No. 2, Contract 2-24W, Booster Station Contract B - Process, Mechanical, Electrical and Plumbing Construction, to Sabel Mechanical LLC., in the amount of (\$4,661.40).
4. The following applicable items were approved at the April 10, 2025 Board of Public Works meeting:
 - Award Contract 5-25, HMA Street Repairs to MCC, Inc., Appleton, WI, in the amount of \$89,559.50. The total amount for Water is \$27,122.22.
 - Pay Request No. 4, Contract 2-24W Booster Station Contract B - Process, Mechanical, Electrical and Plumbing Construction, to Sabel Mechanical LLC, in the amount of \$150,283.35.
5. Booster Station Update – The project is substantially complete. There is a small list of punch list items that need to be completed.
6. Lagoon Dredging Update – The project is complete and the final (cut) survey was received.

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7. Carbon Dioxide Tank Project Update – The Contractor needs to install a regulator and finish startup tasks, but the project is nearing completion.
8. Solar Installation Update – The array continues to function well.
9. The next regular Waterworks Commission meeting is scheduled for Monday, May 19, 2025. This meeting will include the annual Audit Report.

Any Other Business That May Legally Come Before the Commission – Commissioners asked Director Mach about the Community Water Fluoridation Equipment Grant application status. Director Mach explained that the grant was approved, there is no needed matching funds, and the Utility has an opportunity to replace aging equipment and add safety features at no cost to the Utility.

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

Respectfully submitted,



Anthony L. Mach
Director, Neenah Water Utility

WATER UTILITY CASH ACTIVITY
April 2025

Cash Balance Apr 1, 2025		\$3,574,320
Cash Receipts		
Water Collection Receipts	560,350	
Other Water Receipts	<u>277,010</u>	
		<u>837,360</u>
Cash Distributions		
Check Register	666,195	
WE Energies	30,753	
CVMIC Liability Insurance	9,937	
Disbursements to the City	<u>148,291</u>	
		<u>855,176</u>
Cash Balance Apr 30, 2025		<u><u>3,556,504</u></u>

APR DISBURSEMENTS TO THE CITY

Payroll	99,808
Payroll Benefits	42,392
Vehicle Fuel & Fluids	1,173
Vehicle Maintenance	891
Postage	383
IS Services	3,492
GIS Services	152
Total Disbursements to the City	<u><u>148,291</u></u>

REPLACEMENT FUND RESERVES AS OF APR 2025

Sludge Lagoon	\$1,728,413
Vehicles	155,199
Painting Hydrants	74,000
GAC Media Replacement	530,000
Pump Rehab	161,864
Meters/Endpoints	272,726
Boiler Replacement	<u>37,500</u>
Total Replacement Fund Reserves	<u><u>\$2,959,702</u></u>

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02	Fund Description
04/17/2025	2670	KRUEGER TRUE VALUE	164600	68.06	SHOP SUPPLIES		Water
04/30/2025	2766	U S BANK	04-25-25	396.34	NORTHERN LAKE SERVICE	LAB TESTS	Water
04/10/2025	60117	FERGUSON WATERWORKS	440990	498.22	WATER MAIN PARTS		Water
04/24/2025	2699	MICHEL'S	481398	151.80	BACKFILL		Water
04/30/2025	2712	U S BANK	04-13-25	31.00	WI STATE HYGIENE LAB	LAB TEST	Water
04/30/2025	2712	U S BANK	04-13-25	13.39	THE UPS STORE 2376	LAB SHIPPING	Water
04/30/2025	2766	U S BANK	04-25-25	180.00	DSPS EPAY ISE	RPZ TEST REGIS	Water
04/30/2025	2766	U S BANK	04-25-25	90.31	BUREAU V. NAT. ELEVATOR	ELEVATOR INSPECTION	Water
04/30/2025	2766	U S BANK	04-25-25	663.40	USABLEBOOK	LAB REAGENTS	Water
04/17/2025	60162	WISCONSIN PUBLIC SERVICE	5425289908	102.39	MAR 2025 PUMPING HEAT		Water
04/03/2025	2618	DIVERSIFIED BENEFIT SERVICES INC	437719	16.00	MAR FSA-WATER- 4 EES @\$.	00 EACH	Water
04/30/2025	2766	U S BANK	04-25-25	98.63	WAL-MART #2986	VINEGAR/BATTERIES/ SPRAY B	Water
04/30/2025	2712	U S BANK	04-13-25	79.74	CINTAS CORP	MATS MOPS TREATMENT	Water
04/30/2025	2712	U S BANK	04-13-25	20.00	HAWKINS INC	ENVIRONMENTAL FEE	Water
04/30/2025	2766	U S BANK	04-25-25	55.50	4TE*CULLIGAN WATER CONDIR	LAB WATER	Water
04/17/2025	60154	SABEL MECHANICAL LLC	2-24W PAY #4	150,283.35	BOOSTER STATION - CONTRAC	T B	Water
04/30/2025	2766	U S BANK	04-25-25	835.30	EBAY O*08-12984-60624	PUMP HEADS	Water
04/10/2025	60138	WRASE, TIMOTHY W	WATER/REIMB	199.50	PLUMBING COST REIMBURSEME	NT	Water
04/24/2025	60173	JOHNSON CONTROLS FIRE PROTECTION LP	24652939	1,982.72	ANNUAL FIRE SYSTEM INSPEC	TION	Water
04/30/2025	2766	U S BANK	04-25-25	2,107.07	LANDIS+GYR TECHNOLOGY,	MAR 2025 METER READS	Water
04/30/2025	2766	U S BANK	04-25-25	30.00	BADGER LABORATORIES INC	LAB TEST	Water
04/24/2025	60184	VINTON CONSTRUCTION COMPANY	25003X10	3,550.23	S COMMERCIAL ST CUT/CAP	INCH WATER MAIN	Water

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02	Fund Description
04/30/2025	2712	U S BANK	04-13-25	271.15	LODGE KOHLER HOTEL & S	WRWA HOTEL MACH	Water
04/30/2025	2712	U S BANK	04-13-25	181.14	USABUEBOOK	613657/TUBE ELEMENTS	Water
04/17/2025	2668	GRAEF	137850	100.50	GIS MAINTENANCE THRU 3/1		Water
04/30/2025	2766	U S BANK	04-25-25	19.98	THE HOME DEPOT #4903	PVC TRIM SHEET	Water
04/30/2025	2712	U S BANK	04-13-25	1,538.76	HAWKINS INC	HYDROFULOSILICIC ACID	Water
04/17/2025	60151	NWPA	04-23-25	180.00	NWPA CLASS		Water
04/03/2025	60107	VAN RITE PLUMBING INC	9890	3,500.00	CITY SIDE LEAD SERVICE -	426 3RD ST	Water
04/17/2025	2665	CHEMTRADE CHEMICALS US LLC	90221659	8,010.56	FERRIC SULFATE		Water
04/30/2025	2664	U S BANK	04-13-25	216.12	TDS METROCOM	3/22-4/21 PHONE FEES	Water
04/30/2025	2712	U S BANK	04-13-25	604.63	BTS*FERGUSON001	PROCESS FEE	Water
04/30/2025	2766	U S BANK	04-25-25	24.81	THE HOME DEPOT #4903	STUMP REMOVER	Water
04/17/2025	2670	KRUEGER TRUE VALUE	164942	9.87	PVC FITTINGS		Water
04/10/2025	2644	BAKER TILLY US LLP	BT3122373	8,000.00	2024 UTILITY AUDIT SERVIC	ES THRU 1/31/25	Water
04/30/2025	2712	U S BANK	04-13-25	79.75	CINTAS CORP	MATS MOPS DISTRIBUTION	Water
04/10/2025	60130	POLYDYNE INC	1912247	17,190.00	C-308P POLYMER		Water
04/24/2025	2693	GRAYMONT WESTERN LIME INC	35238329RI	5,078.32	HYDRATED LIME		Water
04/30/2025	2766	U S BANK	04-25-25	115.89	EBAY O*17-12960-26698	REBUILD KIT	Water
04/30/2025	2712	U S BANK	04-13-25	6,320.16	HAWKINS INC	LPC-31	Water
04/03/2025	2623	GRAPHIC COMPOSITION LLC	250420	1,319.00	CROSS CONNECTION EDUCATIO	N BROCHURE	Water
04/30/2025	2712	U S BANK	04-13-25	352.91	CORE & MAIN - W/005	W634107/WATER MAIN TOOLS	Water
04/30/2025	2712	U S BANK	04-13-25	-51.15	LODGE KOHLER HOTEL & S	TAX REFUND	Water
04/30/2025	2712	U S BANK	04-13-25	6,705.00	CORE & MAIN - W/005	W629909/MAIN PARTS	Water
04/30/2025	2766	U S BANK	04-25-25	32.50	HOMEDEPOT.COM	BAND SAW BLADES	Water
04/30/2025	2766	U S BANK	04-25-25	93.35	EBAY O*17-12960-26699	REBUILD KIT	Water
04/30/2025	2712	U S BANK	04-13-25	32.62	AMAZON MKTPL*GF90R0DS3	RPZ TAGS	Water
04/30/2025	2712	U S BANK	04-13-25	10,615.05	BTS*FERGUSON001	440801/S COMMERCIAL	Water

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02	Fund Description
04/17/2025	60142	ECS MIDWEST LLC	2041429	347.81	DENSITY TESTING_2-25_ELM	MATER STREET	Water
04/24/2025	2687	DONALD HIETPAS & SONS INC	04-03-25	3,771.86	CITY SIDE LEAD SERVICE -	417 3RD ST	Water
04/30/2025	2766	U S BANK	04-25-25	79.74	CINTAS CORP	MATS MOPS TREATMENT	Water
04/17/2025	2670	KRUEGER TRUE VALUE	164969	4.32	HARDWARE		Water
04/30/2025	2766	U S BANK	04-25-25	485.09	ZORO TOOLS INC	TOWER PIT HEATER	Water
04/17/2025	60162	WISCONSIN PUBLIC SERVICE	5425289908	4.69	APR 2025 PUMPING ELECTRIC		Water
04/30/2025	2766	U S BANK	04-25-25	308.00	EBAY O*17-12960-26700	SOLENOID VALVES	Water
04/30/2025	2766	U S BANK	04-25-25	-835.30	EBAY O*08-12984-60624	REFUND PUMP HEADS	Water
04/03/2025	60099	HEARTLAND BUSINESS SYSTEMS LLC	771162H	1,058.36	O365 MAY COTERM		Water
04/30/2025	2713	U S BANK	04-25-25	216.18	TDS METROCOM	4/22-5/21 PHONE FEES	Water
04/30/2025	2712	U S BANK	04-13-25	23.00	IN *ENABLING ELEMENTS, IN	TELEMETRY-BOOSTER STATION	Water
04/30/2025	2766	U S BANK	04-25-25	362.72	MARKS PLUMBING PARTS	2198614/SHOP SUPPLIES	Water
04/30/2025	2712	U S BANK	04-13-25	5,152.00	BTS*FERGUSON001	439806/S COMMERCIAL WATER	Water
04/30/2025	2712	U S BANK	04-13-25	951.45	USABUEBOOK	654696/LAB REAGENTS/STAND	Water
04/17/2025	60162	WISCONSIN PUBLIC SERVICE	5425289908	3.66	APR 2025 PUMPING HEAT		Water
04/03/2025	2624	GRAYMONT WESTERN LIME INC	35237683RI	4,926.69	HYDRATED LIME		Water
04/24/2025	60174	KARTECHNER BROTHERS LLC	4226	362,382.10	PAY REQUEST #1 CONT 3-24W		Water
04/30/2025	2766	U S BANK	04-25-25	623.96	MARKS PLUMBING PARTS	2212794/PENETRATING OIL	Water
04/30/2025	2664	U S BANK	04-13-25	271.16	U.S. CELLULAR	AIRTIME 2/22-3/21	Water
04/30/2025	2712	U S BANK	04-13-25	1,975.42	LANDIS+GYR TECHNOLOGY,	FEB 2025 METER READS	Water
04/30/2025	2712	U S BANK	04-13-25	425.00	PACKER CITY SOFT WATER LL	SOFTNER SALT	Water

