Waterloo Water and Light Commission

An Enterprise Fund of the City of Waterloo, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2025 and 2024

Waterloo Water and Light Commission

An Enterprise Fund of the City of Waterloo, Wisconsin
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December 31, 2025 and 2024

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, 2025, and 2024, 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, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements 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, 2025, and 2024, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

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 14, 2026

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, 2025, and 2024. You are invited to read this narrative in conjunction with the Utility's financial statements.

Financial Highlights

The following summarizes the operating results of each Utility.

Electric Utility Earnings

Operating income increased from $275,000 in 2024 to $516,000 in 2025. Revenues increased 8.28% due to an increase in rates, effective May 1, 2024, and 3% increase in consumption. Operating expenses increased by 2.92% due to an increase related to purchased power.

Water Utility Earnings

The Water Utility had an operating income of $328,000 in 2025, down 24.16% from $433,000 in 2024. Operating revenues in 2025 decreased by 4.84% due to lower water consumption. Operating expenses increased by 10.51% due to higher maintenance costs.

Sewer Utility Earnings

The Sewer Utility had an operating income of $543,000 in 2025, compared with $1,049,000 in 2024. Operating revenues decreased by 5.83% due to a decline in sewer consumption in 2025. Operating expenses increased by 31.73% in 2025 due to a significant increase in depreciation expense.

Debt Coverage

The actual combined debt coverage for 2025 was 2.49, 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

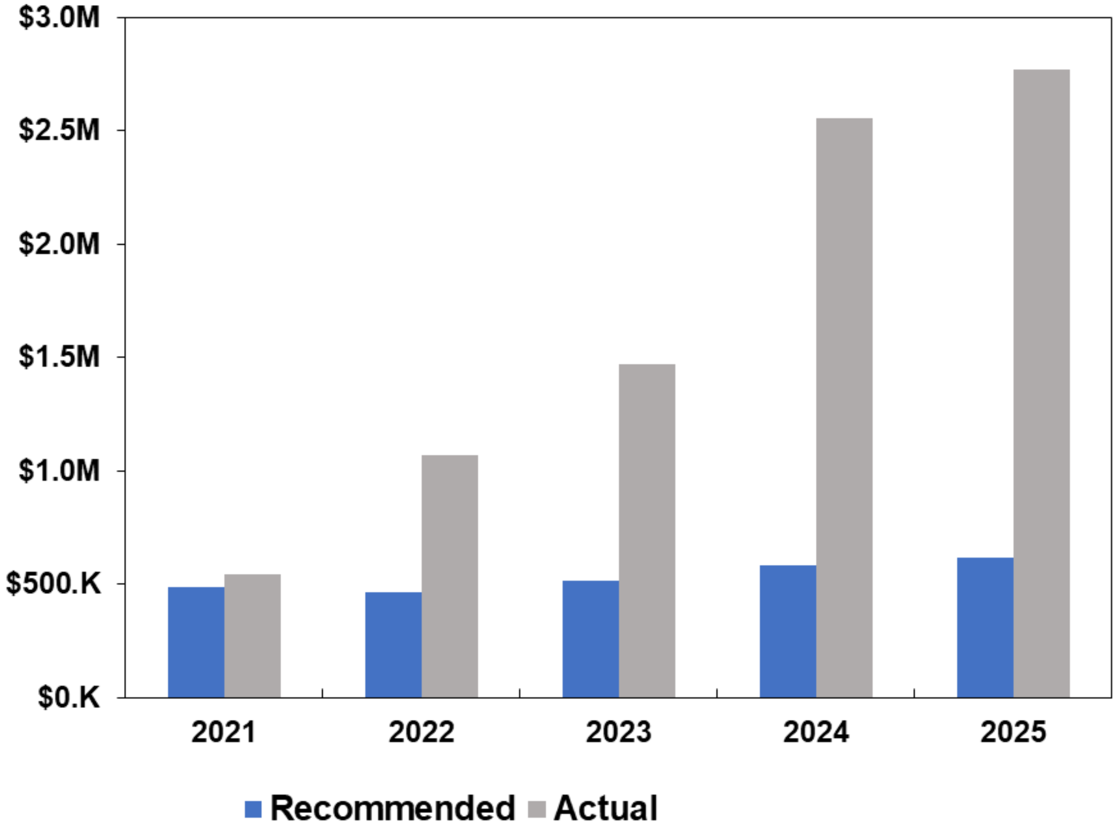
An analysis of the Utility's financial position begins with a review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information. These two statements report the Utility's net position and changes therein. The Utility's net position, the difference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

