

Waterloo Water and Light Commission

An Enterprise Fund of the City of Waterloo, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

Waterloo Water and Light Commission

An Enterprise Fund of the City of Waterloo, Wisconsin

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December 31, 2024 and 2023

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Independent Auditors' Report

To the Utility Commission of
Waterloo Water and Light Commission

Opinion

We have audited the accompanying financial statements of the Waterloo Water and Light Commission (Utility), an enterprise fund of the City of Waterloo, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Waterloo Water and Light Commission 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 Matter

As discussed in Note 1, the financial statements present only the Utility enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Waterloo, 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.

As discussed in Note 1, the Utility adopted the provisions of GASB Statement No. GASB 101, Compensated Absences, effective January 1, 2024. 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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.

Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
April 4, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

The management of the Waterloo Water and Light Commission (Utility) offers all persons interested in the financial position of the Utility this narrative overview and analysis of the Utility's financial performance during the fiscal years ending December 31, 2024 and 2023. You are invited to read this narrative in conjunction with the Utility's financial statements.

Financial Highlights

The following summarizes the operating results of each Utility.

Electric Utility Earnings

Operating income increased from \$209,000 in 2023 to \$275,000 in 2024. Revenues increased 1.82% due to an increase in rates, effective May 1, 2024. Operating expenses increased by 0.31% due to an increase related to purchased power.

Water Utility Earnings

The Water Utility had an operating income of \$433,000 in 2024 compared to \$427,000 in 2023, an increase of 1.31%. Operating revenues in 2024 increased 4.03%. Operating expenses increased 6.31% due to greater maintenance expenses.

Sewer Utility Earnings

The Sewer Utility had an operating income in 2024 of \$1,049,000 compared to \$1,037,000 in 2023. Operating revenues increased by 2.42% due to increased sewer consumption in 2024. Operating expenses increased by 3.61% in 2024 due to expenses incurred related to treatment, including power and chemicals.

Debt Coverage

The actual combined debt coverage for 2024 was 2.16, which exceeds the requirement of 1.25. See Debt Coverage graph and table on page 10 for detailed calculation.

Overview of the Financial Statements/Using This Report

The Waterloo Water and Light Commission is an enterprise fund of the City of Waterloo. The purpose of the Utility is to provide electric, water and sewer service to properties located within the municipality and selected areas outside the city.

This annual report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The Waterloo Water and Light Commission is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities and operations of the Waterloo Water and Light Commission.

- The Statements of Net Position includes all of the Waterloo Water and Light Commission's assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Waterloo Water and Light Commission.
- The Statements of Revenues, Expenses and Changes in Net Position provide an indication of the Waterloo Water and Light Commission's financial health.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

- The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

Utility Financial Analysis

An analysis of the Utility's financial position begins with a review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information. These two statements report the Utility's net position and changes therein. The Utility's net position, the difference between assets plus deferred outflows and liabilities plus deferred inflows, is key to measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position can also be affected by other nonfinancial factors, including economic conditions, customer growth, climate conditions and new regulations.

Condensed Statements of Net Position

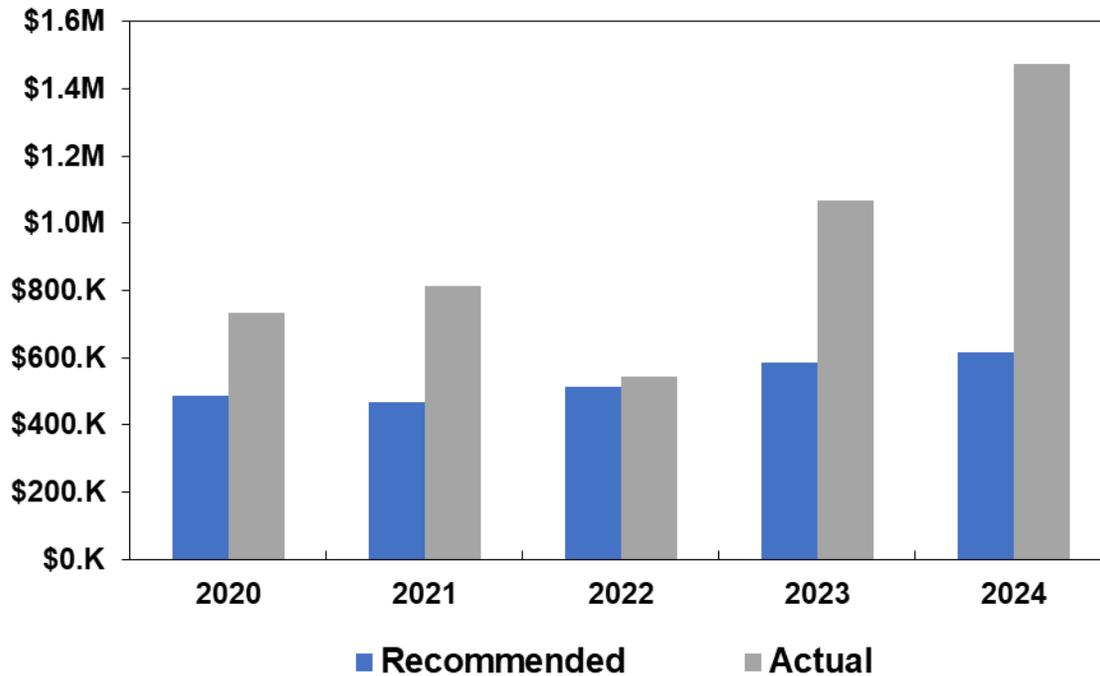
	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets and Deferred Outflows			
Unrestricted cash and investments	\$ 1,067,766	\$ 1,472,866	\$ 2,556,522
Customer accounts receivable	746,402	756,200	743,411
Restricted and designated assets	2,127,260	1,352,642	1,609,636
Other assets and deferred outflows	1,158,279	1,269,768	897,957
Net electric plant	7,895,922	8,446,217	8,587,271
Net water plant	6,575,826	6,473,256	6,458,461
Net sewer plant	6,129,465	13,762,056	22,970,591
	<u>25,700,920</u>	<u>33,533,005</u>	<u>43,823,849</u>
Liabilities and Deferred Inflows			
Long-term liabilities	8,764,731	14,589,499	23,871,120
Other liabilities and deferred inflows	1,891,895	2,702,269	2,224,916
	<u>10,656,626</u>	<u>17,291,768</u>	<u>26,096,036</u>
Net Position			
Net investment in capital assets	12,725,809	14,186,545	13,570,916
Restricted for:			
Debt service	447,168	522,829	960,594
Equipment replacement	552,319	558,262	577,418
Pension asset	317,352	-	-
Unrestricted	1,001,646	973,601	2,618,885
	<u>\$ 15,044,294</u>	<u>\$ 16,241,237</u>	<u>\$ 17,727,813</u>

The Electric Utility increased their net position by \$110,000, the Water Utility increased their net position by \$342,000 and the Sewer Utility increased their net position by \$1,035,000.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

Unrestricted Funds on Hand



Unrestricted Funds on Hand Actual vs. Recommended 2020-2024

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Minimum Funding Benchmark					
1 Months Billings	\$ 467,930	\$ 513,226	\$ 585,173	\$ 617,212	\$ 631,271
Actual Funds on Hand	\$ 812,038	\$ 545,015	\$ 1,067,766	\$ 1,472,866	\$ 2,556,522
Months Billings on Hand	<u>1.74</u>	<u>1.06</u>	<u>1.82</u>	<u>2.39</u>	<u>4.05</u>

A Utility should maintain funds to cover its operations in a normal business operating cycle (i.e., quarterly, monthly) plus a contingency. In addition, utilities should have available an amount equal to one year's capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations.

This shows that the Utility increased their cash reserves in 2024. While reserves have fluctuated with annual projects and funding, they remain above the one month minimum.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

