Waterloo Water and Light Commission

An Enterprise Fund of the City of Waterloo, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2023 and 2022

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December 31, 2023 and 2022

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, 2023, and 2022, 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, 2023 and 2022, 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, 2023, and 2022, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023 and 2022. 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 decreased from $486,000 in 2022 to $209,000 in 2023. Revenues decreased 5.85% as a result of a decrease in power sales. Operating expenses decreased by 1.77% due to a decrease related to purchased power.

Water Utility Earnings

The Water Utility had an operating income of $427,000 in 2023 compared to $404,000 in 2022, an increase of 5.77%. Operating revenues in 2023 increased 6.63% due to a rate increase effective in September 2023. Operating expenses increased 8.77% due to greater pension expenses.

Sewer Utility Earnings

The Sewer Utility had an operating income in 2023 of $1,053,000 compared to $582,000 in 2022. Operating revenues increased by 37.30% due to a rate increase effective in 2023. Operating expenses increased by 16.34% in 2023 due to expenses incurred related to treatment including power and chemicals.

Debt Coverage

The actual combined debt coverage for 2023 was 3.63, 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.

- 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

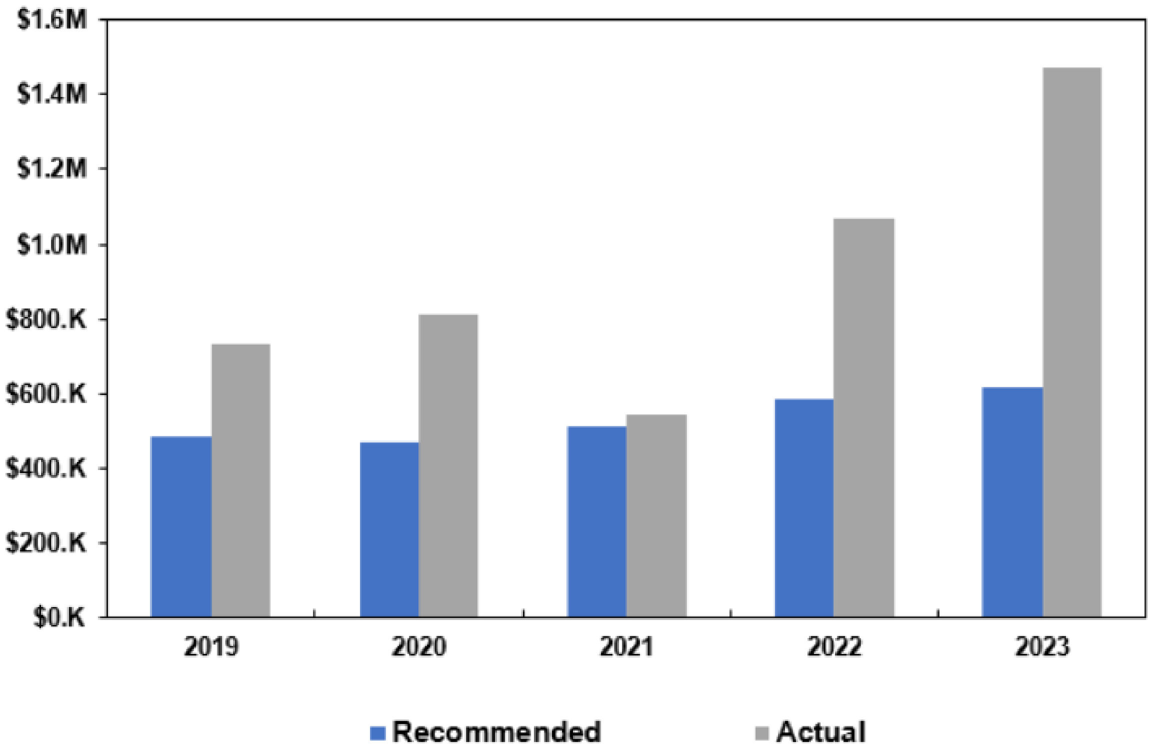
An analysis of the Utility's financial position begins with a review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information. These two statements report the Utility's net position and changes therein. The Utility's net position, the difference 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

	2021	2022	2023
Assets and Deferred Outflows			
Unrestricted cash and investments	$ 545,015	$ 1,067,766	$ 1,472,866
Customer accounts receivable	667,330	746,402	756,200
Restricted and designated assets	2,590,571	2,127,260	1,352,642
Other assets and deferred outflows	867,771	1,158,279	1,269,768
Net electric plant	6,573,468	7,895,922	8,446,217
Net water plant	6,012,004	6,575,826	6,473,256
Net sewer plant	5,148,535	6,129,465	13,762,056
Total assets and deferred outflows	22,404,694	25,700,920	33,533,005
Liabilities and Deferred Inflows			
Long-term liabilities	6,689,971	8,764,731	14,589,499
Other liabilities and deferred inflows	1,758,784	1,891,895	2,702,269
Total liabilities and deferred inflows	8,448,755	10,656,626	17,291,768
Net Position			
Net investment in capital assets	12,173,551	12,725,809	14,186,545
Restricted for:			
Debt service	472,868	447,168	522,829
Equipment replacement	576,453	552,319	558,262
Pension asset	235,818	317,352	-
Unrestricted	497,249	1,001,646	973,601
Total net position	$ 13,955,939	$15,044,294	$ 16,241,237

The Electric Utility increased their net position by $58,000, the Water Utility increased their net position by $276,000 and the Sewer Utility increased their net position by $863,000.

Unrestricted Funds on Hand



Unrestricted Funds on Hand
Actual vs. Recommended
2019-2023

	2019	2020	2021	2022	2023
Minimum Funding Benchmark					
1 Months Billings	$ 486,840	$ 467,930	$ 513,226	$ 585,173	$ 617,212
Actual Funds on Hand	$ 731,550	$ 812,038	$ 545,015	$ 1,067,766	$1,472,866
Months Billings on Hand	1.59	1.50	1.06	1.82	2.39

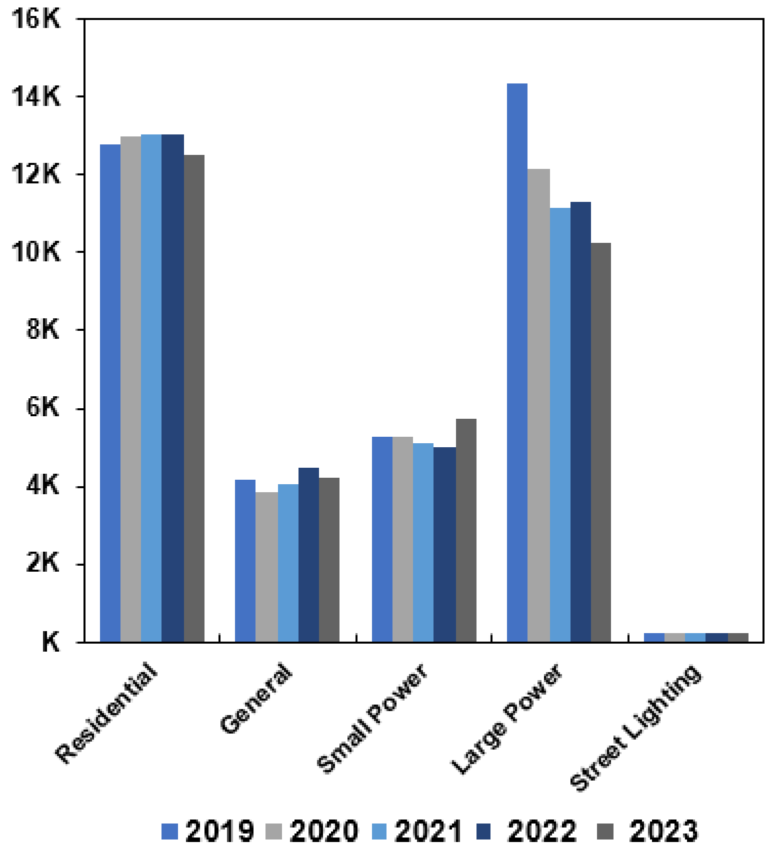
A Utility should maintain funds to cover its operations in a normal business operating cycle (i.e. quarterly, monthly) plus a contingency. In addition, utilities should have available an amount equal to one year's capital improvements. These funding levels facilitate budgeting since there will be less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