	2023	2024	2025
Assets and Deferred Outflows			
Unrestricted cash and investments	$ 1,472,866	$ 2,556,522	$ 2,771,544
Customer accounts receivable	756,200	743,411	808,107
Restricted and designated assets	1,352,642	1,609,636	1,747,083
Other assets and deferred outflows	1,269,768	897,957	823,884
Net electric plant	8,446,217	8,587,271	8,690,508
Net water plant	6,473,256	6,458,461	7,371,937
Net sewer plant	13,762,056	22,970,591	28,288,872
Total assets and deferred outflows	33,533,005	43,823,849	50,501,935
Liabilities and Deferred Inflows			
Long-term liabilities	14,589,499	23,871,120	26,338,815
Other liabilities and deferred inflows	2,702,269	2,224,916	3,499,706
Total liabilities and deferred inflows	17,291,768	26,096,036	29,838,521
Net Position			
Net investment in capital assets	14,186,545	13,570,916	17,431,799
Restricted for:			
Debt service	522,829	960,594	574,815
Equipment replacement	558,262	577,418	894,524
Unrestricted	973,601	2,618,885	1,762,276
Total net position	$ 16,241,237	$ 17,727,813	$ 20,663,414

The Electric Utility increased its net position by $287,000, the Water Utility increased its net position by $401,000, and the Sewer Utility increased its net position by $2,248,000.

Unrestricted Funds on Hand



Unrestricted Funds on Hand
Actual vs. Recommended
2021-2025

	2021	2022	2023	2024	2025
Minimum Funding Benchmark					
1 Months Billings	$ 513,226	$ 585,173	$ 617,212	$ 631,271	$ 646,615
Actual Funds on Hand	545,015	1,067,766	1,472,866	2,556,522	2,771,544
Months Billings on Hand	1.06	1.82	2.39	4.05	4.29

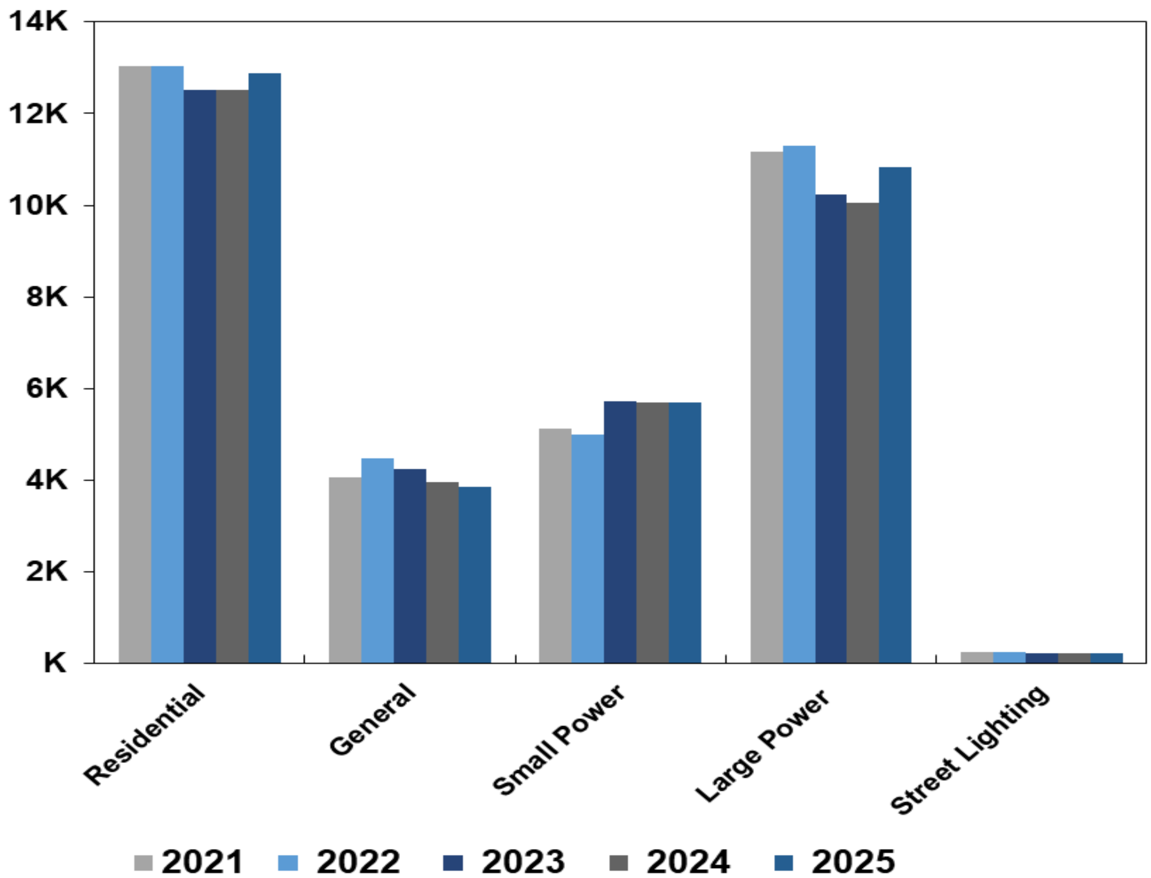
A Utility should maintain funds to cover its operations in a normal business operating cycle (i.e., quarterly, monthly) plus a contingency. In addition, utilities should have available an amount equal to one year's capital improvements. These funding levels facilitate budgeting since there will be less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

This shows that the Utility increased their cash reserves in 2025. 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