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02	Fund Description
04/10/2025	2649	DIGGERS HOTLINE INC	250325801	148.50	MAR LOCATES		Water
04/10/2025	2652	GRAYMONT WESTERN LIME INC	35237784RI	5,317.33	HYDRATED LIME		Water
04/17/2025	2670	KRUEGER TRUE VALUE	164622	26.97	PIPE CAP / SAW BLADES		Water
04/30/2025	2766	U S BANK	04-25-25	4.05	DSPS E SERVICE FEE COM	PROC FEE RPZ REGIS	Water
04/30/2025	2766	U S BANK	04-25-25	2,234.88	AIRGAS - NORTH	9159774888/CARBON DIOXIDE	Water
04/03/2025	2627	MCMAHON	938405	3,936.57	BOOSTER STATION CONST SER	VICES 2/2-3/1	Water
04/30/2025	2712	U S BANK	04-13-25	4,387.52	BTS*FERGUSON001	440840/S COMMERCIAL WATER	Water
04/17/2025	60162	WISCONSIN PUBLIC SERVICE	5425289908	131.39	MAR 2025 PUMPING ELCECTRI	C	Water
04/03/2025	60095	CR FOCHS LLC	6756	2,460.00	CONDUIT AND WIRING		Water
04/30/2025	2766	U S BANK	04-25-25	289.87	MARKS PLUMBING PARTS	2212754/VALVES	Water
04/24/2025	2693	GRAYMONT WESTERN LIME INC	35238656RI	5,343.03	HYDRATED LIME		Water
04/30/2025	2712	U S BANK	04-13-25	91.35	USABUEBOOK	613657/LAB REAGENTS	Water
04/30/2025	2712	U S BANK	04-13-25	801.20	HAWKINS INC	AMMONIA HYDROXIDE	Water
04/03/2025	2638	TRI CITY GLASS & DOOR INC	103099013EP	225.00	LAB DOOR HINGE		Water
04/24/2025	60164	BAUGHMAN, JARED/DEANNA	000038897	20.00	OVERPD FINAL ACCOUNT	000019134	Water
04/30/2025	2766	U S BANK	04-25-25	35.98	AMAZON MKTPL*CO72S8PX3	GRADUATED CYLINDERS	Water
04/30/2025	2766	U S BANK	04-25-25	79.75	CINTAS CORP	MATS MOPS DISTRIBUTION	Water
04/24/2025	60184	VINTON CONSTRUCTION COMPANY	25003X4	1,161.45	RAISE WATER SERVICE		Water
04/30/2025	2766	U S BANK	04-25-25	102.76	AMAZON MKTPL*CO72S8PX3	TAGS/TORCH HEADS	Water
04/24/2025	60184	VINTON CONSTRUCTION COMPANY	25003X5	4,723.40	RAISE WATER MAIN CROSSING	AND MATERIAL	Water
04/17/2025	2669	GRAYMONT WESTERN LIME INC	35238044RI	5,291.63	HYDRATED LIME		Water
04/30/2025	2712	U S BANK	04-13-25	247.60	SQ	RECYCLED OLD REGISTERS	Water
04/30/2025	2712	U S BANK	04-13-25	5,010.03	HAWKINS INC	SODIUM PERMANGANATE	Water

AP Payment Date	AP Payment Number	AP Vendor Name	AP Invoice Number	AP Transaction Amount	AP Description 01	AP Description 02	Fund Description
04/17/2025	2670	KRUEGER TRUE VALUE	164823	46.76	CAULK GUNS / SEALANT		Water
04/24/2025	60184	VINTON CONSTRUCTION COMPANY	25003X6	4,288.88	LOWER MAIN CROSSING		Water
04/30/2025	2766	U S BANK	04-25-25	1,111.51	EBAY O*18-12972-47332	PUMP HEADS	Water
04/30/2025	2766	U S BANK	04-25-25	699.00	IN *GRAPHIC COMPOSITION	2,500CC DUPLICATE FORMS	Water
04/24/2025	2686	DIVERSIFIED BENEFIT SERVICES INC	439436	59.15	APR HRA WATER- 13 EES @ \$	4.55 EA	Water
04/24/2025	60164	BAUGHMAN, JARED/DEANNA	000038897	20.00	OVERPD FINAL ACCOUNT	000019140	Water
04/30/2025	2712	U S BANK	04-13-25	698.00	MIDWEST METER - JACKSON	1 1/2 & 2 IN MTR GASKETS	Water
04/24/2025	60184	VINTON CONSTRUCTION COMPANY	25003X9	1,400.00	VAC ON WATER SERVICES		Water
04/30/2025	2766	U S BANK	04-25-25	302.70	LOAD CELL CENTRAL	PAC SYSTEM JUNCTION CARD	Water
04/30/2025	2712	U S BANK	04-13-25	19.51	THE HOME DEPOT #4903	ELECTICAL BOX/PAC	Water
04/17/2025	2673	MICHELS	481041	438.91	BACKFILL		Water
04/24/2025	60182	RAF HOLDINGS LLC	000038009	10.00	OVERPD FINAL ACCOUNT	000017454	Water
04/17/2025	2670	KRUEGER TRUE VALUE	164726	7.19	ADHESIVE		Water
04/10/2025	2655	MICHELS	480866	491.17	BACKFILL		Water
Overall - Total				666,194.82			



Reporting and insights from 2024 audit: Neenah Water Utility

December 31, 2024

Executive summary

May 7, 2025

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, 2024, and have issued our report thereon dated May 7, 2025. 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.

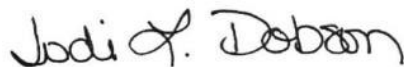
Additionally, we have included information on key risk areas Neenah Water Utility should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

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

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

Sincerely,

Baker Tilly US, LLP

A handwritten signature in black ink that reads "Jodi F. Dobson". The signature is written in a cursive, slightly slanted style.

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.

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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 the 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 the Utility are described in Note 1 to the financial statements. As described in Note 1, the Utility changed accounting policies related to compensated absences by adopting GASB 101 in 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change. 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 customer charges	Usage reports for billings that do not fall on year end	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 present 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 all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

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

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 assistance

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>.



Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance, with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

Management representation letter



May 7, 2025

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, 2024 and 2023 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 (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

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

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

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 4, 2022, 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 accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the Utility required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, 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 accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the 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 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 accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 9) Guarantees, whether written or oral, under which the Utility is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

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

- 14) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 15) 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

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

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
- 21) The Neenah Water Utility has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 22) The Neenah Water Utility has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 23) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 24) The Neenah Water Utility has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
- 25) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 26) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 27) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 28) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 29) Tax-exempt bonds issued have retained their tax-exempt status.
- 30) 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.
- 31) 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.
- 32) With respect to the supplementary information, (SI):
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 33) 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.
- 34) 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.

- 35) We have reviewed existing contracts and determined there are no items requiring accounting or reporting as Subscription Based Information Technology Agreements.
- 36) We have implemented GASB Statement No. 101, *Compensated Absences*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 37) 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.
- 38) Any direct borrowings, direct placements, lines of credit, or debt default clauses have been identified and properly disclosed.

Sincerely,

Neenah Water Utility

Signed: 

Signed: 

Signed: 

Client service team



Jodi Dobson, CPA
Principal

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United States

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Accounting changes relevant to Neenah Water Utility

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
102	Certain Risk Disclosures	✓	12/31/25
103	Financial Reporting Model Improvements	✓	12/31/26
104	Disclosure of certain capital assets	✓	12/31/26

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

New guidance on disclosure of certain risks

The requirements in GASB Statement No. 102, *Certain Risk Disclosures* is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

- (a) The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources - for example, a small number of companies that represent a majority of employment in a government's jurisdiction, or a government that relies on one revenue source for most of its revenue.
- (b) The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority - such as a voter-approved property tax cap or a state-imposed debt limit.

Concentrations and constraints may limit a government's ability to acquire resources or control spending.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

- (a) The concentration or constraint is *known* to the government prior to issuing the financial statements.
- (b) The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- (c) An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

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.

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 actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early 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.

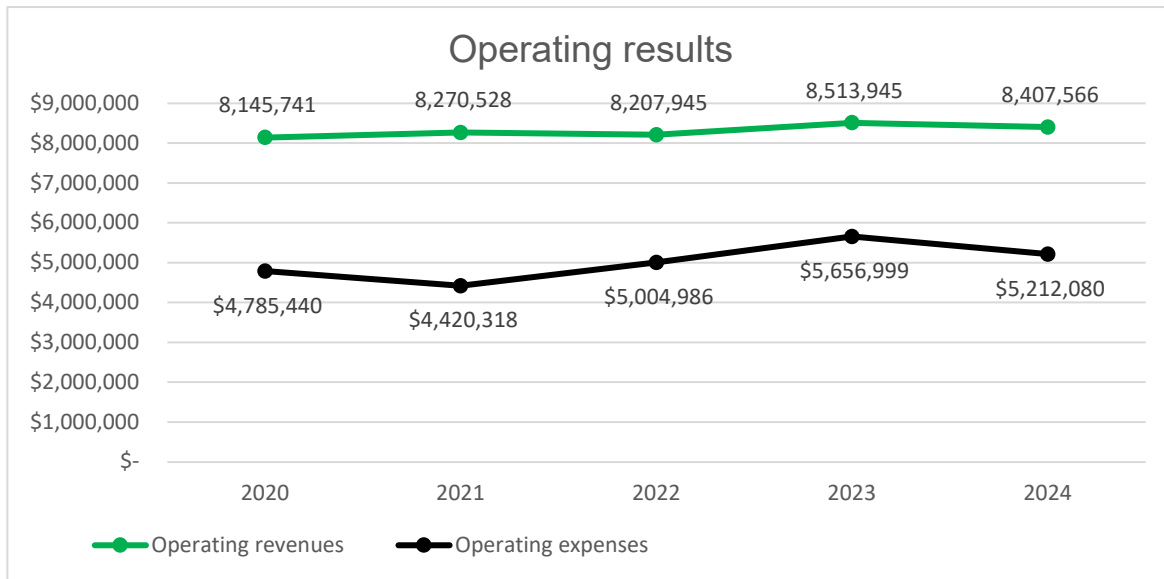
We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.