This shows that the Utility increased their cash reserves in 2023. While reserves have fluctuated with annual projects and funding, they remain above the one month minimum.

Condensed Statements of Revenues, Expenses and Changes in Net Position

Operating Revenues			
Electric	$ 4,053,003	$ 4,555,111	$ 4,288,710
Water	874,609	880,824	939,226
Sewer	1,231,104	1,586,138	2,178,611
Total operating revenues	6,158,716	7,022,073	7,406,547
Operating Expenses			
Electric:			
Operation and Maintenance	3,280,289	3,757,202	3,690,540
Depreciation	241,205	312,081	389,161
Total electric	3,521,494	4,069,283	4,079,701
Water:			
Operation and Maintenance	351,305	290,634	316,132
Depreciation	182,150	186,335	195,940
Total water	533,455	476,969	512,072
Sewer:			
Operation and Maintenance	566,029	675,626	802,247
Depreciation	299,143	328,027	339,195
Total sewer	865,172	1,003,653	1,141,442
Total operating expenses	4,920,121	5,549,905	5,733,215
Operating Income			
Electric	531,509	485,828	209,009
Water	341,154	403,855	427,154
Sewer	365,932	582,485	1,037,169
Total operating income	1,238,595	1,472,168	1,673,332
Nonoperating Revenue	38,108	33,083	85,674
Nonoperating Expenses	(155,717)	(224,931)	(328,733)
Income before contributions and transfers	1,120,986	1,280,320	1,430,273
Capital Contributions	35,483	63,000	15,998
Capital Contributions, Municipal	18,914	-	-
Operating Transfer (Out) In	-	-	-
Tranfers, Tax Equivalent	(268,473)	(254,965)	(249,328)
Change in net position	$ 906,910	$ 1,088,355	$ 1,196,943

Electric Sales

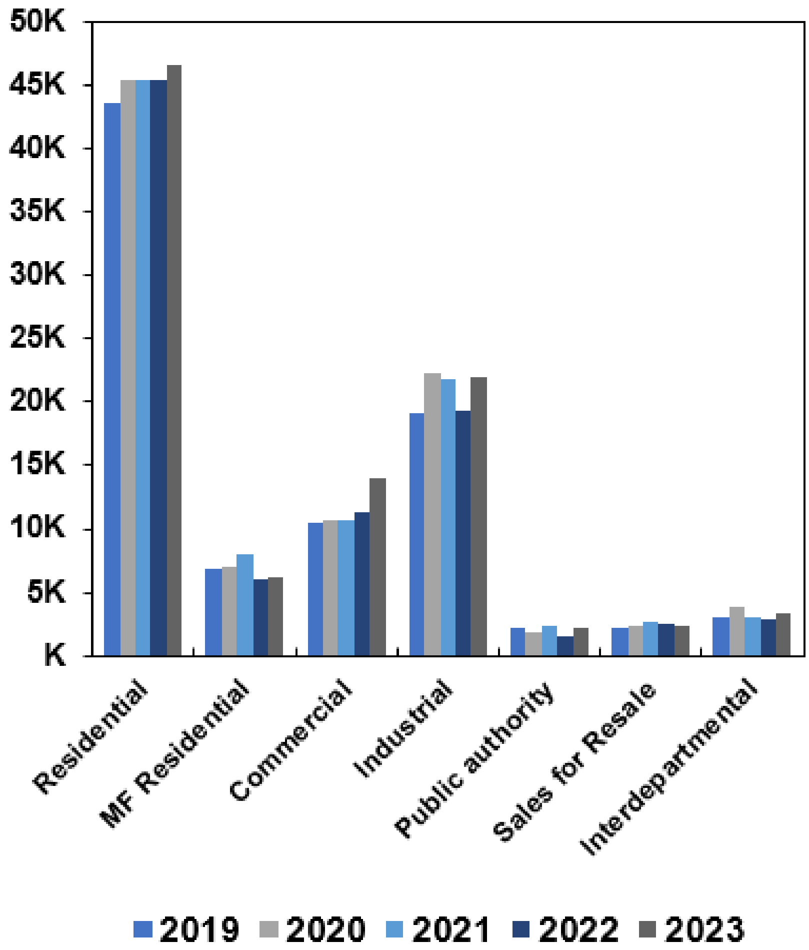


Electric Sales (000 kWh Sold)

	2019	2020	2021	2022	2023
Residential	12,795	12,983	13,040	13,024	12,513
General	4,160	3,850	4,045	4,468	4,237
Small power	5,270	5,260	5,122	4,992	5,719
Large power	14,369	12,137	11,159	11,292	10,237
Street lighting	245	239	245	238	226
Total	36,839	34,469	33,611	34,014	32,932

Electric sales by customer class decreased due to a decrease in usage across almost all classes. General, residential, large power, and street lighting dew a decrease in usage in 2023 while small power saw an increase.