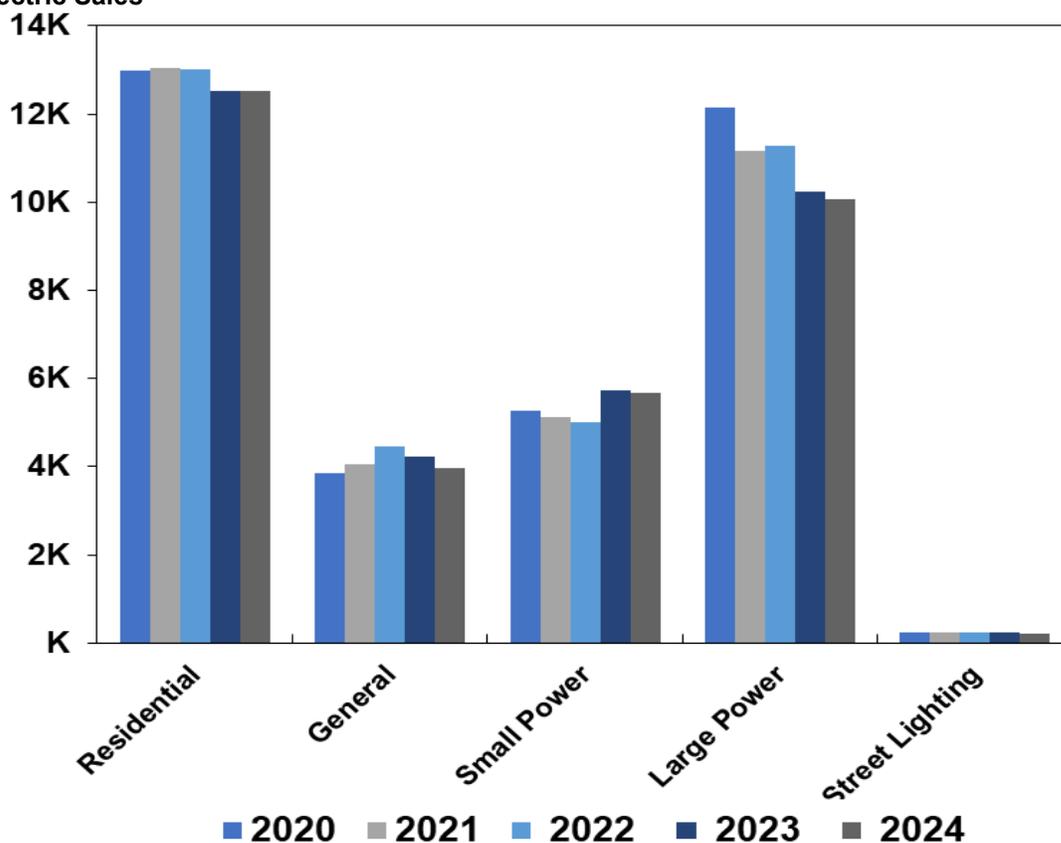
Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues			
Electric	\$ 4,555,111	\$ 4,288,710	\$ 4,366,771
Water	880,824	939,226	977,094
Sewer	1,586,138	2,178,611	2,231,382
Total operating revenues	<u>7,022,073</u>	<u>7,406,547</u>	<u>7,575,247</u>
Operating Expenses			
Electric:			
Operation and Maintenance	3,757,202	3,690,540	3,681,275
Depreciation	312,081	389,161	411,040
Total electric	<u>4,069,283</u>	<u>4,079,701</u>	<u>4,092,315</u>
Water:			
Operation and Maintenance	290,634	316,132	356,956
Depreciation	186,335	195,940	187,409
Total water	<u>476,969</u>	<u>512,072</u>	<u>544,365</u>
Sewer:			
Operation and Maintenance	675,626	802,247	883,678
Depreciation	328,027	339,195	298,943
Total sewer	<u>1,003,653</u>	<u>1,141,442</u>	<u>1,182,621</u>
Total operating expenses	<u>5,549,905</u>	<u>5,733,215</u>	<u>5,819,301</u>
Operating Income			
Electric	485,828	209,009	274,456
Water	403,855	427,154	432,729
Sewer	582,485	1,037,169	1,048,761
Total operating income	<u>1,472,168</u>	<u>1,673,332</u>	<u>1,755,946</u>
Nonoperating Revenue	33,083	85,674	519,438
Nonoperating Expenses	<u>(224,931)</u>	<u>(328,733)</u>	<u>(976,665)</u>
Income before contributions and transfers	1,280,320	1,430,273	1,298,719
Capital Contributions	63,000	15,998	448,077
Capital Contributions, Municipal	-	-	-
Operating Transfer (Out) In	-	-	-
Transfers, Tax Equivalent	<u>(254,965)</u>	<u>(249,328)</u>	<u>(260,220)</u>
Change in net position	<u>\$ 1,088,355</u>	<u>\$ 1,196,943</u>	<u>\$ 1,486,576</u>

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

Electric Sales



Electric Sales (000 kWh Sold)

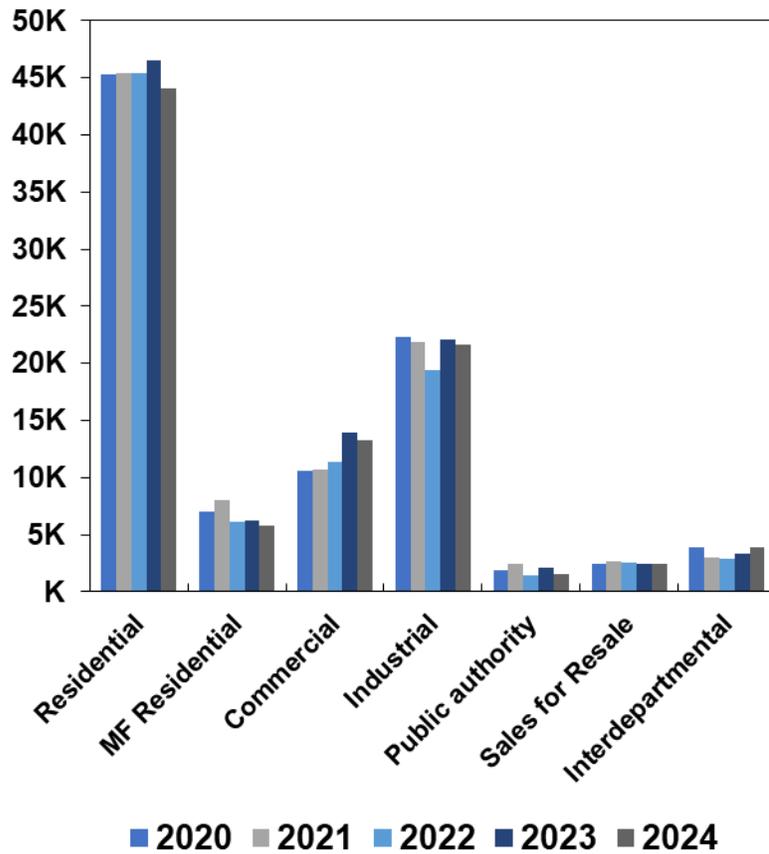
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	12,983	13,040	13,024	12,513	12,515
General	3,850	4,045	4,468	4,237	3,964
Small power	5,260	5,122	4,992	5,719	5,681
Large power	12,137	11,159	11,292	10,237	10,056
Street lighting	<u>239</u>	<u>245</u>	<u>238</u>	<u>226</u>	<u>210</u>
Total	<u>34,469</u>	<u>33,611</u>	<u>34,014</u>	<u>32,932</u>	<u>32,426</u>

Electric sales by customer class decreased due to a decrease in usage across almost all classes. General, small power, large power, and street lighting saw a decrease in usage in 2024 while residential saw an increase.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

Water Sales



Water Sales (000s Gallons Sold) By Customer Class

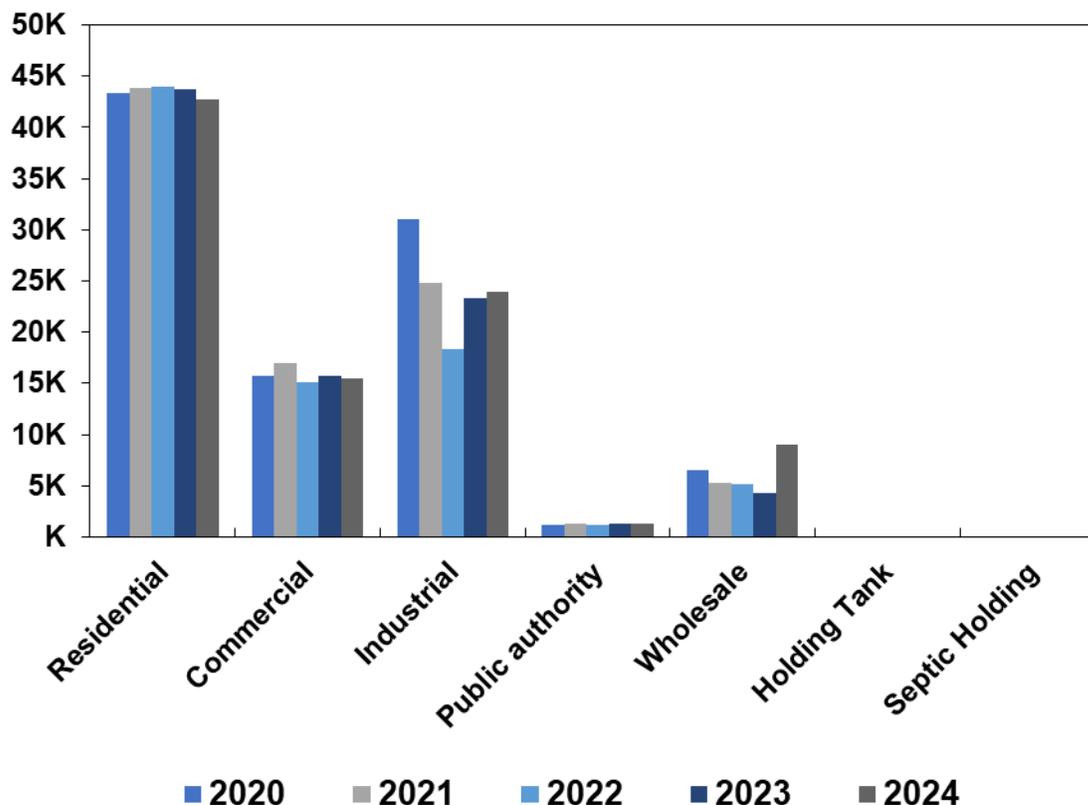
	2020	2021	2022	2023	2024
Residential	45,343	45,384	45,422	46,540	44,055
Multi-family residential	7,044	8,074	6,096	6,228	5,807
Commercial	10,610	10,753	11,353	13,997	13,230
Industrial	22,360	21,874	19,374	22,050	21,616
Public authority	1,850	2,427	1,487	2,160	1,565
Sales for resale (Portland)	2,432	2,687	2,585	2,404	2,400
Interdepartmental	3,882	3,000	2,908	3,292	3,892
Total	93,521	94,199	89,225	96,671	92,565