City of Neenah Utilities

Water Utility Results

	<u>Current Year</u>	<u>Prior Year</u>
Actual Rate of Return	6.80%	6.06%
Authorized Rate of Return	7.50%	7.50%



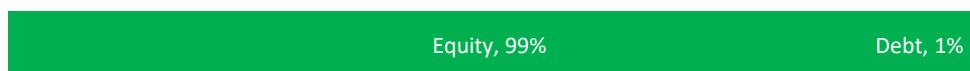
Unrestricted Reserves

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Year end balance	\$ 7,451,385	\$ 7,744,113	\$ 7,022,452	\$ 10,071,121	\$ 9,349,491
Months on hand	10.98	11.24	10.27	14.19	13.34

Debt Coverage

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actual	2.08	3.05	2.67	2.83	9.11
Required	1.25	1.25	1.25	1.25	1.25

Investment in Capital



Neenah Water Utility

An Enterprise Fund of the City of Neenah, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

Neenah Water Utility

An Enterprise Fund of the City of Neenah, Wisconsin

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December 31, 2024

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Independent Auditors' Report

To the Utility Commission of
Neenah Water Utility

Opinion

We have audited the financial statements of the Neenah Water Utility (Utility), enterprise fund of the City of Neenah, Wisconsin, as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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 Matters

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, 2024, and 2023, 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 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 7, 2025

Neenah Water Utility

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 6,252,058	\$ 6,827,120
Other special accounts	3,097,433	3,244,001
Restricted assets:		
Redemption account	397,764	1,125,851
Customer accounts receivable	803,291	779,867
Unbilled revenues	894,449	859,844
Other accounts receivable	35,936	26,888
Due from Municipality	105	-
Materials and supplies	166,721	126,582
Prepayments	1,778	2,888
Interest receivable	13,539	13,539
Current portion of lease receivable	40,178	41,837
	<u>11,703,252</u>	<u>13,048,417</u>
Total current assets		
Noncurrent Assets		
Restricted assets:		
Reserve account	-	319,000
Other assets:		
Lease receivable	8,206,875	8,127,533
Capital assets:		
Plant in service	76,771,138	73,679,069
Accumulated depreciation/amortization	(28,157,824)	(27,249,376)
Construction work in progress	1,546,902	236,980
	<u>58,367,091</u>	<u>55,113,206</u>
Total noncurrent assets		
Total assets	<u>70,070,343</u>	<u>68,161,623</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>863,736</u>	<u>1,255,187</u>

See notes to the financial statements

Neenah Water Utility

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 611,694	\$ 513,407
Due to Municipality	875,704	880,142
Accrued interest	21,560	23,865
Accrued vacation	37,540	34,653
Other current liabilities	79,914	61,120
Current portion of advances	279,459	273,980
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	593,139	1,761,801
Accrued interest	<u>2,338</u>	<u>9,651</u>
Total current liabilities	<u>2,501,348</u>	<u>3,558,619</u>
Noncurrent Liabilities		
Revenue bonds	-	798,139
Unamortized debt premium	-	4,831
Advance from Municipality	2,446,561	2,726,020
Accrued sick leave	194,727	63,439
Unearned revenues	11,024	8,399
Net pension liability	<u>90,806</u>	<u>329,322</u>
Total noncurrent liabilities	<u>2,743,118</u>	<u>3,930,150</u>
Total liabilities	<u>5,244,466</u>	<u>7,488,769</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	537,695	727,318
Deferred inflows related to leases	<u>8,247,053</u>	<u>8,169,370</u>
Total deferred inflows of resources	<u>8,784,748</u>	<u>8,896,688</u>
Net Position		
Net investment in capital assets	49,567,077	44,420,902
Restricted for:		
Debt service	395,426	1,116,200
Unrestricted	<u>6,942,362</u>	<u>7,494,251</u>
Total net position	<u>\$ 56,904,865</u>	<u>\$ 53,031,353</u>

See notes to the financial statements

Neenah Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of water	\$ 8,194,635	\$ 8,294,443
Other	212,931	219,502
Total operating revenues	<u>8,407,566</u>	<u>8,513,945</u>
Operating Expenses		
Operation and maintenance	3,523,614	4,042,875
Depreciation	1,688,466	1,614,124
Total operating expenses	<u>5,212,080</u>	<u>5,656,999</u>
Operating Income	<u>3,195,486</u>	<u>2,856,946</u>
Nonoperating Expenses		
Investment income	418,583	457,249
Interest on leases	85,576	86,396
Income from merchandising and jobbing	35,404	36,814
Gain on sale of fixed assets	30,522	21,500
Gain (loss) on investments	42,548	56,473
Interest expense	(89,110)	(130,884)
Miscellaneous expenses	(900)	-
Amortization of debt premium	4,831	2,521
Total nonoperating expenses	<u>527,454</u>	<u>530,069</u>
Income before contributions and transfers	3,722,940	3,387,015
Capital Contributions	1,026,276	343,890
Transfers, Tax Equivalent	<u>(875,704)</u>	<u>(880,142)</u>
Change in net position	3,873,512	2,850,763
Net Position, Beginning	<u>53,031,353</u>	<u>50,180,590</u>
Net Position, Ending	<u>\$ 56,904,865</u>	<u>\$ 53,031,353</u>

See notes to the financial statements

Neenah Water Utility

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 8,483,938	\$ 8,731,432
Paid to suppliers for goods and services	(2,150,814)	(2,419,832)
Paid to employees for operating payroll	<u>(1,334,383)</u>	<u>(1,280,210)</u>
Net cash flows from operating activities	<u>4,998,741</u>	<u>5,031,390</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	<u>(880,142)</u>	<u>(971,373)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(4,597,195)	(2,989,488)
Proceeds on disposal of assets	263,773	161,713
Capital contributions received	239,808	67,746
Debt issuance costs and amounts paid to escrow	(900)	-
Debt retired	(2,240,781)	(1,718,406)
Interest paid	(98,728)	(113,576)
Proceeds from debt issue	<u>-</u>	<u>3,000,000</u>
Net cash flows from capital and related financing activities	<u>(6,434,023)</u>	<u>(1,592,011)</u>
Cash Flows From Investing Activities		
Investments purchased	(42,550)	-
Investments sold and matured	-	52,979
Investment income	<u>546,707</u>	<u>600,118</u>
Net cash flows from investing activities	<u>504,157</u>	<u>653,097</u>
Net change in cash and cash equivalents	(1,811,267)	3,121,103
Cash and Cash Equivalents, Beginning	<u>9,392,827</u>	<u>6,271,724</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,581,560</u>	<u>\$ 9,392,827</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 786,468</u>	<u>\$ 276,144</u>

See notes to the financial statements

Neenah Water Utility

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 3,195,486	\$ 2,856,946
Nonoperating revenue (expense)	35,404	36,814
Noncash items in operating income:		
Depreciation	1,688,466	1,614,124
Depreciation charged to clearing and other utilities	169,560	135,679
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(58,029)	107,245
Other accounts receivable	(9,048)	(1,863)
Due from other funds	(105)	88
Materials and supplies	(40,139)	(9,580)
Prepayments	1,110	640
Pension related deferrals and assets	(36,688)	151,950
Accounts payable	(102,870)	144,001
Accrued sick and vacation	134,175	(7,150)
Other current liabilities	18,794	2,313
Unearned revenue	2,625	183
	<u>\$ 4,998,741</u>	<u>\$ 5,031,390</u>
Net cash flows from operating activities		
	<u>\$ 4,998,741</u>	<u>\$ 5,031,390</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 6,252,058	\$ 6,827,120
Redemption account	397,764	1,125,851
Reserve account	-	319,000
Other special accounts	<u>3,097,433</u>	<u>3,244,001</u>
Total cash and investments	9,747,255	11,515,972
Less noncash equivalents	<u>(2,165,695)</u>	<u>(2,123,145)</u>
Cash and cash equivalents	<u>\$ 7,581,560</u>	<u>\$ 9,392,827</u>

See notes to the financial statements

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

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, 2024

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. 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, 2024

Anticipated Future Special Assessments

At December 31, 2024 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

Notes to Financial Statements
December 31, 2024

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.

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

Effect of New Accounting Standards on Current Period Financial Statements

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

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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
	2024	2023	
Checking and savings	\$ 3,380,131	\$ 4,335,006	Custodial credit risk
LGIP	4,201,229	4,943,744	Credit risk
Corporate bonds	990,464	974,453	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Municipal bonds	480,733	473,868	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. agency securities	694,498	788,701	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Petty cash	<u>200</u>	<u>200</u>	None
Total	<u>\$ 9,747,255</u>	<u>\$ 11,515,972</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, 2024 and 2023, the fair value of the LGIP's assets were substantially equal to the Utility share.

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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, 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

Investment Type	January 1, 2024			
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 974,453	\$ -	\$ 974,453
Municipal bonds	-	473,868	-	473,868
U.S. agency securities, implicitly guaranteed	-	788,701	-	788,701
Total	\$ -	\$ 2,237,022	\$ -	\$ 2,237,022

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.

	2024		2023	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Local/area bank	(A)	\$ 3,380,131	(A)	\$ 4,335,006
Total	\$ -	\$ 3,380,131	\$ -	\$ 4,335,006

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

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

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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, 2024, the Utility investments were rated as follows:

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

As of January 1, 2024, the Utility investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investors Services</u>
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, 2024

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.

At December 31, 2024 and 2023, the Utility did not have any investments with a single issuer exceeding 5% of total portfolio.

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

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, 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>

As of January 1, 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	\$ 788,701	\$ -	\$ 674,825	\$ 113,876
Corporate bonds	974,453	-	974,453	-
Municipal bonds	473,868	-	473,868	-
Total	<u>\$ 2,237,022</u>	<u>\$ -</u>	<u>\$ 2,123,146</u>	<u>\$ 113,876</u>

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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 ending December 31, 2024 and 2023:

Due To	Due From	2024		2023	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 875,704	Tax equivalents	\$ 880,142	Tax equivalents
Water Utility	Municipality	105	Operating items	-	

The following is a schedule of transfer balances for the years ending December 31, 2024 and 2023:

To	From	2024		2023	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 875,704	Tax equivalent	\$ 880,142	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, 2024

Restricted Net Position

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

	<u>2024</u>	<u>2023</u>
Restricted assets:		
Redemption account	\$ 397,764	\$ 1,125,851
Reserve account	<u>-</u>	<u>319,000</u>
Total restricted assets	<u>397,764</u>	<u>1,444,851</u>
Less restricted assets not funded by revenues:		
Reserve from borrowing	<u>-</u>	<u>(319,000)</u>
Current liabilities payable from restricted assets	<u>(2,338)</u>	<u>(9,651)</u>
Total restricted net position as calculated	<u>\$ 395,426</u>	<u>\$ 1,116,200</u>

The purpose of the restricted net position is as follows:

	<u>2024</u>	<u>2023</u>
Debt service	<u>\$ 395,426</u>	<u>\$ 1,116,200</u>
Total restricted net position	<u>\$ 395,426</u>	<u>\$ 1,116,200</u>

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

5. Changes in Capital Assets

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

	<u>Balance 1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</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	3,384,251	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	<u>2,382,817</u>	<u>122,907</u>	<u>71,350</u>	<u>2,434,374</u>
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	<u>(2,089,873)</u>	<u>(73,258)</u>	<u>71,351</u>	<u>(2,091,780)</u>
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>

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

A summary of changes in water capital assets for 2023 follows:

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
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	-	-	3,384,251
Water treatment	24,717,483	30,070	-	24,747,553
Transmission and distribution	40,275,442	3,070,628	434,780	42,911,290
General	2,347,841	73,915	38,939	2,382,817
Total capital assets being depreciated	<u>70,855,995</u>	<u>3,174,613</u>	<u>473,719</u>	<u>73,556,889</u>
Total capital assets	<u>70,978,175</u>	<u>3,174,613</u>	<u>473,719</u>	<u>73,679,069</u>
Less accumulated depreciation:				
Source of supply	(130,978)	-	-	(130,978)
Pumping	(1,932,846)	(107,720)	-	(2,040,566)
Water treatment	(13,831,173)	(822,561)	-	(14,653,734)
Transmission and distribution	(7,878,221)	(750,570)	294,566	(8,334,225)
General	(2,059,861)	(68,951)	38,939	(2,089,873)
Total accumulated depreciation	<u>(25,833,079)</u>	<u>(1,749,802)</u>	<u>333,505</u>	<u>(27,249,376)</u>
Construction in progress	<u>41,250</u>	<u>196,313</u>	<u>583</u>	<u>236,980</u>
Net capital assets	<u>\$ 45,186,346</u>			<u>\$ 46,666,673</u>

6. Lease Disclosures

Lessor - Lease Receivables

Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance 12/31/24	Receivable Balance 12/31/23
Cell tower attachment	08/01/2005	08/01/2080	1.00%	\$ 7,792,685	\$ 7,791,305
Cell tower attachment	01/01/2024	01/01/2028	3.50	118,140	24,762
Cell tower attachment	10/01/1999	10/01/2039	1.74	<u>336,228</u>	<u>353,303</u>
Total activities				<u>\$ 8,247,053</u>	<u>\$ 8,169,370</u>

The Utility recognized \$40,457 and \$37,107 of lease revenue during 2024 and 2023, respectively.

The Utility recognized \$85,576 and \$86,396 of interest revenue during 2024 and 2023, respectively.

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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 12/31/24</u>
01/25/2006	Water treatment plant	05/01/2025	2 %	\$ 8,788,354	\$ 593,139 *

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

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 593,139	\$ 7,014	\$ 600,153
Total	<u>\$ 593,139</u>	<u>\$ 7,014</u>	<u>\$ 600,153</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2024 and 2023 were \$1,966,804 and \$1,801,983, respectively. Total customer gross revenues as defined for the same periods were \$8,989,677 and \$5,108,002. Annual principal and interest payments are expected to require 7% of gross revenues on average.