Water Sales

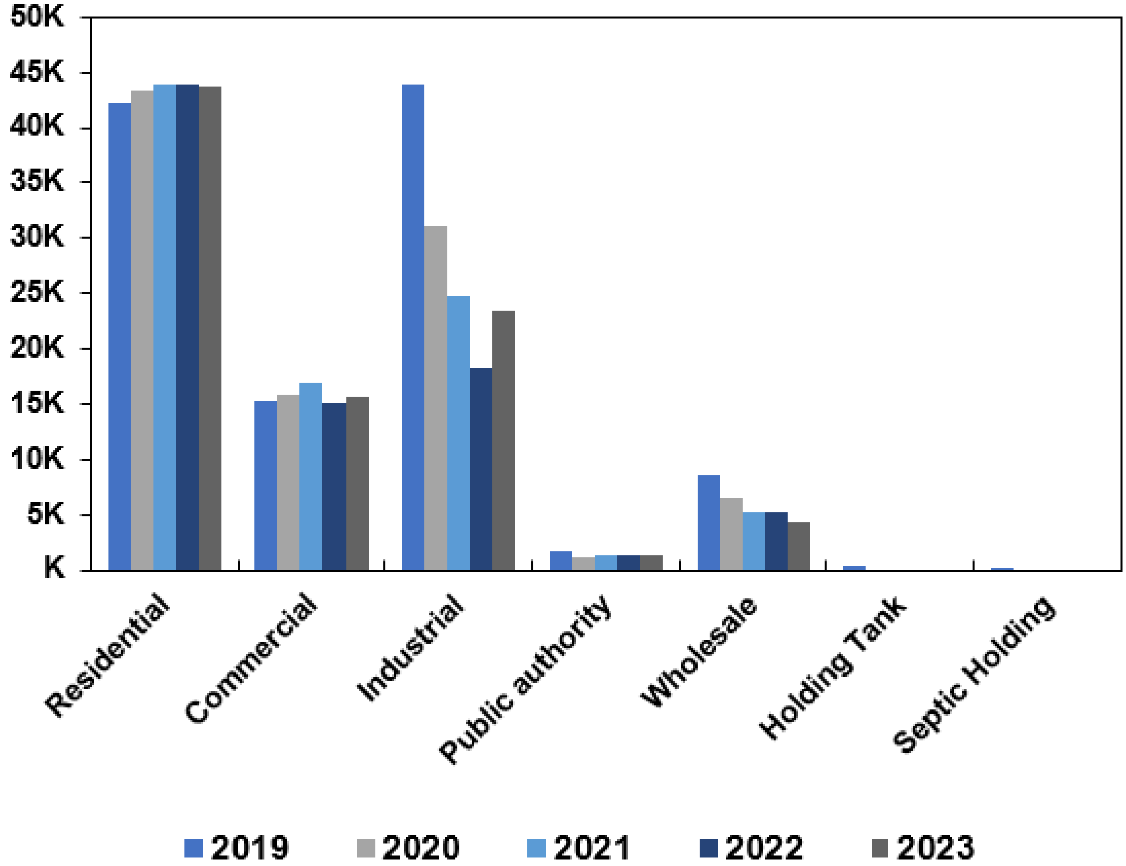


Water Sales (000s Gallons Sold)
By Customer Class

	2019	2020	2021	2022	2023
Residential	43,505	45,343	45,384	45,422	46,540
Multi-family residential	6,829	7,044	8,074	6,096	6,228
Commercial	10,458	10,610	10,753	11,353	13,997
Industrial	19,140	22,360	21,874	19,374	22,050
Public authority	2,134	1,850	2,427	1,487	2,160
Sales for resale (Portland)	2,189	2,432	2,687	2,585	2,404
Interdepartmental	3,043	3,882	3,000	2,908	3,292
Total	87,298	93,521	94,199	89,225	96,671

Water sales by customer class increased due to an increase in usage across almost all classes.

Sewer Sales

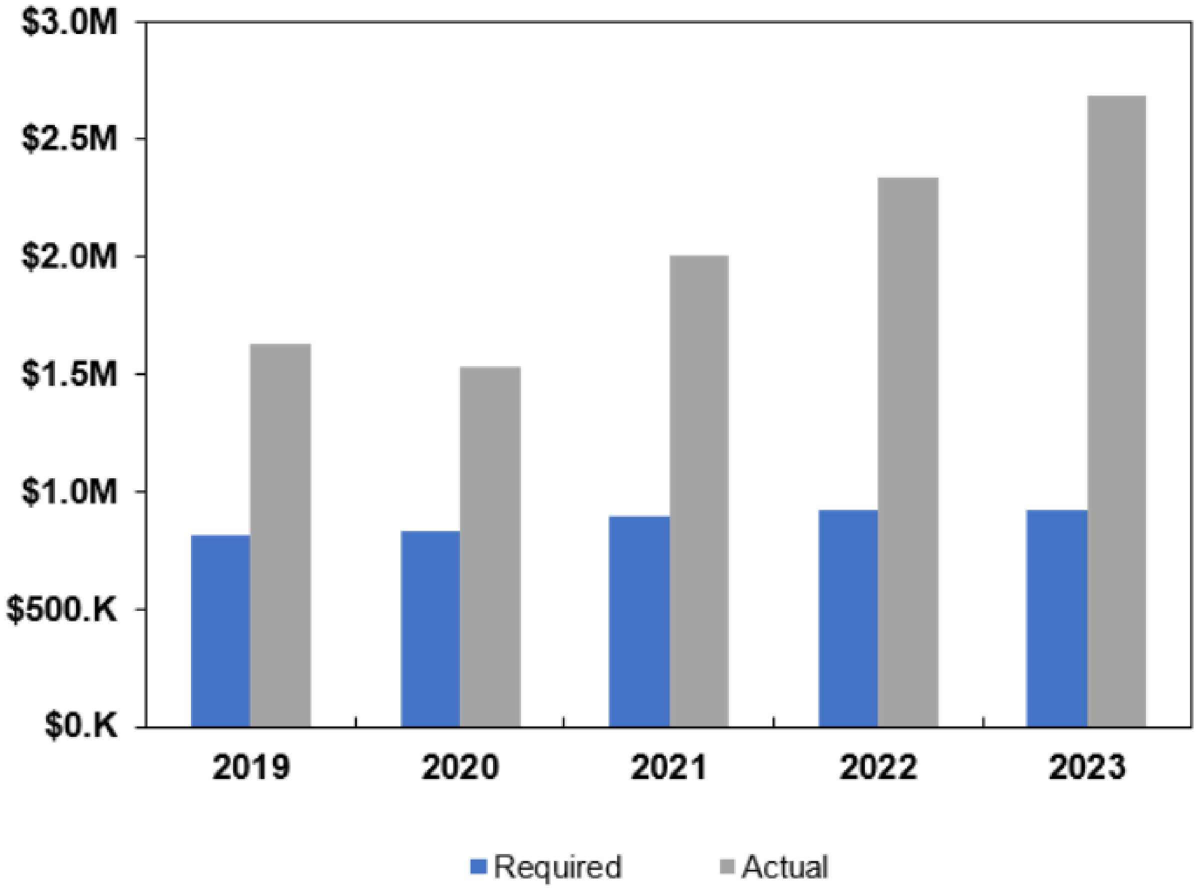


Sewer Revenues (000s Gallons Billed)
By Customer Class

	2019	2020	2021	2022	2023
Residential	42,268	43,381	43,912	43,929	43,736
Commercial	15,291	15,775	16,978	15,124	15,710
Industrial	43,895	31,084	24,760	18,323	23,361
Public authority	1,765	1,174	1,311	1,216	1,281
Wholesale (Portland)	8,486	6,575	5,272	5,149	4,310
Holding tank	366	-	-	-	-
Septic holding	213	-	-	-	-
Total	112,284	97,989	92,233	83,741	88,398

The increase in industrial sales is due to one major customer increasing utilization for sewage services in 2023.

Debt Coverage



Debt Coverage
Actual vs. Required

	2019	2020	2021	2022	2023
Required Net Earnings	$ 814,139	$ 828,614	$ 892,756	$ 925,380	$ 923,723
Actual Net Earnings	$ 1,632,018	$ 1,526,691	$ 1,999,201	$ 2,331,694	$ 2,682,392
Times Coverage	2.51	2.30	2.80	3.15	3.63

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.