Water sales by customer class decreased due to a decrease in usage across almost all classes.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

Sewer Sales



Sewer Revenues (000s Gallons Billed) By Customer Class

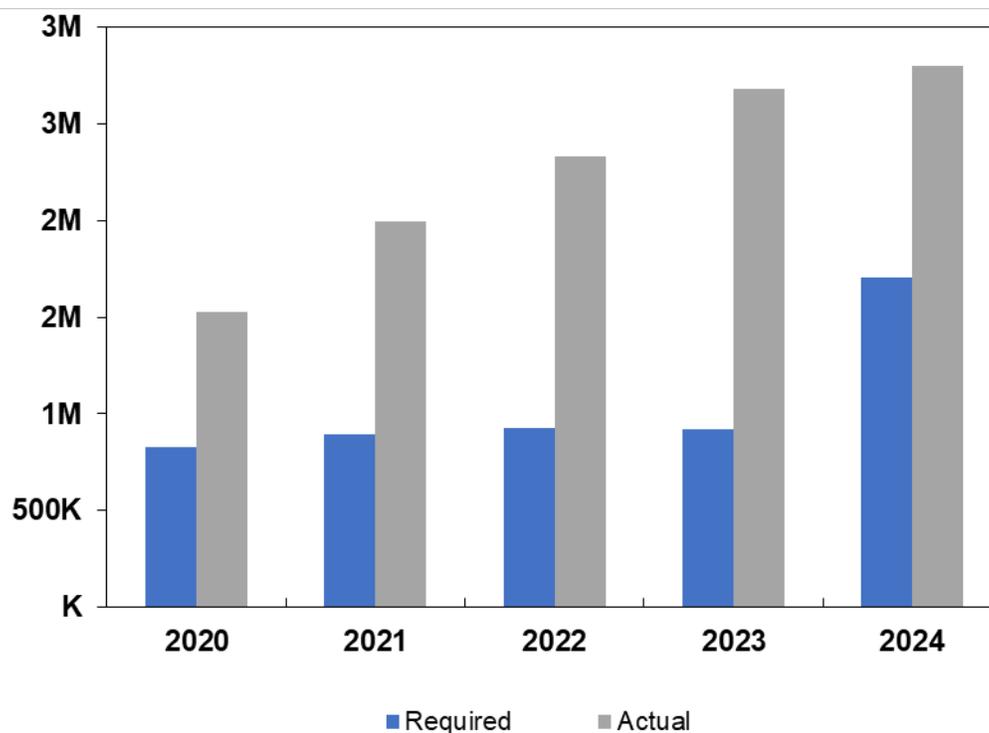
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	43,381	43,912	43,929	43,736	42,793
Commercial	15,775	16,978	15,124	15,710	15,534
Industrial	31,084	24,760	18,323	23,361	23,972
Public authority	1,174	1,311	1,216	1,281	1,314
Wholesale (Portland)	6,575	5,272	5,149	4,310	9,053
Holding tank	-	-	-	-	-
Septic holding	-	-	-	-	-
Total	<u>97,989</u>	<u>92,233</u>	<u>83,741</u>	<u>88,398</u>	<u>92,666</u>

The increase in industrial sales is due to one major customer increasing utilization for sewage services in 2024.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

Debt Coverage



Debt Coverage Actual vs. Required

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Required Net Earnings	\$ <u>828,614</u>	\$ <u>892,756</u>	\$ <u>925,380</u>	\$ <u>923,723</u>	\$ <u>1,617,426</u>
Actual Net Earnings	\$ <u>1,526,691</u>	\$ <u>1,999,201</u>	\$ <u>2,331,694</u>	\$ <u>2,683,303</u>	\$ <u>2,801,259</u>
Times Coverage	<u>2.30</u>	<u>2.80</u>	<u>3.15</u>	<u>3.63</u>	<u>2.16</u>

Under terms of the bond resolutions, revenues must be sufficient to pay operation and maintenance expenses and revenue bond debt service. The excess of actual net earnings over required net earnings represents additional borrowing power.

Waterloo Water and Light Commission

Management's Discussion and Analysis
December 31, 2024 and 2023

Consolidated Statements of Cash Flows

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Cash Flow From			
Operating activities	\$ 2,203,150	\$ 2,490,149	\$ 2,922,069
Investing activities	474,597	57,736	92,111
Capital and related financing activities:			
Capital improvements	(3,572,614)	(8,117,312)	(10,614,685)
Debt service and Issuance	1,682,292	5,431,312	9,169,434
Noncapital financing activities	(268,474)	(238,625)	(265,668)
	<u>518,951</u>	<u>(376,740)</u>	<u>1,303,261</u>
Net change in cash and cash equivalents	518,951	(376,740)	1,303,261
Cash and Cash Equivalents, Beginning	<u>2,141,258</u>	<u>2,660,209</u>	<u>2,283,469</u>
Cash and Cash Equivalents, Ending	2,660,209	2,283,469	3,586,730
Long-term investments	<u>529,749</u>	<u>536,971</u>	<u>574,360</u>
Total cash and investments	<u>\$ 3,189,958</u>	<u>\$ 2,820,440</u>	<u>\$ 4,161,090</u>

The change in 2024 was the result of debt issuance.

Cash flows from operating activities increased in 2024 due to a rate increase in electric.

Cash flows from investing activities result mainly from more purchases and sales of long-term investments and investment income.

The cash flows from capital and related financing activities are related to retiring debt and capital investments. The large increase in 2024 is the result of the issuance of new debt to fund capital projects.

Capital Assets

Details of Utility capital assets are shown in Note 5 to the financial statements.

Long-Term Debt

No bonds were issued in 2023. In 2024 Financing bonds were issued to fund sewer and water capital projects. Details of the existing debt are included in Note 6.

Currently Known Facts/Economic Conditions

The Utility continues to monitor the adequacy of retail rates. Sewer rates last increased in 2023, electricity rates increased in 2024, and water rates increased in 2023. The utility commission approved new sewer rates with an effective date of January 1, 2025. Increases in rates were designed to improve the utilities' cash flow and rate of return and to meet debt coverage requirements.

Contacting Utility's Financial Management

This financial report is designed to provide our customers, investors and creditors with a general overview of the Utility's finances. If you have questions about this report, or need additional financial information, contact the Utility office at 575 Commercial Avenue, Waterloo, Wisconsin 53594.

Waterloo Water and Light Commission

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	\$ 2,556,522	\$ 1,472,866
Restricted assets:		
Redemption account	281,962	195,087
Customer accounts receivable	743,411	756,200
Other accounts receivable	19,187	52,781
Materials and supplies	<u>315,308</u>	<u>381,823</u>
Total current assets	<u>3,916,390</u>	<u>2,858,757</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	516,932	536,971
Replacement account	805,674	558,262
Construction account	-	57,254
Interest receivable	5,068	5,068
Other assets:		
Property held for future use	12,045	-
Capital assets:		
Plant in service:		
Electric	13,847,545	13,311,882
Water	9,027,841	9,013,127
Sewer	<u>11,955,094</u>	<u>11,891,877</u>
Total plant in service	<u>34,830,480</u>	<u>34,216,886</u>
Accumulated depreciation/amortization:		
Electric	(5,375,971)	(5,047,537)
Water	(2,757,529)	(2,602,883)
Sewer	<u>(7,371,702)</u>	<u>(7,083,136)</u>
Total accumulated depreciation/amortization	<u>(15,505,202)</u>	<u>(14,733,556)</u>
Construction work in progress:		
Electric	115,697	181,872
Water	188,149	63,012
Sewer	<u>18,387,199</u>	<u>8,953,315</u>
Total construction work in progress	<u>18,691,045</u>	<u>9,198,199</u>
Total noncurrent assets	<u>39,356,042</u>	<u>29,839,084</u>
Total assets	<u>43,272,432</u>	<u>32,697,841</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>551,417</u>	<u>835,164</u>