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 12/31/24</u>
2/1/2023	Capital improvements	12/1/2032	2 %	\$ 3,000,000	\$ 2,726,020

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>
2025	\$ 279,459	\$ 50,339	\$ 329,798
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
2030-2032	<u>1,271,704</u>	<u>45,187</u>	<u>1,316,891</u>
Total	<u>\$ 2,726,020</u>	<u>\$ 239,019</u>	<u>\$ 2,965,039</u>

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

Long-Term Obligations Summary

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>
Total	<u>\$ 5,671,262</u>	<u>\$ 187,463</u>	<u>\$ 2,296,275</u>	<u>\$ 3,562,450</u>	<u>\$ 910,138</u>

Long-term obligation activity for the year ended December 31, 2023 is as follows:

	<u>1/1/23</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/23</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 4,278,346	\$ -	\$ 1,718,406	\$ 2,559,940	\$ 1,761,801
Advance from Municipality	-	3,000,000	-	3,000,000	273,980
Accrued sick and vacation leave	105,242	60,497	67,647	98,092	34,653
Unamortized debt premium	7,352	-	2,521	4,831	-
Unearned revenues	<u>8,216</u>	<u>183</u>	<u>-</u>	<u>8,399</u>	<u>-</u>
Total	<u>\$ 4,399,156</u>	<u>\$ 3,060,680</u>	<u>\$ 1,788,574</u>	<u>\$ 5,671,262</u>	<u>\$ 2,070,434</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.

The Utility is covered under the following insurance policies at December 31, 2024:

<u>Type</u>	<u>Coverage</u>	<u>Expiration</u>
<i>Cities and Villages Mutual Insurance Company</i>		
General liability	\$ 10,000,000 per occurrence	01/01/2025
Automobile	20,000,000 per occurrence	01/01/2025
<i>Municipal Property Insurance Company</i>		
Property (entire city)	\$213,880,700	04/04/2025

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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 2023 and 2022 as follows:

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 8,407,566	\$ 8,513,945
Investment income	546,707	600,118
Miscellaneous nonoperating income	35,404	36,814
Less operation and maintenance expenses	<u>(3,523,614)</u>	<u>(4,042,875)</u>
Net defined earnings	<u>\$ 5,466,063</u>	<u>\$ 5,108,002</u>
Minimum required earnings per resolution: Subsequent year annual debt service	\$ 600,152	\$ 1,804,630
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum required earnings	<u>\$ 750,190</u>	<u>\$ 2,255,788</u>
Actual debt coverage	<u>9.11</u>	<u>2.83</u>

Number of Customers and Billed Volumes - Water

The Utility has the following number of customers and billed volumes for 2024 and 2023:

	<u>Customers</u>		<u>Sales (000 gals)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Residential	10,547	10,470	389,331	415,836
Multifamily residential	94	94	24,517	24,112
Commercial	760	740	144,857	153,304
Industrial	115	113	370,412	365,332
Public authority	<u>39</u>	<u>64</u>	<u>17,598</u>	<u>21,860</u>
Total	<u>11,555</u>	<u>11,481</u>	<u>946,715</u>	<u>980,444</u>

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.

Neenah Water Utility

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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:

	<u>2024</u>	<u>2023</u>
Plant in service	\$ 76,771,138	\$ 73,679,069
Accumulated depreciation/amortization	(28,157,824)	(27,249,376)
Construction work in progress	<u>1,546,902</u>	<u>236,980</u>
Subtotal	<u>50,160,216</u>	<u>46,666,673</u>
Less capital related debt:		
Current portion of capital related long-term debt	593,139	1,761,801
Long-term portion of capital related long-term debt	-	798,139
Unamortized debt premium	<u>-</u>	<u>4,831</u>
Subtotal	<u>593,139</u>	<u>2,564,771</u>
Add unspent debt proceeds:		
Reserve from borrowing	<u>-</u>	<u>319,000</u>
	<u>\$ 49,567,077</u>	<u>\$ 44,420,902</u>

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.

Neenah Water Utility

Notes to Financial Statements
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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.

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>
2014	4.7	25.0
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)

Neenah Water Utility

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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, 2024 and December 31, 2023 are:

	2024		2023	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.80 %	6.80 %	6.50 %	6.50 %
Protective with Social Security	6.80	13.20	6.50	12.00
Protective without Social Security	6.80	18.10	6.50	16.40

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

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 Municipality's proportion was .13280176%, which was an increase of 0.00053038% from its proportion measured as of December 31, 2022.

At December 31, 2023, the Utility reported a liability (asset) of \$329,322 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the Municipality's proportion was .13227138%, which was an increase of .00116872% from its proportion measured as of December 31, 2021.

For the years ended December 31, 2024 and 2023, the Utility recognized pension expense (revenue) of \$(36,688) and \$151,950, respectively.

Neenah Water Utility

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

	Neenah Water Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected 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>

At December 31, 2023, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Neenah Water Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 637,824	\$ 726,088
Changes in assumption	84,445	-
Net differences between project and actual earnings on pension plan	450,822	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	699	1,230
Employer contributions subsequent to the measurement date	<u>81,397</u>	<u>-</u>
Total	<u>\$ 1,255,187</u>	<u>\$ 727,318</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:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources</u>
2025	\$ 47,807
2026	50,128
2027	196,340
2028	(60,306)
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 233,969</u>

Neenah Water Utility

Notes to Financial Statements
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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:

	<u>2024</u>	<u>2023</u>
Actuarial Valuation Date:	December 31, 2022	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2023	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021	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%-5.6%	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.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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, 2024 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2023			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
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 ³	(12)	3.7	1.0
Total Core Fund ³	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

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

³ 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, 2024

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2023 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	48 %	7.6 %	5.0 %
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

² New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%.

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2024 and December 31, 2023. As of December 31, 2023, 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 3.77%. As of December 31, 2022, 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 4.05%. (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 and 2022, respectively. 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.

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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, 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)

The sensitivity analysis as of December 31, 2023 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)	\$ 1,093,086	\$ 329,322	\$ (196,043)

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>.

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.

Neenah Water Utility

Notes to Financial Statements
December 31, 2024

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, 2024

<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>
12/31/24	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%
12/31/15	0.12675710%	(185,460)	1,113,762	16.65%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2023

<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>
12/31/24	\$ 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%
12/31/15	73,908	73,908	-	1,086,882	6.80%

See notes to the required supplementary information

Neenah Water Utility

Notes to Required Supplementary Information
Year Ended December 31, 2023

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.

	2015-2018	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	
Long-term expected rate of return	6.8%	
Discount rate	6.8%	
Salary increases:		
Inflation	3.0%	
Seniority/Merit	0.1%-5.6%	
Mortality	2020 WRS Experience Table	
Postretirement adjustments	1.70%	

SUPPLEMENTARY INFORMATION

Neenah Water Utility

Water Utility Plant

Year Ended December 31, 2024

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24
Source of Supply				
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>
Pumping				
Structures and improvements	1,961,066	-	-	1,961,066
Other power production equipment	282,592	-	-	282,592
Electric pumping equipment	1,136,024	45,321	15,593	1,165,752
Other pumping equipment	4,569	-	-	4,569
Total pumping	<u>3,384,251</u>	<u>45,321</u>	<u>15,593</u>	<u>3,413,979</u>
Water Treatment				
Land and land rights	98,239	-	-	98,239
Structures and improvements	16,399,657	-	-	16,399,657
Water treatment equipment	8,347,896	77,346	-	8,425,242
Total water treatment	<u>24,845,792</u>	<u>77,346</u>	<u>-</u>	<u>24,923,138</u>
Transmission and Distribution				
Distribution reservoirs and standpipes	2,477,083	-	-	2,477,083
Transmission and distribution mains	28,383,883	2,319,716	468,814	30,234,785
Services	6,606,944	791,177	123,970	7,274,151
Meters	2,603,306	502,815	463,625	2,642,496
Hydrants	2,840,074	415,616	39,477	3,216,213
Total transmission and distribution	<u>42,911,290</u>	<u>4,029,324</u>	<u>1,095,886</u>	<u>45,844,728</u>
General				
Structures and improvements	93,332	-	-	93,332
Office furniture and equipment	37,331	-	-	37,331
Computer equipment	217,556	-	-	217,556
Transportation equipment	348,468	101,978	50,684	399,762
Tools, shop and garage equipment	115,672	20,929	20,666	115,935
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>2,382,817</u>	<u>122,907</u>	<u>71,350</u>	<u>2,434,374</u>
Total water utility plant	<u>\$ 73,679,069</u>	<u>\$ 4,274,898</u>	<u>\$ 1,182,829</u>	<u>\$ 76,771,138</u>

Neenah Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of water:		
Unmetered	\$ 4,663	\$ 3,531
Metered:		
Residential	3,182,326	3,306,108
Commercial	1,073,911	1,116,111
Industrial	1,921,965	1,867,293
Public authorities	115,248	140,385
Total metered sales	6,293,450	6,429,897
Private fire protection	137,457	137,456
Public fire protection	1,766,049	1,724,402
Bad debt expense	(6,984)	(843)
Total sales of water	8,194,635	8,294,443
Other operating revenues:		
Forfeited discounts	63,759	62,193
Miscellaneous service revenue	40,067	27,250
Rents from water property	45,744	79,030
Other	63,361	51,029
Total operating revenues	8,407,566	8,513,945
Operating Expenses		
Operation and maintenance:		
Source of supply:		
Operation supervision and engineering	3,055	2,796
Maintenance:		
Supervision and engineering	12,222	11,186
Lake, river and other intakes	6,260	19,750
Total source of supply	21,537	33,732
Pumping:		
Operation supervision and engineering	14,009	12,668
Fuel for power production	160,028	146,430
Pumping labor	104,433	98,399
Miscellaneous	11,885	14,953
Maintenance:		
Supervision and engineering	16,857	15,200
Power production equipment	889	1,039
Pumping equipment	181	-
Total pumping	308,282	288,689
Water treatment:		
Operation supervision and engineering	31,751	28,386
Chemicals	659,750	624,360
Operation labor	362,919	349,628
Miscellaneous	89,697	85,896
Maintenance:		
Supervision and engineering	36,639	32,894
Structures and improvements	149,712	134,371
Water treatment equipment	124,507	189,640
Total water treatment	1,454,975	1,445,175

Neenah Water Utility

Water Utility Operating Revenues and Expenses
Year Ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Transmission and distribution:		
Operation supervision and engineering	\$ 12,859	\$ 15,857
Storage facilities	5,151	5,721
Transmission and distribution lines	138,178	130,116
Meters	81,953	66,702
Customer installations	37,943	31,183
Miscellaneous	104,345	90,162
Maintenance:		
Supervision and engineering	8,945	12,370
Reservoirs and standpipes	5,151	487,033
Mains	160,812	214,441
Services	47,961	67,562
Meters	9,322	721
Hydrants	16,278	33,002
Miscellaneous	<u>(8,332)</u>	<u>(1,329)</u>
Total transmission and distribution	<u>620,566</u>	<u>1,153,541</u>
Customer accounts:		
Supervision	14,091	14,697
Meter reading	12,586	10,093
Accounting and collecting labor	<u>125,602</u>	<u>121,155</u>
Total customer accounts	<u>152,279</u>	<u>145,945</u>
Administrative and general:		
Salaries	235,267	227,027
Office supplies	5,938	6,932
Outside services employed	18,407	16,646
Property insurance	44,214	30,272
Injuries and damages	31,036	34,108
Employee pensions and benefits	490,909	527,169
Miscellaneous	31,326	30,291
Rents	<u>12,140</u>	<u>11,780</u>
Total administrative and general	<u>869,237</u>	<u>884,225</u>
Taxes	<u>96,738</u>	<u>91,568</u>
Total operation and maintenance	3,523,614	4,042,875
Depreciation	<u>1,688,466</u>	<u>1,614,124</u>
Total operating expenses	<u>5,212,080</u>	<u>5,656,999</u>
Operating income	<u>\$ 3,195,486</u>	<u>\$ 2,856,946</u>