Consolidated Statements of Cash Flows

	2021	2022	2023
Cash Flow From			
Operating activites	$ 1,854,995	$ 2,203,150	$ 2,490,149
Investing activities	11,829	474,597	57,736
Capital and related financing activities:			
Capital improvements	(3,671,004)	(3,572,614)	(8,117,312)
Debt service and Issuance	(714,735)	1,682,292	5,431,312
Noncapital financing activities	(261,521)	(268,474)	(238,625)
Net change in cash and cash equivalents	(2,780,436)	518,951	(376,740)
Cash and Cash Equivalents, Beginning	4,921,694	2,141,258	2,660,209
Cash and Cash Equivalents, Ending	2,141,258	2,660,209	2,283,469
Long-term investments	989,260	529,749	536,971
Total cash and investments	$ 3,130,518	$ 3,189,958	$ 2,820,440

The change in 2023 was the result of capital projects completed.

Cash flows from operating activities increased in 2023 due to a rate increase in water and sewer.

Cash flows from investing activities result mainly from less 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 2023 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

In 2022, 2022 Financing bonds were issued to fund sewer capital projects, and 2022 GO bonds were issued to fund water capital projects. Details of the existing debt are included in Note 6. No bonds were issued in 2023.

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 2021, and water rates increased in 2023. 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, 2023 and 2022

	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$ 1,472,866	$ 1,067,766
Restricted assets:		
Redemption account	195,087	127,633
Customer accounts receivable	756,200	746,402
Other accounts receivable	52,781	2,151
Materials and supplies	381,823	239,903
Total current assets	2,858,757	2,183,855
Noncurrent Assets		
Restricted assets:		
Reserve account	536,971	529,749
Replacement account	558,262	552,319
Construction account	57,254	912,491
Net pension asset	-	317,352
Interest receivable	5,068	5,068
Capital assets:		
Plant in service:		
Electric	13,311,882	12,562,963
Water	9,013,127	8,966,526
Sewer	11,891,877	11,828,931
Total plant in service	34,216,886	33,358,420
Accumulated depreciation/amortization:		
Electric	(5,047,537)	(4,864,805)
Water	(2,602,883)	(2,443,348)
Sewer	(7,083,136)	(6,759,928)
Total accumulated depreciation/amortization	(14,733,556)	(14,068,081)
Construction work in progress:		
Electric	181,872	197,764
Water	63,012	52,648
Sewer	8,953,315	1,060,462
Total construction work in progress	9,198,199	1,310,874
Total noncurrent assets	29,839,084	22,918,192
Total assets	32,697,841	25,102,047
Deferred Outflows of Resources		
Deferred outflows related to pension	835,164	598,873

Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 1,419,023	$ 351,345
Due to municipality	282,185	274,757
Accrued interest	2,439	5,752
Accrued vacation leave	54,813	55,773
Accrued liabilities	6,339	7,919
Commitment to community	5,234	9,413
Current liabilities payable from restricted assets:		
Current portion of general obligation debt	45,000	40,000
Current portion of revenue bonds	419,207	407,309
Accrued interest	18,589	19,574
Total current liabilities	2,252,829	1,171,842
Noncurrent Liabilities		
Bond anticipation notes	8,210,092	2,000,000
General obligation debt	415,000	460,000
Revenue bonds	5,683,250	6,102,457
Unamortized debt discount	(24,603)	(26,163)
Accrued sick leave	85,587	83,110
Customer advances for construction	-	145,327
Net pension liability	220,173	-
Total noncurrent liabilities	14,589,499	8,764,731
Total liabilities	16,842,328	9,936,573
Deferred Inflows of Resources		
Deferred inflows related to pension	449,440	720,053
Net Position		
Net investment in capital assets	14,186,545	12,725,809
Restricted for:		
Debt service	522,829	447,168
Equipment replacement	558,262	552,319
Pension asset	-	317,352
Unrestricted	973,601	1,001,646
Total net position	$ 16,241,237	$ 15,044,294

See notes to the financial statements

Waterloo Water and Light Commission

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Electric:		
Sales of electricity	$ 4,268,920	$ 4,538,604
Other	19,790	16,507
Total electric	4,288,710	4,555,111
Water:		
Sales of water	903,349	852,820
Other	35,877	28,004
Total water	939,226	880,824
Sewer:		
Treatment charges	2,172,343	1,583,092
Other	6,268	3,046
Total sewer	2,178,611	1,586,138
Total operating revenues	7,406,547	7,022,073
Operating Expenses		
Electric:		
Operation and maintenance	3,690,540	3,757,202
Depreciation	389,161	312,081
Total electric	4,079,701	4,069,283
Water:		
Operation and maintenance	316,132	290,634
Depreciation	195,940	186,335
Total water	512,072	476,969
Sewer:		
Operation and maintenance	802,247	675,626
Depreciation	339,195	328,027
Total Sewer	1,141,442	1,003,653
Total operating expenses	5,733,215	5,549,905
Operating Income		
Electric	209,009	485,828
Water	427,154	403,855
Sewer	1,037,169	582,485
Total operating income	1,673,332	1,472,168

See notes to the financial statements

	2023	2022
Nonoperating Expenses		
Investment income	$ 64,958	$ 15,086
Income from non-utility operations	13,100	16,462
Income from merchandising and jobbing	7,616	1,535
Interest expense	(327,173)	(152,094)
Amortization of discount, loss, and debt issuance cost	(1,560)	(72,837)
Total nonoperating expenses	(243,059)	(191,848)
Income before contributions and transfers	1,430,273	1,280,320
Capital Contributions	15,998	63,000
Transfers, Tax Equivalent	(249,328)	(254,965)
Change in net position	1,196,943	1,088,355
Net Position, Beginning	15,044,294	13,955,939
Net Position, Ending	$ 16,241,237	$ 15,044,294

Waterloo Water and Light Commission

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Received from customers	$ 7,288,101	$ 6,930,637
Received from municipality for services	74,555	75,956
Paid to suppliers for goods and services	(4,045,674)	(4,153,314)
Paid to employees for operating payroll	(826,833)	(650,129)
Net cash flows from operating activities	2,490,149	2,203,150
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(238,625)	(268,474)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(7,987,983)	(3,635,614)
Contributions (refunds) in aid of construction	(129,329)	63,000
Debt retired	(447,309)	(610,459)
Interest paid	(331,471)	(148,149)
Proceeds from debt issue	6,210,092	2,500,000
Debt issuance costs	-	(59,100)
Net cash flows from capital and related financing activities	(2,686,000)	(1,890,322)
Cash Flows From Investing Activities		
Investments purchased	(536,971)	(529,749)
Investments sold and matured	529,749	989,260
Investment income	64,958	15,086
Net cash flows from investing activities	57,736	474,597
Net change in cash and cash equivalents	(376,740)	518,951
Cash and Cash Equivalents, Beginning	2,660,209	2,141,258
Cash and Cash Equivalents, Ending	$ 2,283,469	$ 2,660,209
Noncash Investing, Capital and Financing Activities		
Amortization	$ 1,560	$ 13,737