See notes to the financial statements

Waterloo Water and Light Commission

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	\$ 712,322	\$ 1,419,023
Due to Municipality	273,420	282,185
Accrued interest	2,188	2,439
Accrued vacation leave	50,607	54,813
Accrued liabilities	7,159	6,339
Commitment to community	5,294	5,234
Current liabilities payable from restricted assets:		
Current portion of general obligation debt	45,000	45,000
Current portion of revenue bonds	743,356	419,207
Accrued interest	<u>71,624</u>	<u>18,589</u>
Total current liabilities	<u>1,910,970</u>	<u>2,252,829</u>
Noncurrent Liabilities		
Bond anticipation notes	-	8,210,092
General obligation debt	370,000	415,000
Revenue bonds	23,309,954	5,683,250
Unamortized debt discount	(22,903)	(24,603)
Accrued sick leave	143,414	85,587
Net pension liability	<u>70,655</u>	<u>220,173</u>
Total noncurrent liabilities	<u>23,871,120</u>	<u>14,589,499</u>
Total liabilities	<u>25,782,090</u>	<u>16,842,328</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>313,946</u>	<u>449,440</u>
Net Position		
Net investment in capital assets	13,766,624	14,186,545
Restricted for:		
Debt service	531,562	522,829
Equipment replacement	810,742	558,262
Unrestricted	<u>2,618,885</u>	<u>973,601</u>
Total net position	<u>\$ 17,727,813</u>	<u>\$ 16,241,237</u>

See notes to the financial statements

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Electric:		
Sales of electricity	\$ 4,309,739	\$ 4,268,920
Other	<u>57,032</u>	<u>19,790</u>
Total electric	<u>4,366,771</u>	<u>4,288,710</u>
Water:		
Sales of water	932,175	903,349
Other	<u>44,919</u>	<u>35,877</u>
Total water	<u>977,094</u>	<u>939,226</u>
Sewer:		
Treatment charges	2,226,058	2,172,343
Other	<u>5,324</u>	<u>6,268</u>
Total sewer	<u>2,231,382</u>	<u>2,178,611</u>
Total operating revenues	<u>7,575,247</u>	<u>7,406,547</u>
Operating Expenses		
Electric:		
Operation and maintenance	3,681,275	3,690,540
Depreciation	<u>411,040</u>	<u>389,161</u>
Total electric	<u>4,092,315</u>	<u>4,079,701</u>
Water:		
Operation and maintenance	356,956	316,132
Depreciation	<u>187,409</u>	<u>195,940</u>
Total water	<u>544,365</u>	<u>512,072</u>
Sewer:		
Operation and maintenance	883,678	802,247
Depreciation	<u>298,943</u>	<u>339,195</u>
Total sewer	<u>1,182,621</u>	<u>1,141,442</u>
Total operating expenses	<u>5,819,301</u>	<u>5,733,215</u>
Operating Income		
Electric	274,456	209,009
Water	432,729	427,154
Sewer	<u>1,048,761</u>	<u>1,037,169</u>
Total operating income	<u>1,755,946</u>	<u>1,673,332</u>

See notes to the financial statements

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Nonoperating Expenses		
Investment income	\$ 129,500	\$ 64,958
Income from non-utility operations	11,426	13,100
Income from merchandising and jobbing	6,995	7,616
Miscellaneous expense	(24,337)	-
Grant revenue for financing costs	395,854	-
Interest expense	(942,965)	(327,173)
Debt issuance costs and amortization of debt discount	<u>(33,700)</u>	<u>(1,560)</u>
Total nonoperating expenses	<u>(457,227)</u>	<u>(243,059)</u>
Income before contributions and transfers	1,298,719	1,430,273
Capital Contributions	448,077	15,998
Transfers, Tax Equivalent	<u>(260,220)</u>	<u>(249,328)</u>
Change in net position	1,486,576	1,196,943
Net Position, Beginning	<u>16,241,237</u>	<u>15,044,294</u>
Net Position, Ending	<u><u>\$ 17,727,813</u></u>	<u><u>\$ 16,241,237</u></u>

See notes to the financial statements

Waterloo Water and Light Commission

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	\$ 7,565,321	\$ 7,288,101
Received from Municipality for services	74,790	74,555
Paid to suppliers for goods and services	(3,783,611)	(4,045,674)
Paid to employees for operating payroll	<u>(934,431)</u>	<u>(826,833)</u>
Net cash flows from operating activities	<u>2,922,069</u>	<u>2,490,149</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	<u>(265,668)</u>	<u>(238,625)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(11,062,762)	(7,987,983)
Contributions (refunds) in aid of construction	448,077	(129,329)
Grant funded interim financing	395,854	-
Debt retired	(17,577,461)	(447,309)
Interest paid	(890,181)	(331,471)
Proceeds from debt issue	27,273,222	6,210,092
Debt issuance costs	<u>(32,000)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(1,445,251)</u>	<u>(2,686,000)</u>
Cash Flows From Investing Activities		
Investments purchased	(574,360)	(536,971)
Investments sold and matured	536,971	529,749
Investment income	<u>129,500</u>	<u>64,958</u>
Net cash flows from investing activities	<u>92,111</u>	<u>57,736</u>
Net change in cash and cash equivalents	1,303,261	(376,740)
Cash and Cash Equivalents, Beginning	<u>2,283,469</u>	<u>2,660,209</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,586,730</u>	<u>\$ 2,283,469</u>
Noncash Investing, Capital and Financing Activities		
Amortization of debt discount	<u>\$ 1,700</u>	<u>\$ 1,560</u>

See notes to the financial statements

Waterloo Water and Light Commission

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	\$ 1,755,946	\$ 1,673,332
Nonoperating revenue (expense)	18,421	20,716
Noncash items in operating income:		
Depreciation	897,392	924,296
Depreciation charged to clearing and other utilities	95,508	58,392
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	12,789	(9,798)
Other accounts receivable	33,594	(50,630)
Materials and supplies	66,515	(141,920)
Pension related deferrals and liabilities	(1,205)	26,442
Accounts payable	(8,015)	(7,343)
Due to other funds	(3,317)	(3,275)
Accrued liabilities	54,441	(63)
	<u>\$ 2,922,069</u>	<u>\$ 2,490,149</u>
Net cash flows from operating activities		
	<u>\$ 2,922,069</u>	<u>\$ 2,490,149</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 2,556,522	\$ 1,472,866
Redemption account	281,962	195,087
Reserve account	516,932	536,971
Replacement account	805,674	558,262
Construction account	-	57,254
	<u>4,161,090</u>	<u>2,820,440</u>
Total cash and investments		
	<u>4,161,090</u>	<u>2,820,440</u>
Less noncash equivalents	<u>(574,360)</u>	<u>(536,971)</u>
Cash and cash equivalents	<u>\$ 3,586,730</u>	<u>\$ 2,283,469</u>

See notes to the financial statements

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

The financial statements of Waterloo Water and Light Commission (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.

Waterloo Water and Light Commission (Utility) provides electric, water and sewer service to properties within the City of Waterloo (Municipality) and electric service to the Towns of Waterloo, Medina and Portland. The Utility furnishes water at wholesale to, and treats wastewater from, the Town of Portland.

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 Waterloo (Municipality). The Utility is managed by the utility commission. The Utility provides electric, water and sewer service to properties within the Municipality. In addition, the Utility serves certain properties outside the Municipality as noted above.

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

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.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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.

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 not adopted a formal investment policy.

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

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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.

Anticipated Future Special Assessments

At December 31, 2024 and 2023 there were \$306,096 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>
Electric Plant:	
Transmission	30
Distribution	20-40
General	7-40
Water Plant:	
Source of supply	34-56
Pumping	23-31
Water treatment	17
Transmission and distribution	18-77
General	4-34
Sewer Plant:	
Collecting system	80
Collecting system pumping	20
Treatment and disposal	13-38
General	7-40

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.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

Deferred Outflow of Resources

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

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.

Customer Advances for Construction

The balance represents fees collected for future capital improvements. The fees may be refundable based on rules filed with the PSCW or statutory requirements.

Commitment to Community

The Electric Utility charges fees to all customers as required by the 1999 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance (Commitment to Community) programs. The Utility is acting as an agent administering the program so net collections and expenditures/remittances associated with the program are recorded as a current liability on the statements of net position.

Long-Term Obligations

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

Deferred Inflows of Resources

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

Revenues and Expenses

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

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The Utility does not accrue revenues beyond billing dates.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

Current electric rates were approved by the PSCW effective May 1, 2024 and are designed to provide a 6.5% return on rate base.

Current water rates were approved by the PSCW effective September 1, 2023 and are designed to provide a 8% return on rate base.

Current sewer rates were approved by the utility commission effective January 1, 2023.

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.

Transfers

Transfers include the payment in lieu of taxes to the Municipality and other miscellaneous operating items between the Utilities and the Municipality. See Note 3 for more details.

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.

Comparative Data

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

2. Deposits and Investments

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

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

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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>Investment Type</u>	<u>December 31, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Securities	\$ 56,491	\$ -	\$ -	\$ 56,491

As of December 31, 2023, the Utility did not have any investments.

Custodial Credit Risk

Deposits

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

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

	<u>2024</u>		<u>2023</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Farmers & Merchants State Bank	\$ 280,675	\$ 749,247	\$ 617,862	\$ 578,390
Avestar Credit Union	334,584	347,066	319,308	328,371
Ehlers	3,679	3,679	57,254	57,254
BMO	4,188,416	3,004,607	2,033,712	1,856,425
	-	-	-	-
Total	<u>\$ 4,807,354</u>	<u>\$ 4,104,599</u>	<u>\$ 3,028,136</u>	<u>\$ 2,820,440</u>

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's investments were as follows:

<u>Investment</u>	<u>Maturity Date</u>	<u>Fair Value</u>
U.S. Treasury Securities	3/15/2025	<u>\$ 56,491</u>

As of December 31, 2023, the Utility did not have any investments.