Neenah Water Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2024 and 2023

	<u>Water</u>	
	<u>2024</u>	<u>2023</u>
Utility Financed Plant in Service		
Beginning of year	\$ 63,157,505	\$ 60,735,018
End of year	<u>65,339,201</u>	<u>63,157,505</u>
Average	<u>64,248,353</u>	<u>61,946,262</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(25,639,097)	(24,314,744)
End of year	<u>(26,492,678)</u>	<u>(25,639,097)</u>
Average	<u>(26,065,888)</u>	<u>(24,976,921)</u>
Materials and Supplies		
Beginning of year	126,582	117,002
End of year	<u>166,720</u>	<u>126,582</u>
Average	<u>146,651</u>	<u>121,792</u>
Regulatory Liability		
Beginning of year	(96,309)	(108,269)
End of year	<u>(81,201)</u>	<u>(96,309)</u>
Average	<u>(88,755)</u>	<u>(102,289)</u>
Average net rate base	<u>\$ 38,240,361</u>	<u>\$ 36,988,844</u>
Operating income, regulatory basis	<u>\$ 2,601,236</u>	<u>\$ 2,239,774</u>
Rate of return (percent)	<u>6.80 %</u>	<u>6.06 %</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, 2024

Neenah Water Utility
Comparative Balance Sheet
as of Dec. 31, 2024 & 2023

Assets	2024	Assets	2023
Current Assets		Current Assets	
Cash & Cash Equivalents		Cash & Cash Equivalents	
Cash on Hand	\$ 3,380,133	Cash on Hand	\$ 4,468,834
Working Funds - Petty Cash	200	Working Funds - Petty Cash	200
Prepays	1,778	Prepays	2,888
Total Cash & Cash Equivalents	\$ 3,382,111	Total Cash & Cash Equivalents	\$ 4,471,922 A)
Temporary Investments		Temporary Investments	
Unrestricted	706,032	Unrestricted	\$ 234,941
Restricted for Debt Service	675,495	Restricted for Debt Service	1,400,864
Replacement Reserves	2,819,702	Replacement Reserves	2,968,988
Total Temporary Investments	\$ 4,201,229	Total Temporary Investments	\$ 4,604,793
Receivables		Receivables	
Customer Account	\$ 1,714,439	Customer Account	\$ 1,656,410
Other	36,041	Other	26,888
Investment Interest	13,539	Investment Interest	13,539
Total Receivables	\$ 1,764,019	Total Receivables	\$ 1,696,837
Inventory		Inventory	
Chemical	\$ 141,805	Chemical	\$ 101,666
Meter & Hydrant Supplies	24,916	Meter & Hydrant Supplies	24,916
Total Inventory	\$ 166,721	Total Inventory	\$ 126,582 E)
Total Current Assets	\$ 9,514,080	Total Current Assets	\$ 10,900,134
NonCurrent Assets		NonCurrent Assets	
Long Term Investments	2,165,693	Long Term Investments	2,123,145
Revenue Bond Reserve Investments	-	Revenue Bond Reserve Investments	319,000
Unamortized Premiums on Borrowing/Refunding	-	Unamortized Premiums on Borrowing/Refunding	(4,831)
Cell Tower Lease Rec	8,247,053	Cell Tower Lease Rec	8,169,370
Deferred Outflows Related to Pension	1,785,127	Deferred Outflows Related to Pension	2,284,356
Fixed Assets		Fixed Assets	
Utility Plant in Service	\$ 76,771,137	Utility Plant in Service	\$ 73,679,067
Less: Accumulated Depreciation	(28,157,823)	Less: Accumulated Depreciation	(27,249,375)
Net Utility Plant in Service	\$ 48,613,314	Net Utility Plant in Service	\$ 46,429,692
Construction Work in Process	1,546,902	Construction Work in Process	236,980
Deferred Special Assessments	404,154	Deferred Special Assessments	404,154
Total NonCurrent Assets	62,762,243	Total NonCurrent Assets	59,961,866
Total Assets	\$72,276,323	Total Assets	\$70,862,000
Liabilities & Capital		Liabilities & Capital	
Current Liabilities		Current Liabilities	
Accruals		Accruals	
Due to Vendors/Contractors	\$611,733	Due to Vendors/Contractors	\$513,512
Payrolls	79,875	Payrolls	61,012
In Lieu of Property Taxes	875,704	In Lieu of Property Taxes	880,142
Interest	23,898	Interest	33,515
Total Accruals	\$ 1,591,210	Total Accruals	\$ 1,488,181
Deferred Revenue	\$ 11,024	Deferred Revenue	\$ 8,399
Total Current Liabilities	\$1,602,234	Total Current Liabilities	\$1,496,580
NonCurrent Liabilities		NonCurrent Liabilities	
Revenue/Refunding Bonds/Notes	\$ -	Revenue/Refunding Bonds/Notes	\$ 305,000
Safe Drinking Loan	593,139	Safe Drinking Loan	2,254,940
City Loan	2,726,020	City Loan	3,000,000
Employee Vacation & Sick Leave Reserve	232,267	Employee Vacation & Sick Leave Reserve	98,092
Allowance of Uncollectable A/R	16,700	Allowance of Uncollectable A/R	16,700
Deferred Inflow Cell Tower Lease	8,247,053	Deferred Inflow Cell Tower Lease	8,169,370
Deferred Special Assessments	404,154	Deferred Special Assessments	404,154
Net Pension Liability	90,806	Net Pension Liability	329,322
Total NonCurrent Liabilities	\$ 12,310,139	Total NonCurrent Liabilities	\$ 14,577,578
Total Liabilities	\$ 13,912,373	Total Liabilities	\$ 16,074,158
Deferred Inflows Related to Pension	\$ 1,459,086	Deferred Inflows Related to Pension	\$ 1,756,487
Capital & Retained Earnings		Capital & Retained Earnings	
City Paid in Capital	\$ 2,661,887	City Paid in Capital	\$ 2,661,887
Beginning Retained Earnings	\$ 50,369,463	Beginning Retained Earnings	\$ 47,518,706
Net Income (Loss)	3,873,514	Net Income (Loss)	2,850,762
Ending Retained Earnings	\$ 54,242,977	Ending Retained Earnings	\$ 50,369,468
Total Capital & Retained Earnings	56,904,864	Total Capital & Retained Earnings	53,031,355
Total Liabilities & Capital	\$ 72,276,323	Total Liabilities & Capital	\$ 70,862,000

**Neenah Water Utility
Notes and Explanations
Comparative Balance Sheet
For the Period Ending December 31, 2023 & 2024**

Liquidity (Current assets/current liabilities) ratio = 5.94 for the 4th Quarter of 2024. Above 1 is the goal. 4th Quarter of 2023 = 7.28

- A) Total Cash Equivalents have decreased for the 4th Quarter 2024 over the corresponding period in 2023 due to payments for the booster station, construction projects and 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.
- C) Customer Account includes bills sent out at the end of December to residential, commercial, multifamily, industrial, and public accounts.
- D) Includes other billings not yet paid.
- E) Total Inventory is the value of treatment chemicals and distribution materials held in inventory.
- F) PILOT based on Utility Plant in Service.
- G) Includes revenue bonds with maturity date 12/1/2026. The revenue bonds were retired in 2024.
- H) Safe Drinking Water Loan used for plant construction, issued 2005 and 2006 with maturity dates 5/1/2024 and 5/1/2025.
- I) Loan from the City for CIP Projects.
- J) Net Pension Liability and Net Pension Asset are based on WRS Investment performance.
- K) Includes City projects paid by TIF.
- L) Net income

Neenah Water Utility					
Comparative Income Statement					
Twelve Months Ending - Dec. 31, 2024 & 2023					
	2024	2023	Percent Change		
Water Operating Revenue					
Unmetered					
Sales to General Customers (WFC)	4,663	3,531	32.1%	(A)	1,132
Private Fire Protection (Firelines)	137,457	137,456	0.0%	(B)	1
Public Fire Protection - All Customers	1,766,049	1,724,402	2.4%	(C)	41,647
Total Unmetered Revenue	\$1,908,169	\$1,865,389	2.3%		42,780
Metered					
Bulk Water - All Customer Types	2,420	4,191	-42.3%	(D)	(1,771)
Residential Customers	3,179,906	3,301,917	-3.7%	(E)	(122,011)
Multi Residential Customers	159,329	156,474	1.8%	(F)	2,855
Commercial Customers	914,582	959,637	-4.7%	(G)	(45,055)
Industrial Customers	1,921,965	1,867,293	2.9%	(H)	54,672
Municipal/Other Public Customers	115,248	140,385	-17.9%	(I)	(25,137)
Total Metered Revenue	\$6,293,450	\$6,429,897	-2.1%		(136,447)
Total Water Operating Revenue	\$ 8,201,619	\$ 8,295,286	-1.1%	(J)	(93,667)
Other Operating Revenue					
Forfeited Discounts (Late Fees)	63,759	62,193	2.5%	(K)	1,566
Miscellaneous Service Revenues	54,871	37,576	46.0%	(L)	17,295
Water Property Rental Revenue	128,844	165,426	-22.1%	(M)	(36,582)
Other Revenues	70,442	60,979	15.5%	(N)	9,463
Total Other Operating Revenue	\$317,916	\$326,174	-2.5%		(8,258)
Total Operating Revenue	\$ 8,519,535	\$ 8,621,460	-1.2%	(O)	(101,925)
Operating Expenses					
Source of Supply Expenses	21,538	33,733	-36.2%	(P)	(12,195)
Pumping Expenses	308,282	288,688	6.8%	(Q)	19,594
Water Treatment Expenses	1,456,014	1,446,124	0.7%	(R)	9,890
Transmission & Distribution Expenses	617,482	1,151,925	-46.4%	(S)	(534,443)
Customer Account Expenses	159,264	146,788	8.5%	(T)	12,476
Administrative & General Expenses	379,226	357,057	6.2%	(U)	22,169
Employee Fringe Benefit Expense	392,299	375,219	4.6%	(V)	17,080
GASB 68 Pension Adjustment	-36,688	151,950	-124.1%	(W)	(188,638)
GASB 101 Sick Leave Adjustment	135,298	0	0.0%	(X)	135,298
Depreciation Expense	1,688,466	1,614,124	4.6%	(Y)	74,342
Property Tax Expense	875,704	880,142	-0.5%	(Z)	(4,438)
Payroll Tax Expense	80,016	78,078	2.5%	(AA)	1,938
Other Tax Expense	18,764	14,158	32.5%	(BB)	4,606
Total Operating Expenses	\$ 6,095,665	\$ 6,537,986	-6.8%		(442,321)
Net Operating Income (Loss)	\$ 2,423,870	\$ 2,083,474	16.3%		340,396
Other Revenue					
Interest Income	418,583	457,249	-8.5%	(CC)	(38,666)
Market Adjustment (Long-Term Investments)	42,548	56,473	-24.7%		(13,925)
Amortization of Debt Premium	4,831	2,521	91.6%		2,310
Capital Contributions	1,019,721	343,890	196.5%		675,831
Sale of Vehicles and Equipment	30,522	21,500	42.0%		9,022
P-Card Rebate	22,549	16,538	36.3%		6,011
Total Other Revenue	\$ 1,538,754	\$ 898,171	71.3%	(DD)	640,583
Other Expenses					
Interest Expense on Long-Term Debt	89,110	130,883	-31.9%		(41,773)
Total Other Expenses	\$ 89,110	\$ 130,883	-31.9%		(41,773)
Net Income (Loss)	\$ 3,873,514	\$ 2,850,762	35.9%	(EE)	1,022,752

**Neenah Water Utility
Notes and Explanations
Comparative Income Statement
For the Period Ending December 31, 2023 & 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 number shown reflects revenues decreasing due to excessive precipitation.
- F. Multi-Family Residential reflects an increase from last year.
- G. Commercial revenues reflect a decrease.
- H. Industrial revenues reflect an increase.
- I. Public sales include schools, parks, and other public buildings.
- J. Total Water Operating Revenues is the sum of A thru I. Revenue in the 4th quarter of 2024 is 1.1% lower than to the corresponding period of 2023.
- K. Late bill payment revenue (late fees).
- L. Revenue received for reading and billing sewer exemption meters; reconnect fees and turning on service lines; hydrant hook-up fees; customer repair charges.
- M. Revenue received for annual fire hydrant rental to the Town of Neenah and rental fees from cell providers for antenna space. It increases, as contract provisions require. We received a large payment in March 2023 from Verizon.
- N. Revenue received for sale of scrap, miscellaneous service fees, and returned check fees.
- O. Total Operating Revenues in 4th quarter are 1.2% less than in the corresponding period of 2023.
- 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.