See notes to the financial statements

Waterloo Water and Light Commission

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	$ 1,673,332	$ 1,472,168
Nonoperating revenue (expense)	20,716	17,997
Noncash items in operating income:		
Depreciation	924,296	826,443
Depreciation charged to clearing and other utilities	58,392	47,985
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(9,798)	(79,072)
Other accounts receivable	(50,630)	45,568
Materials and supplies	(141,920)	(47,825)
Pension related deferrals and liabilities	26,442	(83,191)
Accounts payable	(7,343)	(19,320)
Due to other funds	(3,275)	1,611
Accrued liabilities	(63)	20,786
Net cash flows from operating activities	$ 2,490,149	$ 2,203,150
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	$ 1,472,866	$ 1,067,766
Redemption account	195,087	127,633
Reserve account	536,971	529,749
Replacement account	558,262	552,319
Construction account	57,254	912,491
Total cash and investments	2,820,440	3,189,958
Less noncash equivalents	(536,971)	(529,749)
Cash and cash equivalents	$ 2,283,469	$ 2,660,209

See notes to the financial statements

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 city 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 May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Utility adopted this statement effective January 1, 2023 and there were no contracts identified to which this standard was effective.

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

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

Deposits and Investments

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

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.

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, 2023 and 2022 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:

	Years
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.

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. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the Utility.

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.

Current electric rates were approved by the PSCW effective March 1, 2021 and are designed to provide a 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. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

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 $400,000.

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.

In addition, the Utility and other funds of the city have collateral or depository insurance agreements in the amount of $0 and $6,900,000 at December 31, 2023 and 2022 respectively.

Custodial Credit Risk

Deposits

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

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

	2023		2022	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Farmers & Merchants State Bank	$ 617,862	$ 578,390	$ 1,979,263	$ 1,965,424
Avestar Credit Union	319,308	328,371	312,043	312,043
Ehlers	57,254	57,254	912,486	912,491
BMO	2,033,712	1,856,425	-	-
Total	$ 3,028,136	$ 2,820,440	$ 3,203,792	$ 3,189,958

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, 2023, the Utility did not have any investments.

As of December 31, 2022, the Utility investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
U.S. Treasury Securities	3/15/2022		$ 853,447

Investment Policy

No formal investment policy has been adopted by the Utility.

3. Interfund Receivables/Payables

The following is a schedule of interfund balances for the years ending December 31, 2023 and 2022:

		2023		2022	
Due To	Due From	Amount	Principal Purpose	Amount	Principal Purpose
Utility	Tax Fund	$ 26,292	Delinquent on tax roll	$ 4,062	Delinquent on tax roll
General Fund	Utility	283,823	Tax equivalent, garbage collections and general expenses	278,819	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, 2023 and 2022:

		2023		2022	
To	**From**	**Amount**	**Principal Purpose**	**Amount**	**Principal Purpose**
City	Utility	$ 249,328	Tax equivalent	$ 254,965	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.

Net Pension Asset

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

Restricted Net Position

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

	2023	2022
Restricted assets:		
Redemption account	$ 195,087	$ 127,633
Reserve account	536,971	529,749
Replacement account	558,262	552,319
Construction account	57,254	912,491
Net pension asset	-	317,352
Interest receivable	5,068	5,068
Total restricted assets	1,352,642	2,444,612
Less restricted assets not funded by revenues:		
Reserve from borrowing	(195,708)	(195,708)
Construction account	(57,254)	(912,491)
Total restricted assets not funded by revenues	(252,962)	(1,108,199)
Current liabilities payable from restricted assets	(18,589)	(19,574)
Total restricted net position as calculated	$ 1,081,091	$ 1,316,839

The purpose of the restricted net position is as follows:

	2023	2022
Debt service	$ 522,829	$ 447,168
Equipment replacement	558,262	552,319
Pension asset	-	317,352
Total restricted net position	$ 1,081,091	$ 1,316,839

5. Changes in Capital Assets

Electric Utility

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

	Balance 1/1/23	Increases	Decreases	Balance 12/31/23
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	2,532,854	208,674	90,355	2,651,173
Total capital assets being depreciated	12,363,233	1,011,366	262,447	13,112,152
Total capital assets	12,562,963	1,011,366	262,447	13,311,882
Less accumulated depreciation:				
Distribution	(3,419,414)	(357,591)	198,042	(3,578,963)
General	(1,445,391)	(113,538)	90,355	(1,468,574)
Total accumulated depreciation	(4,864,805)	(471,129)	288,397	(5,047,537)
Construction in progress	197,764	692,823	708,715	181,872
Net capital assets	$ 7,895,922			$ 8,446,217

A summary of changes in electric capital assets for 2022 follows:

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated:				
Land and land rights	$ 151,824	$ 47,906	$ -	$ 199,730
Capital assets being depreciated:				
Distribution	5,878,690	3,993,197	41,508	9,830,379
General	2,520,234	13,758	1,138	2,532,854
Total capital assets being depreciated	8,398,924	4,006,955	42,646	12,363,233
Total capital assets	8,550,748	4,054,861	42,646	12,562,963
Less accumulated depreciation:				
Distribution	(3,161,665)	(305,408)	47,659	(3,419,414)
General	(1,353,699)	(92,830)	1,138	(1,445,391)
Total accumulated depreciation	(4,515,364)	(398,238)	48,797	(4,864,805)
Construction in progress	2,538,084	1,638,954	3,979,274	197,764
Net capital assets	$ 6,573,468			$ 7,895,922

Water Utility

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	8,953,413	114,033	67,432	9,000,014
Total capital assets	8,966,526	114,033	67,432	9,013,127
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	(2,443,348)	(226,967)	67,432	(2,602,883)
Construction in progress	52,648	10,364	-	63,012
Net capital assets	$ 6,575,826			$ 6,473,256

A summary of changes in water capital assets for 2022 follows:

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
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	-	-	30,000
Transmission and distribution	6,457,498	766,673	34,374	7,189,797
General	735,352	9,982	487	744,847
Total capital assets being depreciated	8,211,619	776,655	34,861	8,953,413
Total capital assets	8,224,732	776,655	34,861	8,966,526
Less accumulated depreciation:				
Source of supply	(39,341)	(1,546)	-	(40,887)
Pumping	(670,700)	(32,067)	-	(702,767)
Water treatment	(16,902)	(1,800)	-	(18,702)
Transmission and distribution	(1,188,620)	(143,565)	34,371	(1,297,814)
General	(347,664)	(36,001)	487	(383,178)
Total accumulated depreciation	(2,263,227)	(214,979)	34,858	(2,443,348)
Construction in progress	50,499	51,731	49,582	52,648
Net capital assets	$ 6,012,004			$ 6,575,826

Sewer Utility

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	11,807,168	62,946	-	11,870,114
Total capital assets	11,828,931	62,946	-	11,891,877
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	(6,759,928)	(323,208)	-	(7,083,136)
Construction in progress	1,060,462	7,939,124	46,271	8,953,315
Net capital assets	$ 6,129,465			$ 13,762,056

A summary of changes in sewer capital assets for 2022 follows:

	Balance 1/1/22	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated:				
Land and land rights	$ 21,763	$ -	$ -	$ 21,763
Capital assets being depreciated:				
Collecting system	3,312,719	326,352	3,856	3,635,215
Collecting system pumping	189,123	-	-	189,123
Treatment and disposal	6,833,880	-	-	6,833,880
General	1,101,119	47,831	-	1,148,950
Total capital assets being depreciated	11,436,841	374,183	3,856	11,807,168
Total capital assets	11,458,604	374,183	3,856	11,828,931
Less accumulated depreciation:				
Collecting system	(624,286)	(49,675)	3,855	(670,106)
Collecting system pumping	(130,623)	(7,037)	-	(137,660)
Treatment and disposal	(5,170,384)	(215,125)	-	(5,385,509)
General	(524,797)	(41,856)	-	(566,653)
Total accumulated depreciation	(6,450,090)	(313,693)	3,855	(6,759,928)
Construction in progress	140,021	924,571	4,130	1,060,462
Net capital assets	$ 5,148,535			$ 6,129,465

6. Long-Term Obligations

Revenue Bond and Revenue Bond Anticipation Note Debt

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/23	
11/06/2012	Capital improvements and refinancing capital improvement debt	11/01/2028	3%	$ 3,255,000	$ 315,000	
03/27/2013	Refinance capital improvement debt	05/01/2032	3	1,384,900	742,457 *	
11/15/2016	Capital improvements debt	11/01/2036	3	1,310,000	1,010,000	
09/10/2020	Capital improvements debt	11/01/2040	0.40-2.25	4,335,000	4,035,000	
06/30/2022	Capital improvements debt	06/30/2025	2.42-4.17	8,210,092	8,210,092	(1)

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

(1) - During 2022 the Utility was authorized to issue a revenue bond anticipation note for $17,114,000. The original amount reported above has been issued as of December 31, 2023. The repayment schedule is for the amount issued.

Revenue bonds debt service requirements to maturity follows:

Years Ending December 31:	Bonds Principal	Bonds Interest	Direct Placement Principal	Direct Placement Interest	Total
2024	$ 345,000	$ 374,871	$ 74,207	$ 18,516	$ 812,594
2025	8,565,092	420,111	76,155	16,542	9,077,900
2026	360,000	83,683	78,154	14,517	536,354
2027	360,000	78,803	80,205	12,438	531,446
2028	360,000	73,515	82,311	10,305	526,131
2029-2033	1,510,000	295,937	351,425	18,748	2,176,110
2034-2038	1,530,000	152,837	-	-	1,682,837
2039-2040	540,000	18,090	-	-	558,090
Total	$ 13,570,092	$ 1,497,847	$ 742,457	$ 91,066	$ 15,901,462

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 2023 and 2022 were $738,978 and $740,304, respectively. Total customer net revenues as defined for the same periods were $2,683,302 and $2,331,694. Annual principal and interest payments are expected to require 16% of net revenues on average. This excludes the debt service on the BANS which has not yet been calculated over the final refinanced debt term.

General Obligation Debt

The following general obligation notes have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/23
08/22/2022	Water Projects	11/01/2032	3 %	$ 500,000	$ 460,000

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

General obligation notes debt service requirements to maturity follows:

Years Ending December 31:	Bonds Principal	Bonds Interest	Direct Placement Principal	Direct Placement Interest	Total
2024	$ 45,000	$ 14,714	$ -	$ -	$ 59,714
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
2029-2032	220,000	18,028	-	-	238,028
Total	$ 460,000	$ 76,629	$ -	$ -	$ 536,629

Long-Term Obligations Summary

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

	1/1/23 Balance	Additions	Reductions	12/31/23 Balance	Due Within One Year
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	(26,163)	1,560	-	(24,603)	-
Total	$ 9,212,040	$ 6,257,768	$ 636,275	$ 14,833,533	$ 464,207

Long-term obligation activity for the year ended December 31, 2022 is as follows:

	1/1/22 Balance	Additions	Reductions	12/31/22 Balance	Due Within One Year
Revenue bonds	$ 7,120,225	$ -	$ 610,459	$ 6,509,766	$ 407,309
General obligation debt	-	500,000	-	500,000	40,000
Revenue Bond Anticipation Note	-	2,000,000	-	2,000,000	-
Accrued sick leave	63,921	34,524	15,335	83,110	-
Customer advances for construction	145,327	-	-	145,327	-
Unamortized debt discount	(29,043)	-	(2,880)	(26,163)	-
Total	$ 7,300,430	$ 2,534,524	$ 622,914	$ 9,212,040	$ 447,309

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 2012, 2013, 2016, 2020, and 2022 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, 2023:

Type	Coverage	Expiration
Automobile	$ 5,000,000	1/1/2024
Excess liability	5,000,000	1/1/2024
Workers Compensation	500,000	1/1/2024

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2023 and 2022 as follows:

	2023	2022
Operating revenues	$ 7,406,547	$ 7,022,073
Investment income	64,958	15,086
Miscellaneous nonoperating income	13,100	16,462
Income from merchandising and jobbing	7,616	1,535
Less operation and maintenance expenses	(4,808,919)	(4,723,462)
Net defined earnings	$ 2,683,302	$ 2,331,694
Minimum required earnings per resolution:		
Current year's revenue bond debt service	$ 738,978	$ 740,304
Coverage factor	1.25	1.25
Minimum required earnings	$ 923,723	$ 925,380
Actual debt coverage	3.63	3.15

Number of Customers and Billed Volumes - Electric

The Utility has the following number of customers and billed volumes for 2023 and 2022:

	Customers		Sales (000 kWh)	
	2023	2022	2023	2022
Residential	1,636	1,503	12,513	13,024
General	293	248	4,237	4,468
Small power	19	14	5,719	4,992
Large power	8	8	10,237	11,292
Street and highway lighting	2	2	226	238
Total	1,958	1,775	32,932	34,014

Number of Customers and Billed Volumes - Water

The Utility has the following number of customers and billed volumes for 2023 and 2022:

	Customers		Sales (000 gals)	
	2023	2022	2023	2022
Residential	1,173	1,083	46,540	45,422
Multifamily residential	25	25	6,228	6,096
Commercial	109	110	13,997	11,353
Industrial	11	10	22,050	19,374
Public authority	15	15	2,160	1,487
Irrigation	1	1	2,404	2,585
Interdepartmental	6	6	3,292	2,908
Total	1,340	1,250	96,671	89,225

Number of Customers and Billed Volumes - Sewer

The Utility has the following number of customers and billed volumes for 2023 and 2022:

	Customers		Sales (000 gals)	
	2023	2022	2023	2022
Residential	1,170	1,081	43,736	43,929
Commercial	138	126	15,710	15,124
Industrial	11	9	23,361	18,323
Public authority	13	12	1,281	1,216
Wholesale	1	1	4,310	5,149
Total	1,333	1,229	88,398	83,741

7. Net Position

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

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

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

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

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

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

	2023	2022
Plant in service	$ 34,216,886	$ 33,358,420
Accumulated depreciation/amortization	(14,733,556)	(14,068,081)
Construction work in progress	9,198,199	1,310,874
Subtotal	28,681,529	20,601,213
Less capital related debt:		
Current portion of capital related long-term debt	464,207	447,309
Long-term portion of capital related long-term debt	14,308,342	8,562,457
Unamortized debt discount	(24,603)	(26,163)
Subtotal	14,747,946	8,983,603
Add unspent debt proceeds:		
Reserve from borrowing	195,708	195,708
Construction funds	57,254	912,491
Subtotal	252,962	1,108,199
Total net investment in capital assets	$ 14,186,545	$ 12,725,809

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.