Investment Policy

No formal investment policy has been adopted by the Utility.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

3. Interfund Receivables/Payables

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
Utility	Tax Fund	\$ 4,958	Delinquent on tax roll	\$ 26,292	Delinquent on tax roll
General Fund	Utility	278,378	Tax equivalent and garbage collections	283,823	Tax equivalent, garbage collections and general expenses
Capital Projects Fund	Utility	-		24,654	Utility's share of engineering costs

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
City	Utility	\$ 260,220	Tax equivalent	\$ 249,328	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.
- Construction** - Used to report debt proceeds restricted for use in construction.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the Utility has established an account for replacement of certain mechanical equipment.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

Restricted Net Position

The following calculation supports the amount of electric, water and sewer restricted net position:

	<u>2024</u>	<u>2023</u>
Restricted assets:		
Redemption account	\$ 281,962	\$ 195,087
Reserve account	516,932	536,971
Replacement account	805,674	558,262
Construction account	-	57,254
Interest receivable	5,068	5,068
	<u>1,609,636</u>	<u>1,352,642</u>
Total restricted assets		
Less restricted assets not funded by revenues:		
Reserve from borrowing	(195,708)	(195,708)
Construction account	-	(57,254)
	<u>(195,708)</u>	<u>(252,962)</u>
Total restricted assets not funded by revenues		
Current liabilities payable from restricted assets	<u>(71,624)</u>	<u>(18,589)</u>
Total restricted net position as calculated	<u>\$ 1,342,304</u>	<u>\$ 1,081,091</u>

The purpose of the restricted net position is as follows:

	<u>2024</u>	<u>2023</u>
Debt service	\$ 531,562	\$ 522,829
Equipment replacement	810,742	558,262
	<u>\$ 1,342,304</u>	<u>\$ 1,081,091</u>
Total restricted net position		

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

5. Changes in Capital Assets

Electric Utility

A summary of changes in electric 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	\$ 199,730	\$ -	\$ -	\$ 199,730
Capital assets being depreciated:				
Distribution	10,460,979	662,377	147,049	10,976,307
General	<u>2,651,173</u>	<u>20,335</u>	<u>-</u>	<u>2,671,508</u>
Total capital assets being depreciated	<u>13,112,152</u>	<u>682,712</u>	<u>147,049</u>	<u>13,647,815</u>
Total capital assets	<u>13,311,882</u>	<u>682,712</u>	<u>147,049</u>	<u>13,847,545</u>
Less accumulated depreciation:				
Distribution	(3,578,963)	(371,106)	141,128	(3,808,941)
General	<u>(1,468,574)</u>	<u>(98,456)</u>	<u>-</u>	<u>(1,567,030)</u>
Total accumulated depreciation	<u>(5,047,537)</u>	<u>(469,562)</u>	<u>141,128</u>	<u>(5,375,971)</u>
Construction in progress	<u>181,872</u>	<u>534,607</u>	<u>600,782</u>	<u>115,697</u>
Net capital assets	<u>\$ 8,446,217</u>			<u>\$ 8,587,271</u>

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

	<u>Balance 1/1/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/23</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 199,730	\$ -	\$ -	\$ 199,730
Capital assets being depreciated:				
Distribution	9,830,379	802,692	172,092	10,460,979
General	<u>2,532,854</u>	<u>208,674</u>	<u>90,355</u>	<u>2,651,173</u>
Total capital assets being depreciated	<u>12,363,233</u>	<u>1,011,366</u>	<u>262,447</u>	<u>13,112,152</u>
Total capital assets	<u>12,562,963</u>	<u>1,011,366</u>	<u>262,447</u>	<u>13,311,882</u>
Less accumulated depreciation:				
Distribution	(3,419,414)	(357,591)	198,042	(3,578,963)
General	<u>(1,445,391)</u>	<u>(113,538)</u>	<u>90,355</u>	<u>(1,468,574)</u>
Total accumulated depreciation	<u>(4,864,805)</u>	<u>(471,129)</u>	<u>288,397</u>	<u>(5,047,537)</u>
Construction in progress	<u>197,764</u>	<u>692,823</u>	<u>708,715</u>	<u>181,872</u>
Net capital assets	<u>\$ 7,895,922</u>			<u>\$ 8,446,217</u>

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

Water Utility

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

	<u>Balance</u> <u>1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 13,113	\$ -	\$ -	\$ 13,113
Capital assets being depreciated:				
Source of supply	72,767	-	-	72,767
Pumping	916,002	-	-	916,002
Water treatment	28,844	-	-	28,844
Transmission and distribution	7,235,662	78,737	66,267	7,248,132
General	<u>746,739</u>	<u>2,244</u>	<u>-</u>	<u>748,983</u>
Total capital assets being depreciated	<u>9,000,014</u>	<u>80,981</u>	<u>66,267</u>	<u>9,014,728</u>
Total capital assets	<u>9,013,127</u>	<u>80,981</u>	<u>66,267</u>	<u>9,027,841</u>
Less accumulated depreciation:				
Source of supply	(42,433)	(1,546)	-	(43,979)
Pumping	(734,834)	(25,098)	-	(759,932)
Water treatment	(19,310)	(1,731)	-	(21,041)
Transmission and distribution	(1,386,505)	(153,505)	66,287	(1,473,723)
General	<u>(419,801)</u>	<u>(39,053)</u>	<u>-</u>	<u>(458,854)</u>
Total accumulated depreciation	<u>(2,602,883)</u>	<u>(220,933)</u>	<u>66,287</u>	<u>(2,757,529)</u>
Construction in progress	<u>63,012</u>	<u>125,316</u>	<u>179</u>	<u>188,149</u>
Net capital assets	<u>\$ 6,473,256</u>			<u>\$ 6,458,461</u>

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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	\$ 13,113	\$ -	\$ -	\$ 13,113
Capital assets being depreciated:				
Source of supply	72,767	-	-	72,767
Pumping	916,002	-	-	916,002
Water treatment	30,000	-	1,156	28,844
Transmission and distribution	7,189,797	109,897	64,032	7,235,662
General	744,847	4,136	2,244	746,739
Total capital assets being depreciated	<u>8,953,413</u>	<u>114,033</u>	<u>67,432</u>	<u>9,000,014</u>
Total capital assets	<u>8,966,526</u>	<u>114,033</u>	<u>67,432</u>	<u>9,013,127</u>
Less accumulated depreciation:				
Source of supply	(40,887)	(1,546)	-	(42,433)
Pumping	(702,767)	(32,067)	-	(734,834)
Water treatment	(18,702)	(1,764)	1,156	(19,310)
Transmission and distribution	(1,297,814)	(152,723)	64,032	(1,386,505)
General	(383,178)	(38,867)	2,244	(419,801)
Total accumulated depreciation	<u>(2,443,348)</u>	<u>(226,967)</u>	<u>67,432</u>	<u>(2,602,883)</u>
Construction in progress	<u>52,648</u>	<u>10,364</u>	<u>-</u>	<u>63,012</u>
Net capital assets	<u>\$ 6,575,826</u>			<u>\$ 6,473,256</u>

Waterloo Water and Light Commission

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Sewer Utility

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

	<u>Balance</u> <u>1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 21,763	\$ -	\$ -	\$ 21,763
Capital assets being depreciated:				
Collecting system	3,635,215	-	-	3,635,215
Collecting system pumping	189,123	8,286	-	197,409
Treatment and disposal	6,858,866	54,931	-	6,913,797
General	1,186,910	-	-	1,186,910
Total capital assets being depreciated	<u>11,870,114</u>	<u>63,217</u>	<u>-</u>	<u>11,933,331</u>
Total capital assets	<u>11,891,877</u>	<u>63,217</u>	<u>-</u>	<u>11,955,094</u>
Less accumulated depreciation:				
Collecting system	(722,398)	(51,771)	-	(774,169)
Collecting system pumping	(140,436)	(4,207)	-	(144,643)
Treatment and disposal	(5,605,615)	(180,636)	-	(5,786,251)
General	(614,687)	(51,952)	-	(666,639)
Total accumulated depreciation	<u>(7,083,136)</u>	<u>(288,566)</u>	<u>-</u>	<u>(7,371,702)</u>
Construction in progress	<u>8,953,315</u>	<u>9,433,884</u>	<u>-</u>	<u>18,387,199</u>
Net capital assets	<u>\$ 13,762,056</u>			<u>\$ 22,970,591</u>