Neenah Water Utility
Notes and Explanations Comparative Income Statement
For the Period Ending December 31, 2023 & 2024
Page 2 of 2

- Q. Pumping Expenses were up in the 4th quarter of 2024 as compared to the corresponding period in 2023, due to increased maintenance and fuel expenses.
- R. Treatment Expenses are relatively flat for the period.
- S. Transmission and Distribution Expenses are down for the 4th quarter of 2024 to the same period in 2023, due to the Cecil Street Tower Painting in 2023.
- T. The Customer Account Expense increased in the 4th quarter of 2024 than in 2023 due to the increased amount of supervision, records, and collection required, uncollectable accounts, transmission and miscellaneous expenses.
- U. This account reflects an increase due to increased transportation and insurance expenses.
- V. Fringe benefits are affected by 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 either 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. PSC Remainder Assessment and DNR Water Withdrawal charges.
- CC. Interest Income has decreased due to economic factors.
- DD. Total Other Revenue is up significantly due to a large increase in capital contributions.
- EE. Net Income in the 4th quarter of 2024 increased by 35.9% compared to the same period in 2023.

Neenah Water Utility						
2024 Construction Work in Progress						
	Budget	3 Months	6 Months	9 Months	12 Months	Totals
Capital Projects:						
Meter/Endpoint Replacement	500,000	23,814	456,694	9,315	12,992	502,815
Hydrants	-	8,600	1,659		3,345	13,604
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	25,000				14,136	14,136
Rebuild (1) intermediate pump	25,000					-
Rebuild (1) raw water pump	12,000					-
Replace 2014 Pickup Truck	35,000				40,876	40,876
Update Leak Detection Equipment	60,000	20,929				20,929
Upgrade Water Meter Testing System	60,000					-
Rip-rap Shoreline	90,000			21,802		21,802
Replace Shoreline Fence	25,000			1,836		1,836
Repave North Driveway	15,000					-
Replace Meter Van	-				30,581	30,581
Booster Station	-	322,034	201,032	125,668	581,104	1,229,838
VFD Drives - (3) High Service	-		31,185			31,185
Replace Carbon Dioxide Tank	-	126		14,250	40,750	55,126
Watermain Addition/Replacement:						
Misc Services	-			3,500	11,920	15,420
Quarry Lane	315,000		274,476	72,855	16,825	364,156
E. Doty Ave.	494,000		395,411	293,568	46,427	735,406
Stevens St.	238,000		11,420	235,995	14,662	262,077
Cedar St.	473,000	513	332,438	204,174	31,848	568,973
Belmont Ave.	59,000		1,796	58,683	3,006	63,485
Belmont Ct.	95,000		77,843	29,285	5,264	112,392
S. Commercial St. Sludge Line	63,000		66,592		10,753	77,345
S. Commercial St. Corridor Stubs	63,000			69,991	8,857	78,848
Bayview Rd.	205,000	9,307	177,254	3,274	9,176	199,011
S. Park Ave.	347,000		19,301		11,467	30,768
Reed St. WMR	-			17,530	923	18,453
Freedom Acres-1st Addition	-		2,086	6,342		8,428
Freedom Meadows-2nd Addition	-	20,049	953			21,002
Freedom Meadows-3rd Addition	-			6,400		6,400
Totals	3,299,000	405,372	2,050,140	1,174,468	894,912	4,524,892
2024 Temporary Investments						
December 31, 2024						
Safe Drinking Water Loan Payment			397,764			
City Loan			277,731			
			\$675,495			
Replacement Reserves						
Sludge Lagoon Reserve			1,728,413			
Vehicle Replacement Reserve			143,199			
Painting Hydrants Reserve			72,000			
GAC Media Replacement			530,000			
Pump Rehab			145,864			
Meters/Endpoints			172,726			
Boiler Replacement			27,500			
			\$2,819,702			

NEENAH WATER UTILITY

3 MONTH FINANCIAL REPORT

January 1 through March 31, 2025

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

Assets	2025	Assets	2024	
Current Assets		Current Assets		
Cash & Cash Equivalents		Cash & Cash Equivalents		
Cash on Hand	\$ 3,574,320	Cash on Hand	\$ 4,400,059	
Working Funds - Petty Cash	200	Working Funds - Petty Cash	200	
Prepays	0	Prepays	1,360	
Total Cash & Cash Equivalents	\$ 3,574,520	Total Cash & Cash Equivalents	\$ 4,401,619	A)
Temporary Investments		Temporary Investments		
Unrestricted	13,947	Unrestricted	\$ 22,887	
Restricted for Debt Service	605,220	Restricted for Debt Service	1,637,585	B)
Replacement Reserves	2,924,702	Replacement Reserves	3,073,988	
Total Temporary Investments	\$ 3,543,869	Total Temporary Investments	\$ 4,734,460	
Receivables		Receivables		
Customer Account	\$ 1,769,894	Customer Account	\$ 1,734,504	C)
Other	1,700	Other	2,396	D)
Investment Interest	17,031	Investment Interest	17,343	
Total Receivables	\$ 1,788,625	Total Receivables	\$ 1,754,243	
Inventory		Inventory		
Chemical	\$ 141,805	Chemical	\$ 101,666	
Meter & Hydrant Supplies	24,916	Meter & Hydrant Supplies	24,916	
Total Inventory	\$ 166,721	Total Inventory	\$ 126,582	E)
Total Current Assets	\$ 9,073,735	Total Current Assets	\$ 11,016,904	
NonCurrent Assets		NonCurrent Assets		
Long Term Investments	1,916,470	Long Term Investments	2,123,145	
Revenue Bond Reserve Investments	-	Revenue Bond Reserve Investments	319,000	
Unamortized Premiums on Borrowing/Refunding	-	Unamortized Premiums on Borrowing/Refunding	(4,201)	
Cell Tower Lease Rec	8,247,053	Cell Tower Lease Rec	8,169,370	
Deferred Outflows Related to Pension	1,785,127	Deferred Outflows Related to Pension	2,284,356	
Fixed Assets		Fixed Assets		
Utility Plant in Service	\$ 78,318,038	Utility Plant in Service	\$ 73,679,067	
Less: Accumulated Depreciation	(28,587,143)	Less: Accumulated Depreciation	(27,670,277)	
Net Utility Plant in Service	\$ 49,730,895	Net Utility Plant in Service	\$ 46,008,790	
Construction Work in Process	916,691	Construction Work in Process	642,351	
Deferred Special Assessments	404,154	Deferred Special Assessments	404,154	
Total NonCurrent Assets	63,000,390	Total NonCurrent Assets	59,946,965	
Total Assets	\$72,074,125	Total Assets	\$70,963,869	
Liabilities & Capital		Liabilities & Capital		
Current Liabilities		Current Liabilities		
Accruals		Accruals		
Due to Vendors/Contractors	\$92,532	Due to Vendors/Contractors	\$181,005	
Payrolls	9,422	Payrolls	5,744	
In Lieu of Property Taxes	885,528	In Lieu of Property Taxes	949,644	F)
Interest	14,001	Interest	34,358	
Total Accruals	\$ 1,001,483	Total Accruals	\$ 1,170,751	
Deferred Revenue	\$ -	Deferred Revenue	\$ -	
Total Current Liabilities	\$1,001,483	Total Current Liabilities	\$1,170,751	
NonCurrent Liabilities		NonCurrent Liabilities		
Revenue/Refunding Bonds/Notes	\$ -	Revenue/Refunding Bonds/Notes	\$ 305,000	G)
Safe Drinking Loan	593,139	Safe Drinking Loan	2,254,940	H)
City Loan	2,446,561	City Loan	2,726,020	I)
Employee Vacation & Sick Leave Reserve	207,834	Employee Vacation & Sick Leave Reserve	98,092	
Allowance of Uncollectable A/R	16,700	Allowance of Uncollectable A/R	16,700	
Deferred Inflow Cell Tower Lease	8,247,053	Deferred Inflow Cell Tower Lease	8,169,370	
Deferred Special Assessments	404,154	Deferred Special Assessments	404,154	
Net Pension Liability	90,806	Net Pension Liability	329,322	J)
Total NonCurrent Liabilities	\$ 12,006,247	Total NonCurrent Liabilities	\$ 14,303,598	
Total Liabilities	\$ 13,007,730	Total Liabilities	\$ 15,474,349	
Deferred Inflows Related to Pension	\$ 1,459,086	Deferred Inflows Related to Pension	\$ 1,756,487	
Capital & Retained Earnings		Capital & Retained Earnings		
City Paid in Capital	\$ 2,661,887	City Paid in Capital	\$ 2,661,887	K)
Beginning Retained Earnings	\$ 54,242,979	Beginning Retained Earnings	\$ 50,369,468	
Net Income (Loss)	702,443	Net Income (Loss)	701,678	L)
Ending Retained Earnings	\$ 54,945,422	Ending Retained Earnings	\$ 51,071,146	
Total Capital & Retained Earnings	57,607,309	Total Capital & Retained Earnings	53,733,033	
Total Liabilities & Capital	\$ 72,074,125	Total Liabilities & Capital	\$ 70,963,869	

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

Liquidity (Current assets/current liabilities) ratio = 9.06 for the 1st Quarter of 2025. Above 1 is the goal. 1st Quarter of 2024 = 9.41

- A) Total Cash Equivalents have decreased for the 1st Quarter 2025 over the corresponding period in 2024 due to payments for the booster station, construction project and 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.
- C) Customer Account includes bills sent out at the end of March to residential, commercial, multifamily, industrial, and public accounts.
- D) Includes other billings not yet paid.
- E) Total Inventory is the value of treatment chemicals and distribution materials held in inventory.
- F) PILOT based on Utility Plant in Service.
- G) Includes revenue bonds with maturity date 12/1/2026. The revenue bonds were retired in 2024.
- H) Safe Drinking Water Loan used for plant construction, issued 2005 and 2006 with maturity dates 5/1/2024 and 5/1/2025.
- I) Loan from the City for CIP Projects.
- J) Net Pension Liability and Net Pension Asset are based on WRS investment performance.
- K) Includes City projects paid by TIF.
- L) Net income