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 retirement benefit based on a formula factor, their 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.

Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)	9.0
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

Contributions

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

The WRS recognized $48,828 and $46,375 in contributions from the Utility during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2023 and December 31, 2022 are:

	2023		2022	
	Employee	**Employer**	**Employee**	**Employer**
General (including Executives and Elected Officials)	6.50 %	6.50 %	6.75 %	6.75 %
Protective with Social Security	6.50 %	12.00 %	6.75 %	11.75 %
Protective without Social Security	6.50 %	16.40 %	6.75 %	16.35 %

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

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 proportion was 0.01344190%, which was an increase of 0.0001% from its proportion measured as of December 31, 2021.

At December 31, 2022, the Utility reported a liability (asset) of $(317,352) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the Utility's proportion was 0.01331569%, which was an increase of 0.0002% from its proportion measured as of December 31, 2020.

For the years ended December 31, 2023 and 2022, the Utility recognized pension expense (revenue) of $30,621 and $(83,218), respectively.

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 projected 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	66,188	-
Total	$ 835,164	$ 449,440

At December 31, 2022, 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	$ 490,764	$ 25,997
Changes in assumption	58,759	-
Net differences between project and actual earnings on pension plan	-	693,198
Changes in proportion and differences between employer contributions and proportionate share of contributions	522	858
Employer contributions subsequent to the measurement date	48,828	-
Total	$ 598,873	$ 720,053

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:	
2024	$ 27,546
2025	156,822
2026	68,904
2027	66,264
2028	-
Thereafter	-
Total	$ 319,536

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:

	2023	2022
Actuarial Valuation Date:	December 31, 2021	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2022	December 31, 2021
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
Post-Retirement Adjustments: *	1.7%	1.7%

* *No post-retirement 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 post-retirement 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, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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, 2023 are summarized in the following table:

Asset Allocation Targets and Expected Returns[1] 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%.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2022 are summarized in the following table:

Asset Allocation Targets and Expected Returns[1] as of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %[2]
Global Equities	52 %	6.8 %	4.2 %
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund[3]	115	6.6	4.0
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

[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, 2023 and December 31, 2022. 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 4.05%. 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 1.84%. (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, 2022 and 2021, 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.

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, 2023 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
The Utility's proportionate share of the net position liability (asset)	$ 730,314	$ 220,173	$ (130,980)

The sensitivity analysis as of December 31, 2022 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
The Utility's proportionate share of the net position liability (asset)	$ 225,422	$ (317,352)	$ (708,625)

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.

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 $253 million as of December 31, 2023.

Claims and Judgments

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

Open Contracts

The Utility has open contract for $22,221,337 for upgrading the existing Wastewater Treatment Facility (WWTF). As of December 31, 2023, approximately $9,320,963 has been expended.

10. Significant Customers

Electric Utility

The Utility has one significant customer who was responsible for 12% of operating revenues in 2023 and 2022.

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.

Commitments

The Utility has been approved to receive a United States Department of Agriculture (USDA) Loan to refinance the bond anticipation notes issued in 2022 to finance the improvements at the wastewater treatment plant. This refinancing is expected to be finalized in early 2024.

Debt Issue

On February 14, 2024 the Utility issued $4,355,649 of Clean Water Fund Program (CWFP) Loan revenue bonds debt to finance upgrading the existing Wastewater Treatment Facility (WWTF) to address aging equipment and treatment structures, increase plant capacity, and add new treatment technology to meet lower effluent phosphorus limits. The CWFP is funding $6,176,742 of the Project Costs with an award of $1,451,884 in general Principle Forgiveness.. The debt is payable over 20 years and bears a net interest rate of 2.036%.

REQUIRED SUPPLEMENTARY INFORMATION

Waterloo Water and Light Commission

Schedule of Proportionate Share of the Net Pension Asset - Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
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%

Schedule of Employer Contributions - Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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	-	973,346	6.80%

See notes to required supplementary information

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

Changes of assumptions .

	2015 - 2018	2019 - 2023
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, 2023

	Balance 1/1/23	Additions	Retirements	Balance 12/31/23
Distribution				
Land and land rights	$ 48,940	$ -	$ -	$ 48,940
Structures and improvements	4,926	-	-	4,926
Station equipment	3,948,768	219,879	39,836	4,128,811
Poles, towers and fixtures	769,936	35,700	3,009	802,627
Overhead conductors and devices	554,439	46,781	13,334	587,886
Underground conduit	16,676	47,524	-	64,200
Underground conductors and devices	2,014,355	188,207	-	2,202,562
Line transformers	973,335	39,597	53,054	959,878
Services	654,635	77,970	35	732,570
Meters	416,020	125,727	62,824	478,923
Street lighting and signal systems	477,289	21,307	-	498,596
Total distribution	9,879,319	802,692	172,092	10,509,919
General				
Land and land rights	150,790	-	-	150,790
Structures and improvements	1,866,285	557	-	1,866,842
Office furniture and equipment	10,532	-	-	10,532
Computer equipment	19,715	7,157	-	26,872
Transportation equipment	455,182	194,931	90,355	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	88,534	6,029	-	94,563
Communication equipment	8,219	-	-	8,219
Miscellaneous equipment	6,426	-	-	6,426
Total general	2,683,644	208,674	90,355	2,801,963
Total electric utility plant	$12,562,963	$ 1,011,366	$ 262,447	$13,311,882

Waterloo Water and Light Commission

Water Utility Plant
Year Ended December 31, 2023

	Balance 1/1/23	Additions	Retirements	Balance 12/31/23
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	74,779	-	-	74,779
Pumping				
Structures and improvements	678,784	-	-	678,784
Electric pumping equipment	235,132	-	-	235,132
Other pumping equipment	2,086	-	-	2,086
Total pumping	916,002	-	-	916,002
Water Treatment				
Water treatment equipment	30,000	-	1,156	28,844
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	678,957	109,897	64,032	724,822
Hydrants	602,046	-	-	602,046
Total transmission and distribution	7,191,814	109,897	64,032	7,237,679
General				
Land and land rights	9,084	-	-	9,084
Structures and improvements	371,582	557	2,244	369,895
Office furniture and equipment	4,250	-	-	4,250
Computer equipment	12,660	3,579	-	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	753,931	4,136	2,244	755,823
Total water utility plant	$ 8,966,526	$ 114,033	$ 67,432	$ 9,013,127