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

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
Capital assets, not being depreciated:				
Land and land rights	\$ 21,763	\$ -	\$ -	\$ 21,763
Capital assets being depreciated:				
Collecting system	3,635,215	-	-	3,635,215
Collecting system pumping	189,123	-	-	189,123
Treatment and disposal	6,833,880	24,986	-	6,858,866
General	1,148,950	37,960	-	1,186,910
Total capital assets being depreciated	<u>11,807,168</u>	<u>62,946</u>	<u>-</u>	<u>11,870,114</u>
Total capital assets	<u>11,828,931</u>	<u>62,946</u>	<u>-</u>	<u>11,891,877</u>
Less accumulated depreciation:				
Collecting system	(670,106)	(52,292)	-	(722,398)
Collecting system pumping	(137,660)	(2,776)	-	(140,436)
Treatment and disposal	(5,385,509)	(220,106)	-	(5,605,615)
General	(566,653)	(48,034)	-	(614,687)
Total accumulated depreciation	<u>(6,759,928)</u>	<u>(323,208)</u>	<u>-</u>	<u>(7,083,136)</u>
Construction in progress	<u>1,060,462</u>	<u>7,939,124</u>	<u>46,271</u>	<u>8,953,315</u>
Net capital assets	<u>\$ 6,129,465</u>			<u>\$ 13,762,056</u>

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

6. 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>
11/06/2012	Capital improvements and refinancing capital improvement debt	11/01/2028	3 %	\$ 3,255,000	\$ 255,000
03/27/2013	Refinance capital improvement debt	05/01/2032	3	1,384,900	668,250 *
11/15/2016	Capital improvements debt	11/01/2036	3	1,310,000	935,000
09/10/2020	Capital improvements debt	11/01/2040	0.40-2.25	4,335,000	3,825,000
02/14/2024	Capital improvements debt	05/01/2043	2	1,122,461	1,122,461 * (1)
09/11/2024	Capital improvements debt	11/01/2044	2	133,599	133,599 * (2)
11/12/2024	Capital improvements and refinancing capital improvements debt	05/01/2064	2	17,114,000	17,114,000 * (3)

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

- (1) - During 2024 the Utility was authorized to issue \$4,355,649 of Sewer System Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2024. The repayment schedule is for the amount issued.
- (2) - During 2024 the Utility was authorized to issue \$803,807 of Water System Safe Drinking Water Loan revenue bonds. The original amount reported above has been issued as of December 31, 2024. The repayment schedule is for the amount issue.
- (3) - During 2022 the Utility was authorized to issue a revenue bond anticipation note (BANS) for \$17,114,000. The Utility withdrew \$8,210,092 in 2023 and \$8,903,162 in 2024. The total amount was refinanced with the 2024 United States Department of Agriculture (USDA) Mortgage Revenue Bonds. The repayment schedule is for the amount issued.

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Bonds</u>		<u>Direct Placement</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 355,000	\$ 88,013	\$ 388,356	\$ 327,645	\$ 1,159,014
2026	360,000	83,683	438,935	331,281	1,213,899
2027	360,000	78,803	447,579	322,645	1,209,027
2028	360,000	73,515	456,301	313,837	1,203,653
2029	295,000	68,008	465,305	304,851	1,133,164
2030-2034	1,535,000	271,795	2,277,269	1,387,926	5,471,990
2035-2039	1,480,000	120,986	2,199,264	1,187,786	4,988,036
2040-2044	270,000	6,075	2,331,201	893,330	3,500,606
2045-2049	-	-	2,189,500	802,690	2,992,190
2050-2054	-	-	2,389,600	604,231	2,993,831
2055-2059	-	-	2,608,200	387,625	2,995,825
2060-2064	-	-	2,846,800	151,201	2,998,001
Total	<u>\$ 5,015,000</u>	<u>\$ 790,878</u>	<u>\$ 19,038,310</u>	<u>\$ 7,015,048</u>	<u>\$ 31,859,236</u>

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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 \$1,293,941 and \$738,978, respectively. Total customer net revenues as defined for the same periods were \$2,801,259 and \$2,683,302. Annual principal and interest payments are expected to require 22% of net revenues on average. The debt service in 2024 excludes BANS principal which has been refinanced with the 2024 United States Department of Agriculture (USDA) Mortgage Revenue Bonds.

Other Debt Information

The Utility fund's outstanding Sewer Clean Water Fund Loan and Water System Safe Drinking Water Loan noted above contain provisions that (1) any delinquent payment can be deducted from any state payments that are due to the City or a special charge may be added to the taxes apportioned to and levied upon the county in which the City is located and (2) in an event of default, outstanding amounts become immediately due and payable or the interest rate may be increased to the market interest rate and (3) any delinquent payments may be intercepted from the revenue of the Utility.

A statutory mortgage lien upon the Utility and any additions, improvements and extension thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The Utility and the earnings of the Utility remain subject to the lien until payment in full of the principal and interest on the bonds.

General Obligation Debt

The following general obligation notes 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>
08/22/2022	Water Projects	11/01/2032	3 %	\$ 500,000	\$ 415,000

General obligation notes debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 45,000	\$ 13,239	\$ 58,239
2026	50,000	11,803	61,803
2027	50,000	10,208	60,208
2028	50,000	8,637	58,637
2029	50,000	7,018	57,018
2029-2032	<u>170,000</u>	<u>11,010</u>	<u>181,010</u>
Total	<u>\$ 415,000</u>	<u>\$ 61,915</u>	<u>\$ 476,915</u>

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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	\$ 6,102,457	\$ 18,370,060	\$ 419,207	\$ 24,053,310	\$ 743,356
General obligation debt	460,000	-	45,000	415,000	45,000
Revenue Bond Anticipation Note	8,210,092	8,903,162	17,113,254	-	-
Accrued sick leave	85,587	81,355	23,528	143,414	-
Unamortized debt discount	<u>(24,603)</u>	<u>1,700</u>	<u>-</u>	<u>(22,903)</u>	<u>-</u>
Total	<u>\$ 14,833,533</u>	<u>\$ 27,356,277</u>	<u>\$ 17,600,989</u>	<u>\$ 24,588,821</u>	<u>\$ 788,356</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	\$ 6,509,766	\$ -	\$ 407,309	\$ 6,102,457	\$ 419,207
General obligation debt	500,000	-	40,000	460,000	45,000
Revenue Bond Anticipation Note	2,000,000	6,210,092	-	8,210,092	-
Accrued sick leave	83,110	46,116	43,639	85,587	-
Customer advances for construction	145,327	-	145,327	-	-
Unamortized debt discount	<u>(26,163)</u>	<u>1,560</u>	<u>-</u>	<u>(24,603)</u>	<u>-</u>
Total	<u>\$ 9,212,040</u>	<u>\$ 6,257,768</u>	<u>\$ 636,275</u>	<u>\$ 14,833,533</u>	<u>\$ 464,207</u>

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 2012, 2013, 2016, 2020 and 2024 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>
Automobile	\$ 5,000,000	01/01/2025
Excess liability	5,000,000	01/01/2025
Workers compensation	500,000	01/01/2025

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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 annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 7,575,247	\$ 7,406,547
Investment income	129,500	64,958
Miscellaneous nonoperating income	11,426	13,100
Income from merchandising and jobbing	6,995	7,616
Less operation and maintenance expenses	<u>(4,921,909)</u>	<u>(4,808,919)</u>
Net defined earnings	<u>\$ 2,801,259</u>	<u>\$ 2,683,302</u>
Minimum required earnings per resolution:		
Current year's revenue bond debt service	\$ 1,293,941	\$ 738,978
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum required earnings	<u>\$ 1,617,426</u>	<u>\$ 923,723</u>
Actual debt coverage	<u>2.16</u>	<u>3.63</u>

Number of Customers and Billed Volumes - Electric

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

	<u>Customers</u>		<u>Sales (000 kWh)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Residential	1,626	1,636	12,515	12,513
General	275	293	3,964	4,237
Small power	18	19	5,681	5,719
Large power	7	8	10,056	10,237
Street and highway lighting	<u>2</u>	<u>2</u>	<u>210</u>	<u>226</u>
Total	<u>1,928</u>	<u>1,958</u>	<u>32,426</u>	<u>32,932</u>

Waterloo Water and Light Commission

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Number of Customers and Billed Volumes - Water

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

	Customers		Sales (000 gals)	
	2024	2023	2024	2023
Residential	1,178	1,173	44,055	46,540
Multifamily residential	25	25	5,807	6,228
Commercial	109	109	13,230	13,997
Industrial	11	11	21,616	22,050
Public authority	15	15	1,565	2,160
Irrigation	1	1	2,400	2,404
Interdepartmental	6	6	3,892	3,292
Total	<u>1,345</u>	<u>1,340</u>	<u>92,565</u>	<u>96,671</u>

Number of Customers and Billed Volumes - Sewer

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

	Customers		Sales (000 gals)	
	2024	2023	2024	2023
Residential	1,175	1,170	42,793	43,736
Multifamily residential	24	26	5,807	6,228
Commercial	103	112	9,727	9,482
Industrial	10	11	23,972	23,361
Public authority	12	13	1,314	1,281
Wholesale	1	1	9,053	4,310
Total	<u>1,325</u>	<u>1,333</u>	<u>92,666</u>	<u>88,398</u>

7. Net Position

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

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

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

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

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

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

	<u>2024</u>	<u>2023</u>
Plant in service	\$ 34,830,480	\$ 34,216,886
Accumulated depreciation/amortization	(15,505,202)	(14,733,556)
Construction work in progress	<u>18,691,045</u>	<u>9,198,199</u>
Subtotal	<u>38,016,323</u>	<u>28,681,529</u>
Less capital related debt:		
Current portion of capital related long-term debt	788,356	464,207
Long-term portion of capital related long-term debt	23,679,954	14,308,342
Unamortized debt discount	<u>(22,903)</u>	<u>(24,603)</u>
Subtotal	<u>24,445,407</u>	<u>14,747,946</u>
Add unspent debt proceeds:		
Reserve from borrowing	195,708	195,708
Construction funds	<u>-</u>	<u>57,254</u>
Subtotal	<u>195,708</u>	<u>252,962</u>
Total net investment in capital assets	<u>\$ 13,766,624</u>	<u>\$ 14,186,545</u>

8. Employees Retirement System

General Information About the Pension Plan

Plan Description

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

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

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

Vesting

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

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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)

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.