Neenah Water Utility					
Comparative Income Statement					
Three Months Ending - March 31, 2025 & 2024					
	2025	2024	Percent Change		
Water Operating Revenue					
Unmetered					
Sales to General Customers (WFC)	864	1,209	-28.5%	(A)	(345)
Private Fire Protection (Firelines)	34,917	34,485	1.3%	(B)	432
Public Fire Protection - All Customers	445,835	436,137	2.2%	(C)	9,698
Total Unmetered Revenue	\$481,616	\$471,831	2.1%		9,785
Metered					
Bulk Water - All Customer Types	0	49	-100.0%	(D)	(49)
Residential Customers	795,489	767,950	3.6%	(E)	27,539
Multi Residential Customers	40,030	37,902	5.6%	(F)	2,128
Commercial Customers	203,352	209,376	-2.9%	(G)	(6,024)
Industrial Customers	477,339	433,817	10.0%	(H)	43,522
Municipal/Other Public Customers	22,888	20,176	13.4%	(I)	2,712
Total Metered Revenue	\$1,539,098	\$1,469,270	4.8%		69,828
Total Water Operating Revenue	\$ 2,020,714	\$ 1,941,101	4.1%	(J)	79,613
Other Operating Revenue					
Forfeited Discounts (Late Fees)	8,787	8,094	8.6%	(K)	693
Miscellaneous Service Revenues	11,529	3,221	257.9%	(L)	8,308
Water Property Rental Revenue	42,345	40,271	5.2%	(M)	2,074
Other Revenues	5,915	2,380	148.5%	(N)	3,535
Total Other Operating Revenue	\$68,576	\$53,966	27.1%		14,610
Total Operating Revenue	\$ 2,089,290	\$ 1,995,067	4.7%	(O)	94,223
Operating Expenses					
Source of Supply Expenses	3,772	3,672	2.7%	(P)	100
Pumping Expenses	59,708	55,242	8.1%	(Q)	4,466
Water Treatment Expenses	334,484	293,718	13.9%	(R)	40,766
Transmission & Distribution Expenses	145,700	120,675	20.7%	(S)	25,025
Customer Account Expenses	45,882	41,395	10.8%	(T)	4,487
Administrative & General Expenses	105,675	109,586	-3.6%	(U)	(3,911)
Employee Fringe Benefit Expense	115,519	99,668	15.9%	(V)	15,851
GASB 68 Pension Adjustment	0	0	0.0%	(W)	-
GASB 101 Sick Leave Adjustment	0	0	0.0%	(X)	-
Depreciation Expense	429,320	420,903	2.0%	(Y)	8,417
Property Tax Expense	228,750	289,538	-21.0%	(Z)	(60,788)
Payroll Tax Expense	22,290	22,564	-1.2%	(AA)	(274)
Other Tax Expense	0	0	0.0%	(BB)	-
Total Operating Expenses	\$ 1,491,100	\$ 1,456,961	2.3%		34,139
Net Operating Income (Loss)	\$ 598,190	\$ 538,106	11.2%		60,084
Other Revenue					
Interest Income	82,107	128,328	-36.0%	(CC)	(46,221)
Market Adjustment (Long-Term Investment)	0	0	0.0%		
Amortization of Debt Premium	0	630	-100.0%		(630)
Capital Contributions	38,121	64,094	-40.5%		(25,973)
Sale of Vehicles and Equipment	0	0	0.0%		
P-Card Rebate	0	0	0.0%		
Total Other Revenue	\$ 120,228	\$ 193,052	-37.7%	(DD)	(72,824)
Other Expenses					
Interest Expense on Long-Term Debt	15,975	29,480	-45.8%		(13,505)
Total Other Expenses	\$ 15,975	\$ 29,480	-45.8%		(13,505)
Net Income (Loss)	\$ 702,443	\$ 701,678	0.1%	(EE)	765

**Neenah Water Utility
Notes and Explanations
Comparative Income Statement
For the Period Ending March 31, 2024 & 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 number shown reflects revenues increasing slightly.
- F. Multi-Family Residential reflects an increase from last year.
- G. Commercial revenues reflect a decrease.
- H. Industrial revenues reflect an increase.
- I. Public sales include schools, parks, and other public buildings.
- J. Total Water Operating Revenues is the sum of A thru I. Revenue in the 1st quarter of 2025 is 4.1% higher than to the corresponding period of 2024.
- K. Late bill payment revenue (late fees).
- L. Revenue received for reading and billing sewer exemption meters; reconnect fees and turning on service lines; hydrant hook-up fees; customer repair charges.
- M. Revenue received for annual fire hydrant rental to the Town of Neenah and rental 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.
- O. Total Operating Revenues in 1st quarter are 4.7% more than in the corresponding period of 2024.
- 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 the 1st quarter of 2025 as compared to the corresponding period in 2024, due to increased maintenance and fuel expenses.

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

- R. Treatment Expenses have increased due to increased chemical expenses and water treatment equipment.
- S. Transmission and Distribution Expenses are up for the 1st quarter of 2025 to the same period in 2024, due to increased miscellaneous, meter mains and services expenses.
- T. The Customer Account Expense increased in the 1st quarter of 2025 than in 2024 due to the increased amount of supervision, records, and collection required, uncollectable accounts, transmission and miscellaneous expenses.
- U. This account reflects an increase due to increased transportation and insurance expenses.
- V. Fringe benefits are affected by 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. PSC Remainder Assessment and DNR Water Withdrawal charges.
- CC. Interest Income has decreased due to economic factors.
- DD. Total Other Revenue is down due to a decrease in capital contributions.
- EE. Net Income in the 1st quarter of 2025 decreased by 0.1% compared to the same period in 2024.

Neenah Water Utility
2025 Construction Work in Progress

	Budget	3 Months	6 Months	9 Months	12 Months	Totals
Capital Projects:						
Meter/Endpoint Replacement	500,000	534,932				534,932
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					-
Rebuild (1) raw water pump	15,000					-
Replace 2012 Dump Truck	185,000					-
Build and Refurbish Offices at Plant	80,000					-
Replace Leak Trailer	10,000					-
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					-
Replace Carbon Dioxide Tank	-	173,500				173,500
Booster Station	-	6,622				6,622
Watermain Addition/Replacement:						
S. Commercial Hydrant Relocations	55,000					-
Fox River Crossing	500,000					-
Forest Manor Ct.	144,000					-
Alexander Dr.	116,000					-
Lexington Ct.	97,000					-
Bruce St.	97,000					-
Hickory Ln.	189,000					-
Caroline St.	65,000					-
Elm St.	256,000					-
S. Park Ave	-	162,039				162,039
Freedom Acres-4th Addition	-	25,493				25,493
Misc Services	-	3,260				3,260
Totals	2,614,000	916,691	-	-	-	916,691
2025 Temporary Investments						
March 31, 2025						
Safe Drinking Water Loan Payment			549,556			
City Loan			55,664			
			\$605,220			
Replacement Reserves						
Sludge Lagoon Reserve			1,728,413			
Vehicle Replacement Reserve			152,199			
Painting Hydrants Reserve			73,500			
GAC Media Replacement			530,000			
Pump Rehab			157,864			
Meters/Endpoints			247,726			
Boiler Replacement			35,000			
			\$2,924,702			

Pay To: Kartechner Brothers LLC
N11829 County Rd I
Waupun WI 53963

Contract No. 3-24W Removal and Disposal of Lime Sludge

Date: April 14, 2024

Pay Request No. 2-Final

<u>Account Description</u>	<u>Account #</u>	<u>Payment</u>
Removal and Disposal of Lime Sludge		\$24,700.05
Retainage		\$9,291.85
	400-0402-770-6510	<u>\$33,991.90</u>

Approved by Water Utility May 5, 2025 

Approved by Board of Public Works May 8, 2025 

Approved by Water Commission May 19, 2025

Number of Attachments 3

City of Neenah
Water Utility
Contract Payment Form



Invoice

Invoice Number	4272
Invoice Date	4/29/2025

**N11829 County Road I
Waupun, WI 53963**

Phone: (920) 324-2874

Bill To: City of Neenah
211 Walnut Street
Neenah, WI 54956

Job No	Customer Job No	Customer PO	Payment Terms		Due Date	
2407108			Due Upon Receipt		4/29/2025	
Description			Quantity	U/M	Rate/Unit	Price
Remove, Haul, and Dispose of Sludge in West Cell			17,741.00	CY	20.95	371,673.95
Payment #1			-1.00	LS	362,382.10	-362,382.10
CO #1 - Adjusted CY 18,920			1,179.00	CY	20.95	24,700.05

Subtotal	\$	33,991.90
Sales Tax (if applicable)	\$	0.00
Total Due	\$	33,991.90

Thank you for your business!

Contract 2-24W Booster Station Contract B
 Process, Mechanical, Electrical, Plumbing Construction

Item No.	Item Description	Scheduled Value	Estimated Cu Yd	Pay Request No.1			Pay Request No.2 Final		
				Completed This Period	Retainage Due this Period	Due To Contractor This Period	Completed This Period	Retainage Due this Period	Due To Contractor This Period
1	Removal and Disposal Lime Sludge	\$396,164.50	18,910	\$371,673.95	\$9,291.85	\$362,382.10	\$24,700.05	\$9,291.85	\$33,991.90
2	CO 1	\$209.50	10						
		\$396,374.00		\$371,673.95	\$18,583.70	\$362,382.10	\$24,700.05	\$9,291.85	\$33,991.90



Neenah Water Utility

211 Walnut St. PO Box 426 Neenah, WI 54957-0426
Office: (920) 886-6182 Cell: (920) 858-6300
Email: amach@neenahwi.gov

Anthony L. Mach

Director of Neenah Water Utility

MEMORANDUM

DATE: May 14, 2025
TO: Waterworks Commission
FROM: Anthony L. Mach
RE: Request to Approve Proposal from Graef for Distribution System Modeling

Per our request, Graef has submitted a proposal to completely re-model our current distribution system. Our system has not been modeled since 2022 and there are many new water main additions that need to be incorporated. In addition, the DNR has created NR854 which requires all utilities with a population of 10,000 or more develop a water supply service area plan. Staff will be working with Community Development and East Central Wisconsin Regional Planning Commission to develop this plan along with areas where the utility can grow. Re-modeling the distribution system is critical to ensuring that we can serve growth areas in the future.

Graef has indicated that any future updates can be proposed on a time and materials basis.

Staff recommends approving the Proposal from Graef for Distribution System Modeling for the lump sum of \$14,800.00



The Avenue
275 West Wisconsin Avenue, Suite 300
Milwaukee, WI 53203
414 / 259 1500
414 / 259 0037 fax
www.graef-usa.com

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May 9, 2025

Mr. Anthony Mach
Water Utility Director
City of Neenah
211 Walnut St.
Neenah, Wisconsin 54956

SUBJECT: City of Neenah Desktop Water Model

Dear Anthony:

We are very pleased to provide you with this proposal for professional services. When accepted, this proposal will become the basis of the Agreement between Graef-USA Inc. (GRAEF) and the City of Neenah (Client).

This proposal is subject to GRAEF's Standard Terms and Conditions, a copy of which is attached and incorporated by reference.

It is our understanding that the nature of the Project is to complete a city-wide desktop water main hydraulic model.

For this Project, GRAEF proposes to provide the following Basic Services:

- Preparation of desktop model in Bentley WaterCAD that includes water main (pipe length, material, and age); treatment plant discharge pumps and reservoir; booster pumps; elevated tower size and water elevation; average daily demand. Hydrants, valves, and water main bends will not be included in the water model.
 - Desktop model to be calibrated using existing fire flow tests. No C-factor analysis to be done by GRAEF at this time. Will assume C-factor of existing pipes in water model based on pipe age, material, etc.

GRAEF will complete the proposed Basic Services by August 1, 2025.

GRAEF can provide the following Additional Services for additional compensation as detailed below:

- Hydrant flow field testing.
- C-factor field testing.
- Distribution system analyses and proposed improvements.
- Reports or memo of distribution system recommendations and improvements.
- Cost estimates for distribution system improvements.
- In person meetings.



It is our understanding that you will provide the following services, items and/or information:

- InfiniteGIS will be used for existing pipes, structures, and water system features (size, material, approximate lengths, and ages of pipe).
- Provide treatment plant pump output information- pump curves and operating levels, and reservoir dimensions and capacity, along with operating levels.
- Provide reservoir dimensions and capacity, along with operating levels.
- Provide any booster pump data including pump curves and operating levels.
- Topographic surface information can be obtained from city GIS database or USGS database.
- Provide recent hydrant flow test data performed within the last 2 years or can obtain test results in several locations throughout the city. These hydrant test results would assist in calibrating the model.
- Provide average daily demand and significant water user demands.

You agree to compensate GRAEF for all basic services noted above with a lump sum of \$14,800.00.

To accept this proposal, please provide us with your standard authorization accepting the scope and fee of this proposal. Upon written authorization GRAEF will commence work on the Project.

We look forward to working with you on this important project. Please call us at (414) 266-9078 if you have any questions regarding this proposal.

Sincerely,

Graef-USA Inc.