Waterloo Water and Light Commission

Sewer Utility Plant
Year Ended December 31, 2023

	Balance 1/1/23	Additions	Retirements	Adjustments	Balance 12/31/23
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	3,635,216	-	-	-	3,635,216
Collecting System Pumping					
Pump station equipment	126,552	-	-	(9,503)	117,049
Electric pumping equipment	62,571	-	-	9,503	72,074
Total collecting system pumping	189,123	-	-	-	189,123
Treatment and Disposal					
Land and land rights	400	-	-	-	400
Structures and improvements	3,454,368	-	-	3,715	3,458,083
Preliminary treatment equipment	352,372	-	-	-	352,372
Primary treatment equipment	63,473	8,772	-	-	72,245
Secondary treatment equipment	1,363,589	12,496	-	-	1,376,085
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	-	-	-	34,284
Other treatment and disposal equipment	257,650	-	-	-	257,650
Total treatment and disposal	6,834,282	21,268	-	3,715	6,859,265
General					
Land and land rights	21,363	-	-	-	21,363
Structures and improvements	582,374	-	-	(3,715)	578,659
Office furniture and equipment	4,892	-	-	-	4,892
Computer equipment	15,923	4,178	-	-	20,101
Transportation equipment	105,754	-	-	-	105,754
Communication equipment	267,756	-	-	-	267,756
Other general equipment	172,248	37,500	-	-	209,748
Total general	1,170,310	41,678	-	(3,715)	1,208,273
Total sewer utility plant	$11,828,931	$ 62,946	$ -	$ -	$11,891,877

Waterloo Water and Light Commission

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Sales of electricity:		
Residential	$ 1,565,928	$ 1,656,194
Rural	109,068	122,022
General service	505,044	543,767
Small power	623,921	571,853
Large power	1,250,465	1,407,392
Public street and highway lighting	74,555	75,956
Interdepartmental	139,939	161,420
Total sales of electricity	4,268,920	4,538,604
Other operating revenues:		
Forfeited discounts	8,683	9,761
Miscellaneous service revenues	5,240	3,640
Rent from electric property	5,257	2,469
Other	610	637
Total operating revenues	4,288,710	4,555,111
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	2,885,966	3,122,304
Other	-	9,391
Total other power supply	2,885,966	3,131,695
Distribution:		
Operation supervision and engineering	13,928	-
Station	31,176	34,822
Overhead line	18,802	11,950
Underground line	52,790	34,994
Street lighting and signal system	26,340	22,545
Meter	10,426	7,067
Customer installations	3,596	5,759
Miscellaneous	98,021	54,764
Maintenance:		
Supervision and engineering	36,681	26,302
Overhead lines	55,032	44,557
Total distribution	346,792	242,760
Customer accounts:		
Meter reading	10,008	6,579
Customer records and collection	49,480	42,521
Total customer accounts	59,488	49,100
Sales:		
Advertising	2,065	300

		2023		2022
Administrative and general:				
Salaries	$	59,551	$	51,025
Office supplies		31,077		28,235
Administrative expenses transferred		(25,247)		(18,874)
Outside services employed		28,677		33,396
Property insurance		16,013		12,090
Employee pensions and benefits		135,731		103,558
Regulatory commission		18,552		2,023
Miscellaneous		51,947		34,614
Transportation		(6,447)		2,761
Maintenance		47,085		51,050
Total administrative and general		356,939		299,878
Taxes		39,290		33,469
Total operation and maintenance		3,690,540		3,757,202
Depreciation		389,161		312,081
Total operating expenses		4,079,701		4,069,283
Operating income	$	209,009	$	485,828

Waterloo Water and Light Commission

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Sales of water:		
Metered:		
Residential	$ 391,796	$ 376,787
Commercial	120,049	105,984
Industrial	83,373	73,559
Public authorities	16,105	13,172
Interdepartmental	16,270	14,548
Service to other systems	9,405	9,961
Total metered sales	636,998	594,011
Private fire protection	6,900	6,902
Public fire protection	259,451	251,907
Total sales of water	903,349	852,820
Other operating revenues:		
Forfeited discounts	2,843	2,539
Other	33,034	25,465
Total operating revenues	939,226	880,824
Operating Expenses		
Operation and maintenance:		
Source of supply:		
Operation supervision and engineering	15,147	13,268
Operation labor	6,006	6,325
Total source of supply	21,153	19,593
Pumping:		
Power production labor	91	-
Fuel or purchased power for pumping	19,776	20,250
Pumping labor	12,864	11,480
Miscellaneous	4,634	5,055
Maintenance:		
Structures and improvements	2,218	1,497
Pumping equipment	5,088	8,443
Total pumping	44,671	46,725
Water treatment:		
Chemicals	11,637	12,643
Operation labor	16,069	17,956
Maintenance:		
Water treatment equipment	2,105	940
Total water treatment	29,811	31,539

Waterloo Water and Light Commission

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2023 and 2022

	2023	2022
Transmission and distribution:		
Storage facilities	$ 72	$ 90
Transmission and distribution lines	17,984	25,133
Meters	(734)	8,173
Customer installations	3,368	5,156
Miscellaneous	2,547	3,421
Maintenance:		
Mains	9,488	5,877
Services	6,338	7,774
Hydrants	1,805	1,312
Total transmission and distribution	40,868	56,936
Customer accounts:		
Meter reading	8,543	3,820
Accounting and collecting labor	23,699	19,747
Total customer accounts	32,242	23,567
Administrative and general:		
Salaries	29,121	23,911
Office supplies	16,543	15,049
Administrative expenses transferred	-	(3,114)
Outside services employed	12,013	26,925
Property insurance	8,227	6,302
Employee pensions and benefits	52,581	11,145
Regulatory commission	-	1,182
Miscellaneous	7,163	8,398
Transportation	1,836	(1,077)
Maintenance	12,749	16,989
Total administrative and general	140,233	105,710
Taxes	7,154	6,564
Total operation and maintenance	316,132	290,634
Depreciation	195,940	186,335
Total operating expenses	512,072	476,969
Operating income	$ 427,154	$ 403,855

Waterloo Water and Light Commission

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Wastewater revenues:		
Residential	$ 954,686	$ 783,052
Commercial	313,494	242,364
Industrial	787,688	453,428
Public authorities	39,176	33,282
Service to other systems	77,299	70,966
Total sewer revenues	2,172,343	1,583,092
Other operating revenues:		
Forfeited discounts	5,357	3,046
Miscellaneous	911	-
Total operating revenues	2,178,611	1,586,138
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	124,380	88,995
Power and fuel for pumping	125,548	131,672
Phosphorous removal chemicals	45,836	54,468
Sludge conditioning chemicals	22,536	21,042
Other operating supplies	57,910	51,146
Transportation	(4,069)	(971)
Total operation	372,141	346,352
Maintenance:		
Collection system	67,729	40,804
Treatment and disposal plant equipment	63,953	42,135
General plant structures and equipment	19,757	27,349
Total maintenance	151,439	110,288
Customer accounts:		
Accounting and collecting	25,291	18,818
Meter Reading	17	-
Total customer accounts	25,308	18,818
Administrative and general:		
Salaries	41,730	36,147
Office supplies	19,019	17,677
Outside services employed	13,103	50,409
Insurance	13,914	11,458
Employees pensions and benefits	100,459	39,858
Miscellaneous	37,883	25,521
Total administrative and general	226,108	181,070
Taxes	27,251	19,098
Total operation and maintenance	802,247	675,626
Depreciation	339,195	328,027
Total operating expenses	1,141,442	1,003,653
Operating income	$ 1,037,169	$ 582,485