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The WRS recognized \$66,188 and \$48,828 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 \$70,655 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 Utility's's proportion was 0.01382428%, which was an increase of 0.00038238% from its proportion measured as of December 31, 2022.

At December 31, 2023, the Utility reported a liability (asset) of \$220,173 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 Utility's's proportion was 0.01344190%, which was an increase of 0.0001% 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 \$(1,265) and \$30,621, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 200,371	\$ 313,156
Changes in assumption	22,806	-
Net differences between project and actual earnings on pension plan	253,548	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	331	790
Employer contributions subsequent to the measurement date	74,361	-
Total	<u>\$ 551,417</u>	<u>\$ 313,946</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 305,366	\$ 448,039
Changes in assumption	40,145	-
Net differences between project and actual earnings on pension plan	423,170	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	295	1,401
Employer contributions subsequent to the measurement date	<u>66,188</u>	<u>-</u>
Total	<u>\$ 835,164</u>	<u>\$ 449,440</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:

Years Ending December 31:

2025	\$ 14,061
2026	80,051
2027	35,173
2028	33,825
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 163,110</u>

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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, 2024			
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%.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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, 2023			
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.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

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)	\$ 683,406	\$ 70,655	\$ (358,026)

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)	\$ 730,314	\$ 220,173	\$ (130,980)

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>.

9. Commitments and Contingencies

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy members located throughout the states of Wisconsin, Michigan and Iowa. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the Utility payable from any operating and maintenance fund established for that system.

Fifty members, representing approximately 99.8% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037.

Waterloo Water and Light Commission

Notes to Financial Statements
December 31, 2024 and 2023

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$237 million as of December 31, 2024.

Claims and Judgments

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

Open Contracts

The Utility has open contracts for approximately \$22,221,337 for upgrading the existing Wastewater Treatment Facility (WWTF) . As of December 31, 2024, approximately \$18,387,200 has been expended.

10. Significant Customers

Electric Utility

The Utility has one significant customer who was responsible for 12% of operating revenues in 2024 and 2023.

11. Subsequent Events

The Utility evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

Rate Adjustment

The utility commission approved new sewer rates with an effective date of January 1, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Waterloo Water and Light Commission

Schedule of Proportionate Share of the Net Pension Asset - Wisconsin Retirement System

Last 10 Fiscal Years

<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>
12/31/15	0.01286712%	\$ (89,024)	\$ 427,580	20.82%	102.74%
12/31/16	0.01266419%	56,119	470,700	11.92%	98.20%
12/31/17	0.01247212%	26,380	477,397	5.53%	99.12%
12/31/18	0.01302015%	(93,417)	540,500	17.28%	102.93%
12/31/19	0.01313895%	126,918	483,090	26.27%	96.45%
12/31/20	0.01331104%	(129,830)	624,015	20.81%	102.96%
12/31/21	0.01313816%	(235,818)	650,232	36.27%	105.26%
12/31/22	0.01331569%	(317,352)	686,932	46.20%	106.02%
12/31/23	0.01344190%	220,173	751,210	29.31%	95.72%
12/31/24	0.01382428%	70,655	877,738	8.05%	98.85%

Schedule of Employer Contributions - Wisconsin Retirement System

Last 10 Fiscal Years

<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>
12/31/15	\$ 32,949	\$ 32,949	\$ -	\$ 470,700	7.00%
12/31/16	32,463	32,463	-	477,397	6.80%
12/31/17	36,754	36,754	-	540,500	6.80%
12/31/18	36,367	36,367	-	483,090	7.53%
12/31/19	41,497	41,497	-	624,015	6.65%
12/31/20	43,891	43,891	-	650,232	6.75%
12/31/21	46,375	46,375	-	686,932	6.75%
12/31/22	48,828	48,828	-	751,210	6.50%
12/31/23	66,188	66,188	-	877,738	7.54%
12/31/24	74,361	74,361	-	1,077,895	6.90%

See notes to required supplementary information

Waterloo Water and Light Commission

Notes to Required Supplementary Information

Year Ended December 31, 2024

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

Changes of assumptions.

	<u>2015 - 2018</u>	<u>2019 - 2024</u>
Long-term expected rate of return	7.0%	6.8%
Discount rate	7.0%	6.8%
Salary increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%
Mortality	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table
Post-retirement adjustments	1.90%	1.70%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTARY INFORMATION

Waterloo Water and Light Commission

Electric Utility Plant

Year Ended December 31, 2024

	<u>Balance</u> <u>1/1/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/24</u>
Distribution				
Land and land rights	\$ 48,940	\$ -	\$ -	\$ 48,940
Structures and improvements	4,926	-	-	4,926
Station equipment	4,128,811	56,696	27,476	4,158,031
Poles, towers and fixtures	802,627	56,161	9,562	849,226
Overhead conductors and devices	587,886	8,293	17,745	578,434
Underground conduit	64,200	47,439	-	111,639
Underground conductors and devices	2,202,562	258,670	111	2,461,121
Line transformers	959,878	108,241	36,543	1,031,576
Services	732,570	47,755	4,021	776,304
Meters	478,923	73,045	51,428	500,540
Street lighting and signal systems	<u>498,596</u>	<u>6,077</u>	<u>163</u>	<u>504,510</u>
Total distribution	<u>10,509,919</u>	<u>662,377</u>	<u>147,049</u>	<u>11,025,247</u>
General				
Land and land rights	150,789	-	-	150,789
Structures and improvements	1,866,842	-	-	1,866,842
Office furniture and equipment	10,532	-	-	10,532
Computer equipment	26,872	20,335	-	47,207
Transportation equipment	559,758	-	-	559,758
Stores equipment	12,672	-	-	12,672
Tools, shop and garage equipment	56,209	-	-	56,209
Laboratory equipment	9,080	-	-	9,080
Power-operated equipment	94,563	-	-	94,563
Communication equipment	8,219	-	-	8,219
Miscellaneous equipment	<u>6,426</u>	<u>-</u>	<u>-</u>	<u>6,426</u>
Total general	<u>2,801,963</u>	<u>20,335</u>	<u>-</u>	<u>2,822,298</u>
Total electric utility plant	<u>\$ 13,311,882</u>	<u>\$ 682,712</u>	<u>\$ 147,049</u>	<u>\$ 13,847,545</u>

Waterloo Water and Light Commission

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	\$ 2,012	\$ -	\$ -	\$ 2,012
Wells and springs	21,432	-	-	21,432
Supply mains	51,335	-	-	51,335
Total source of supply	<u>74,779</u>	<u>-</u>	<u>-</u>	<u>74,779</u>
Pumping				
Structures and improvements	678,784	-	-	678,784
Electric pumping equipment	235,132	-	-	235,132
Other pumping equipment	2,086	-	-	2,086
Total pumping	<u>916,002</u>	<u>-</u>	<u>-</u>	<u>916,002</u>
Water Treatment				
Water treatment equipment	<u>28,844</u>	<u>-</u>	<u>-</u>	<u>28,844</u>
Transmission and Distribution				
Land and land rights	2,017	-	-	2,017
Distribution reservoirs and standpipes	83,086	-	-	83,086
Transmission and distribution mains	4,367,172	-	-	4,367,172
Services	1,458,536	-	-	1,458,536
Meters	724,822	78,737	66,267	737,292
Hydrants	602,046	-	-	602,046
Total transmission and distribution	<u>7,237,679</u>	<u>78,737</u>	<u>66,267</u>	<u>7,250,149</u>
General				
Land and land rights	9,084	-	-	9,084
Structures and improvements	369,895	2,244	-	372,139
Office furniture and equipment	4,250	-	-	4,250
Computer equipment	16,239	-	-	16,239
Transportation equipment	104,305	-	-	104,305
Stores equipment	7,262	-	-	7,262
Tools, shop and garage equipment	33,820	-	-	33,820
Laboratory equipment	2,042	-	-	2,042
Power-operated equipment	62,072	-	-	62,072
Communication equipment	1,560	-	-	1,560
SCADA equipment	141,251	-	-	141,251
Miscellaneous equipment	4,043	-	-	4,043
Total general	<u>755,823</u>	<u>2,244</u>	<u>-</u>	<u>758,067</u>
Total water utility plant	<u>\$ 9,013,127</u>	<u>\$ 80,981</u>	<u>\$ 66,267</u>	<u>\$ 9,027,841</u>