Michael N. Paulos, P.E.
Principal

Accepted by:
City of Neenah

(Signature)

Britney A. Froehlich, P.E.
Project Manager

(Name Printed)

(Title)

(Date)



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Graef-USA Inc.'s STANDARD TERMS AND CONDITIONS

These Standard Terms and Conditions are material terms of the Professional Services Agreement proposed on May 9, 2025 (Agreement) by and between Graef-USA Inc. (GRAEF) and the City of Neenah (Client):

Standard of Care: GRAEF shall exercise ordinary professional care in performing all services under this Agreement, without warranty or guarantee, expressed or implied.

Client Responsibilities: Client shall at all times procure and maintain financing adequate to timely pay for all costs of the PROJECT as incurred; shall timely furnish and provide those services, items and/or information defined in Agreement, as amended, and shall reasonably communicate with and reasonably cooperate with GRAEF in its performance of this Agreement. GRAEF shall be entitled to rely on the accuracy and completeness of any services, items and/or information furnished by Client. These terms are of the essence. Client shall indemnify, defend and hold GRAEF, its present or former officers, employees and subconsultant(s), fully harmless from any liability or loss, cost or expense (including attorney's fees and other claims expenses) in any way arising from or in connection with errors, omissions or deficiencies in the services, items and/or information Client is obliged to furnish in respect of this Agreement.

Limitation of Liability: Client and GRAEF agree that GRAEF's liability for any direct, indirect, incidental or consequential economic losses or damages arising under or in connection with this agreement (including any attorney's fees or claims expenses) shall be limited to the sum of one hundred thousand dollars (\$100,000.00).

Additional Services: Client may request or it may become necessary for GRAEF or its subconsultant(s) to perform Additional Services in respect of this Agreement. Client shall pay for such Additional Services above and beyond charges for Basic Services set forth in this Agreement. GRAEF will notify Client in advance of GRAEF's intention to render Additional Services. Client's failure to instruct GRAEF not to perform the proposed Additional Service shall constitute Client's acceptance of such Additional Service and agreement to pay for such Additional Service in accordance with the Invoicing & Payment terms of this Agreement.

Collection Costs: Client shall pay all collection costs GRAEF incurs in order to collect amounts due from Client under this Agreement. Collection costs shall include, without limitation, reasonable attorney's fees and expenses, collection agency fees and expenses, court fees, collection bonds and reasonable GRAEF staff costs at standard billing rates for GRAEF's time spent in efforts to collect. Client's obligation to pay GRAEF's collection costs shall survive the term of this Agreement or the earlier termination by either party.

Invoicing & Payment: GRAEF may issue invoices for services rendered and expenses incurred at such times and with such frequency as GRAEF deems necessary or appropriate in GRAEF's discretion. All invoices are due and payable upon receipt and shall be considered past due if not paid within thirty (30) calendar days of the due date. **Prompt and full payment of all periodic invoices or other billings issued by GRAEF pursuant to this Agreement is of the essence of this Agreement.** In the event that Client fails to promptly and fully pay any invoice as and when due, then, and in addition to any other remedies allowed by law, GRAEF, may, in its sole discretion, suspend performance of all services under this Agreement upon seven (7) calendar days' written notice to Client, and immediately invoice Client for all unbilled work-in-progress rendered and other expenses incurred. Upon GRAEF's receipt of full payment, in good funds and without offset, of all sums invoiced in connection with any such declaration of suspension, GRAEF shall resume services, **provided that** the time schedule and compensation under this Agreement shall be equitably adjusted in a manner acceptable to GRAEF to compensate GRAEF for the period of suspension plus any other reasonable and necessary time and expenses GRAEF suffers or incurs to resume services. No failure by GRAEF to exercise its right to suspend work and accelerate sums due shall in any way waive or abridge Client's obligations to GRAEF or GRAEF's rights to later suspend work and accelerate terms. Client agrees GRAEF shall incur no liability whatsoever to Client, or to any other person, for any loss, cost or expense arising from any such suspension by GRAEF, either directly or indirectly. In addition, simple interest shall accrue at the lower of 1.5% per month (18% per annum), or the maximum interest rate allowable by law, on any invoiced amounts remaining unpaid for more than 60 days from the date of the invoice. Payments made shall be allocated as follows: (1) first to unpaid collection costs; (2) second to unpaid accrued interest; and (3) last to unpaid principal of the oldest invoice.

Latent Conditions: Client acknowledges that subsurface or latent physical conditions at the site that differ materially from those indicated in the project documents, or unknown or unusual conditions that materially differ from those ordinarily encountered may exist. If such latent conditions require a change in the design or the construction phase services, GRAEF shall be entitled to a reasonable extension of time to evaluate such change(s) and their impact on the project and to prepare such additional design documents as may be necessary to address or respond to such latent conditions. Client shall pay GRAEF for all services rendered and reimbursable expenses incurred by GRAEF and its subconsultant(s), if any, to address, respond to or repair such latent conditions. Such services by GRAEF or its subconsultant(s) shall constitute Additional Services.



Graef-USA Inc.'s STANDARD TERMS AND CONDITIONS (continued)

Insurance: GRAEF shall procure and maintain liability insurance policies, including professional liability, commercial general liability, automobile liability, and workers' compensation insurance for the duration of this Agreement and shall, upon request, produce certificates evidencing the maintenance of such coverages. Should Client desire additional insurance, GRAEF shall endeavor reasonably to procure and maintain such additional insurance, but Client shall reimburse GRAEF for any additional premiums or other related costs that GRAEF incurs.

Instruments of Service: All original documents prepared for Client by GRAEF or GRAEF's independent professional associate(s) and subconsultant(s) pursuant to this Agreement (including calculations, computer files, drawings, specifications, or reports) are Instruments of Professional Service in respect of this Agreement. GRAEF shall retain an ownership and property interest therein whether or not the services that are the subject of this Agreement are completed. Unless otherwise confirmed by written Addenda to this Agreement, signed by duly authorized representatives of both Client and GRAEF, no Instrument of Professional Service in respect of this Agreement constitutes, or is intended to document or depict any "as-built" conditions of the completed Work. Client may make and retain copies for information and reference in connection with the use and occupancy of the completed project by Client and others; however, such documents are not intended or represented to be suitable for reuse by Client or others on extensions of the project, or otherwise. Any reuse without GRAEF's written consent shall be at Client's sole risk and responsibility, and without any liability to GRAEF, or to GRAEF's independent professional associate(s) and subconsultant(s). Further, Client shall indemnify, defend and hold GRAEF and GRAEF's independent professional associate(s) and subconsultant(s), fully harmless from all liability or loss, cost or expense (including attorney's fees and other claims expenses) in any way arising from or in connection with such unauthorized reuse.

Contractor Submittals: The scope of any review or other action taken by GRAEF or its subconsultant(s) in respect of any contractor submittal, such as shop drawings, shall be for the limited purpose of determining if the submission generally conforms with the overall intent of the design of the work that is the subject of this Agreement, but not for purposes of determining accuracy, completeness or other details such as dimensioning or quantities, or for substantiating instructions or performance of equipment or systems. GRAEF shall not be liable or responsible for any error, omission, defect or deficiency in any contractor submittal.

Pricing Estimates: Neither GRAEF nor Client has any control over the costs of labor, materials or equipment, over contractors' methods of determining bid prices, or over competitive bidding, market or negotiation conditions. Accordingly, GRAEF cannot and does not warrant or represent that bids or negotiated prices will not vary from any projected or established budgetary constraints.

Construction Observation: Unless expressly stated in this Agreement, GRAEF shall have no responsibility for Construction Observation. If Construction Observation services are performed, GRAEF's visits to the construction site shall be for the purpose of becoming generally familiar with the progress and quality of the construction, and to determine if the construction is being performed in general accordance with the plans and specifications. GRAEF shall have no obligation to "inspect" the work of any contractor or subcontractor and shall have no control or right of control over and shall not be responsible for any construction means, methods, techniques, sequences, equipment or procedures (including, but not limited to, any erection procedures, temporary bracing or temporary conditions), or for safety precautions and programs in connection with the construction. Also, GRAEF shall have no obligation for any defects or deficiencies or other acts or omissions of any contractor(s) or subcontractor(s) or material supplier(s), or for the failure of any of them to carry out the construction in accordance with the contract documents, including the plans and specifications. GRAEF is not authorized to stop the construction or to take any other action relating to jobsite safety, which are solely the contractor's rights and responsibilities.

Dispute Resolution: GRAEF and Client shall endeavor to resolve all disputes first through direct negotiations between the parties' informed and authorized representatives, then through mediation. If mediation fails to fully resolve all disputes within 120 calendar days of the first written request for mediation, either party may pursue any remedy it deems appropriate to the circumstances.

No Assignment: This Agreement is not subject to assignment, transfer or hypothecation without the written consent of both parties expressly acknowledging such assignment, transfer or hypothecation.

Governing Law: This Agreement, as amended, and any disputes or controversies arising in connection with this Agreement shall be governed and resolved by the laws of the State of Wisconsin, without regard to said state's choice of law rules.

Severance of Clauses: In the event that any term, provision or condition of this Agreement is void or otherwise unenforceable under the law governing this Agreement, then such terms shall be stricken and the balance of this Agreement shall be interpreted and enforced as if such stricken terms never existed.

Integrated Agreement: The parties' final and entire agreement is expressed in the attached proposal letter and these Standard Terms and Conditions. All prior oral agreements or discussions, proposals and/or negotiations between the parties are merged into and superseded by this Agreement. No term of the parties' Agreement may be orally modified, amended or superseded.

Director's Report

April 21, 2025

1. Mr. Logan Maynard has been hired as our newest Distribution Technician I. We welcome Logan to our team!
2. Water Loss Report.
3. The following applicable items were approved at the April 22, 2025 Board of Public Works meeting:
 - Pay Request No. 1, Contract 3-24W Removal and Disposal of Lime Sludge, to Kartechner Brothers LLC, in the amount of \$362,382.10.
4. The following applicable items were approved at the May 8, 2025 Board of Public Works meeting:
 - Award Contract 4-25, Concrete Pavement and Sidewalk Repairs to Al Dix Concrete, Inc., Kaukauna, WI in the amount of \$246,100.00. The total estimated amount for Water is \$33,975.42.
 - Pay Request No.1. Contract 1-25, Street, Water Utility and Sidewalk Construction, on Alexander Dr., Bruce St., Forest Manor Ct., Lexington Ct., and the Southfield Plat, to Don Hietpas & Sons Inc. in the amount of \$221,944.36. The total amount for Water is \$221,386.48.
 - Pay Request No.2, Contract 2-25, Utilities and Street Construction, on Douglas Street and Elm Street, to Feaker & Sons Construction, Inc., in the amount of \$457,826.99. The total amount for Water is \$230,370.30.
 - Change Order No. 1, Contract 3-24W Removal and Disposal of Lime Sludge, to Kartechner Brothers LLC, in the amount of \$209.50.
 - Recommendation to Water Works Commission to approve the Final Pay Request for Contract 3-24W Removal and Disposal of Lime Sludge, to Kartechner Brothers LLC, in the amount of \$33,991.90.
5. Booster Station Update.
6. Carbon Dioxide Tank Project Update.
7. Solar Installation Update.
8. The next regular Waterworks Commission meeting is scheduled for Monday, June 16, 2025.

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

**THREE MONTH TOTALS
(1000 GALLONS)**

USAGE PERIOD	RAW WATER	FINISHED WATER	BILLED WATER	WATER LOSS ACCOUNTED	WATER LOSS UNACCOUNTED	% WATER LOSS UNACCOUNTED
CURRENT THREE MONTHS (January, February, March)	346,440	331,620	231,537	18,380	81,703	24.64%
MOST RECENT THREE MONTHS (December, January, February)	334,490	320,740	234,642	17,673	68,425	21.33%
1 YEAR AGO (January, February, March)	313,250	299,990	218,264	41,041	40,685	13.56%

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)**

USAGE PERIOD	RAW WATER	FINISHED WATER
Mar, 2025	3.93	3.76
Feb, 2025	3.90	3.73
Mar, 2024	3.37	3.19