Waterloo Water and Light Commission

Sewer Utility Plant

Year Ended December 31, 2024

	<u>Balance 1/1/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/24</u>
Collecting System				
Collecting mains	\$ 3,442,746	\$ -	\$ -	\$ 3,442,746
Force mains	25,320	-	-	25,320
Other collecting system equipment	167,150	-	-	167,150
Total collecting system	<u>3,635,216</u>	<u>-</u>	<u>-</u>	<u>3,635,216</u>
Collecting System Pumping				
Pump station equipment	117,049	-	-	117,049
Electric pumping equipment	72,074	8,286	-	80,360
Total collecting system pumping	<u>189,123</u>	<u>8,286</u>	<u>-</u>	<u>197,409</u>
Treatment and Disposal				
Land and land rights	400	-	-	400
Structures and improvements	3,458,083	-	-	3,458,083
Preliminary treatment equipment	352,372	-	-	352,372
Primary treatment equipment	72,245	-	-	72,245
Secondary treatment equipment	1,376,085	10,084	-	1,386,169
Advanced treatment equipment	269,230	-	-	269,230
Sludge treatment and disposal equipment	690,869	-	-	690,869
Plant site piping	348,047	-	-	348,047
Flow metering and monitoring equipment	34,284	8,947	-	43,231
Other treatment and disposal equipment	257,650	35,900	-	293,550
Total treatment and disposal	<u>6,859,265</u>	<u>54,931</u>	<u>-</u>	<u>6,914,196</u>
General				
Land and land rights	21,363	-	-	21,363
Structures and improvements	578,659	-	-	578,659
Office furniture and equipment	4,892	-	-	4,892
Computer equipment	20,101	-	-	20,101
Transportation equipment	105,754	-	-	105,754
Communication equipment	267,756	-	-	267,756
Other general equipment	209,748	-	-	209,748
Total general	<u>1,208,273</u>	<u>-</u>	<u>-</u>	<u>1,208,273</u>
Total sewer utility plant	<u>\$ 11,891,877</u>	<u>\$ 63,217</u>	<u>\$ -</u>	<u>\$ 11,955,094</u>

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 1,626,142	\$ 1,565,928
Rural	116,225	109,068
General service	487,306	505,044
Small power	640,685	623,921
Large power	1,238,131	1,250,465
Public street and highway lighting	74,790	74,555
Interdepartmental	<u>126,460</u>	<u>139,939</u>
Total sales of electricity	<u>4,309,739</u>	<u>4,268,920</u>
Other operating revenues:		
Forfeited discounts	10,215	8,683
Miscellaneous service revenues	3,600	5,240
Rent from electric property	42,327	5,257
Other	<u>890</u>	<u>610</u>
Total operating revenues	<u>4,366,771</u>	<u>4,288,710</u>
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	<u>2,711,752</u>	<u>2,885,966</u>
Distribution:		
Operation supervision and engineering	24,873	13,928
Station	26,200	31,176
Overhead line	25,607	18,802
Underground line	37,174	52,790
Street lighting and signal system	19,734	26,340
Meter	5,750	10,426
Customer installations	4,187	3,596
Miscellaneous	100,318	98,021
Maintenance:		
Supervision and engineering	48,094	36,681
Overhead lines	94,923	55,032
Underground lines	546	-
Line transformers	<u>25,319</u>	<u>-</u>
Total distribution	<u>412,725</u>	<u>346,792</u>
Customer accounts:		
Meter reading	10,742	10,008
Customer records and collection	<u>58,681</u>	<u>49,480</u>
Total customer accounts	<u>69,423</u>	<u>59,488</u>
Sales:		
Advertising	<u>(1,866)</u>	<u>2,065</u>

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Administrative and general:		
Salaries	\$ 71,763	\$ 59,551
Office supplies	36,440	31,077
Administrative expenses transferred	(32,321)	(25,247)
Outside services employed	76,047	28,677
Property insurance	15,604	16,013
Employee pensions and benefits	138,975	135,731
Regulatory commission	22,977	18,552
Miscellaneous	49,045	51,947
Transportation	-	(6,447)
Maintenance	69,581	47,085
Total administrative and general	<u>448,111</u>	<u>356,939</u>
Taxes	<u>41,130</u>	<u>39,290</u>
Total operation and maintenance	3,681,275	3,690,540
Depreciation	<u>411,040</u>	<u>389,161</u>
Total operating expenses	<u>4,092,315</u>	<u>4,079,701</u>
Operating income	<u>\$ 274,456</u>	<u>\$ 209,009</u>

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Sales of water:		
Metered:		
Residential	\$ 402,934	\$ 391,796
Commercial	121,683	120,049
Industrial	85,004	83,373
Public authorities	14,584	16,105
Interdepartmental	18,638	16,270
Service to other systems	<u>9,895</u>	<u>9,405</u>
Total metered sales	652,738	636,998
Private fire protection	6,900	6,900
Public fire protection	<u>272,537</u>	<u>259,451</u>
Total sales of water	<u>932,175</u>	<u>903,349</u>
Other operating revenues:		
Forfeited discounts	2,738	2,843
Other	<u>42,181</u>	<u>33,034</u>
Total operating revenues	<u>977,094</u>	<u>939,226</u>
Operating Expenses		
Operation and maintenance:		
Source of supply:		
Operation supervision and engineering	17,669	15,147
Operation labor	<u>13,133</u>	<u>6,006</u>
Total source of supply	<u>30,802</u>	<u>21,153</u>
Pumping:		
Power production labor	-	91
Fuel or purchased power for pumping	19,562	19,776
Pumping labor	16,209	12,864
Miscellaneous	5,961	4,634
Maintenance:		
Structures and improvements	2,358	2,218
Pumping equipment	<u>375</u>	<u>5,088</u>
Total pumping	<u>44,465</u>	<u>44,671</u>
Water treatment:		
Chemicals	12,944	11,637
Operation labor	8,377	16,069
Maintenance:		
Water treatment equipment	<u>1,525</u>	<u>2,105</u>
Total water treatment	<u>22,846</u>	<u>29,811</u>

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Transmission and distribution:		
Storage facilities	\$ 2,655	\$ 72
Transmission and distribution lines	13,200	17,984
Meters	5,590	(734)
Customer installations	3,538	3,368
Miscellaneous	3,099	2,547
Maintenance:		
Mains	15,979	9,488
Services	5,035	6,338
Hydrants	2,551	1,805
Total transmission and distribution	<u>51,647</u>	<u>40,868</u>
Customer accounts:		
Meter reading	9,110	8,543
Accounting and collecting labor	25,462	23,699
Total customer accounts	<u>34,572</u>	<u>32,242</u>
Administrative and general:		
Salaries	30,659	29,121
Office supplies	19,089	16,543
Outside services employed	24,467	12,013
Property insurance	7,083	8,227
Employee pensions and benefits	55,037	52,581
Regulatory commission	245	-
Miscellaneous	8,338	7,163
Transportation	-	1,836
Maintenance	17,335	12,749
Total administrative and general	<u>162,253</u>	<u>140,233</u>
Taxes	<u>10,371</u>	<u>7,154</u>
Total operation and maintenance	356,956	316,132
Depreciation	<u>187,409</u>	<u>195,940</u>
Total operating expenses	<u>544,365</u>	<u>512,072</u>
Operating income	<u>\$ 432,729</u>	<u>\$ 427,154</u>

Waterloo Water and Light Commission

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

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 940,710	\$ 954,686
Commercial	309,550	313,494
Industrial	778,130	787,688
Public authorities	39,742	39,176
Service to other systems	<u>157,926</u>	<u>77,299</u>
Total sewer revenues	<u>2,226,058</u>	<u>2,172,343</u>
Other operating revenues:		
Forfeited discounts	3,674	5,357
Miscellaneous	<u>1,650</u>	<u>911</u>
Total operating revenues	<u>2,231,382</u>	<u>2,178,611</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	135,379	124,380
Power and fuel for pumping	103,535	125,548
Phosphorous removal chemicals	38,190	45,836
Sludge conditioning chemicals	33,642	22,536
Other operating supplies	66,274	57,910
Transportation	<u>-</u>	<u>(4,069)</u>
Total operation	<u>377,020</u>	<u>372,141</u>
Maintenance:		
Collection system	87,250	67,729
Treatment and disposal plant equipment	47,715	63,953
General plant structures and equipment	<u>40,894</u>	<u>19,757</u>
Total maintenance	<u>175,859</u>	<u>151,439</u>
Customer accounts:		
Accounting and collecting	27,669	25,291
Meter Reading	<u>30</u>	<u>17</u>
Total customer accounts	<u>27,699</u>	<u>25,308</u>
Administrative and general:		
Salaries	47,889	41,730
Office supplies	25,001	19,019
Outside services employed	25,639	13,103
Insurance	13,705	13,914
Employees pensions and benefits	123,641	100,459
Miscellaneous	<u>38,173</u>	<u>37,883</u>
Total administrative and general	<u>274,048</u>	<u>226,108</u>
Taxes	<u>29,052</u>	<u>27,251</u>
Total operation and maintenance	883,678	802,247
Depreciation	<u>298,943</u>	<u>339,195</u>
Total operating expenses	<u>1,182,621</u>	<u>1,141,442</u>
Operating income	<u>\$ 1,048,761</u>	<u>\$ 1,037,169</u>