	2023	2024	2025
Operating Revenues			
Electric	$ 4,288,710	$ 4,366,771	$ 4,728,247
Water	939,226	977,094	929,783
Sewer	2,178,611	2,231,382	2,101,348
Total operating revenues	7,406,547	7,575,247	7,759,378
Operating Expenses			
Electric:			
Operation and Maintenance	3,690,540	3,681,275	3,782,190
Depreciation	389,161	411,040	429,692
Total electric	4,079,701	4,092,315	4,211,882
Water:			
Operation and Maintenance	316,132	356,956	396,502
Depreciation	195,940	187,409	205,085
Total water	512,072	544,365	601,587
Sewer:			
Operation and Maintenance	802,247	883,678	826,427
Depreciation	339,195	298,943	731,436
Total sewer	1,141,442	1,182,621	1,557,863
Total operating expenses	5,733,215	5,819,301	6,371,332
Operating Income			
Electric	209,009	274,456	516,365
Water	427,154	432,729	328,196
Sewer	1,037,169	1,048,761	543,485
Total operating income	1,673,332	1,755,946	1,388,046
Nonoperating Revenue	85,674	519,438	131,149
Nonoperating Expenses	(328,733)	(976,665)	(586,610)
Income before contributions and transfers	1,430,273	1,298,719	932,585
Capital Contributions	15,998	448,077	2,226,364
Capital Contributions, Municipal	-	-	36,103
Tranfers, Tax Equivalent	(249,328)	(260,220)	(259,451)
Change in net position	$ 1,196,943	$ 1,486,576	$ 2,935,601

Electric Sales

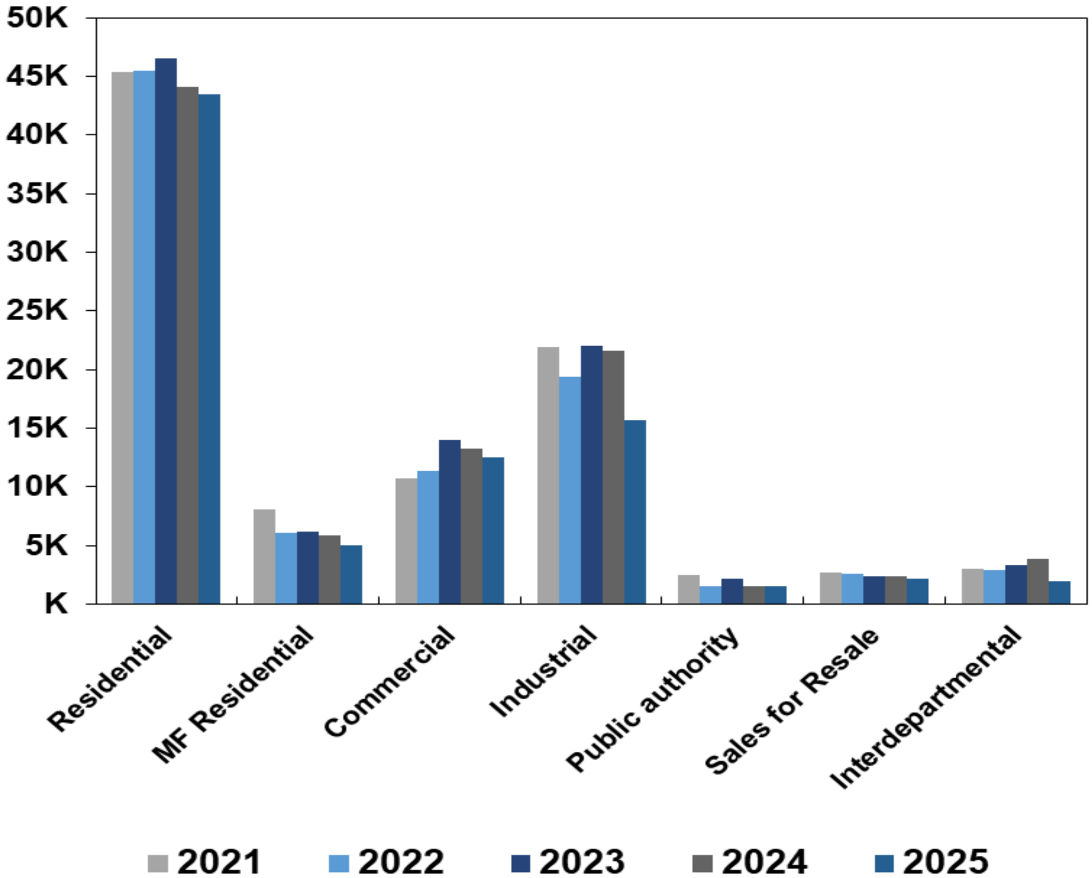


Electric Sales (000 kWh Sold)
By Customer Class

	2021	2022	2023	2024	2025
Residential	13,040	13,024	12,513	12,515	12,877
General	4,045	4,468	4,237	3,964	3,850
Small power	5,122	4,992	5,719	5,681	5,690
Large power	11,159	11,292	10,237	10,056	10,836
Street lighting	245	238	226	210	206
Total	33,611	34,014	32,932	32,426	33,459

Electric sales by customer class rose due to higher usage across almost all classes. Residential, Small Power, and Large Power saw increased usage in 2025, while General and Street lighting saw a decrease.

Water Sales

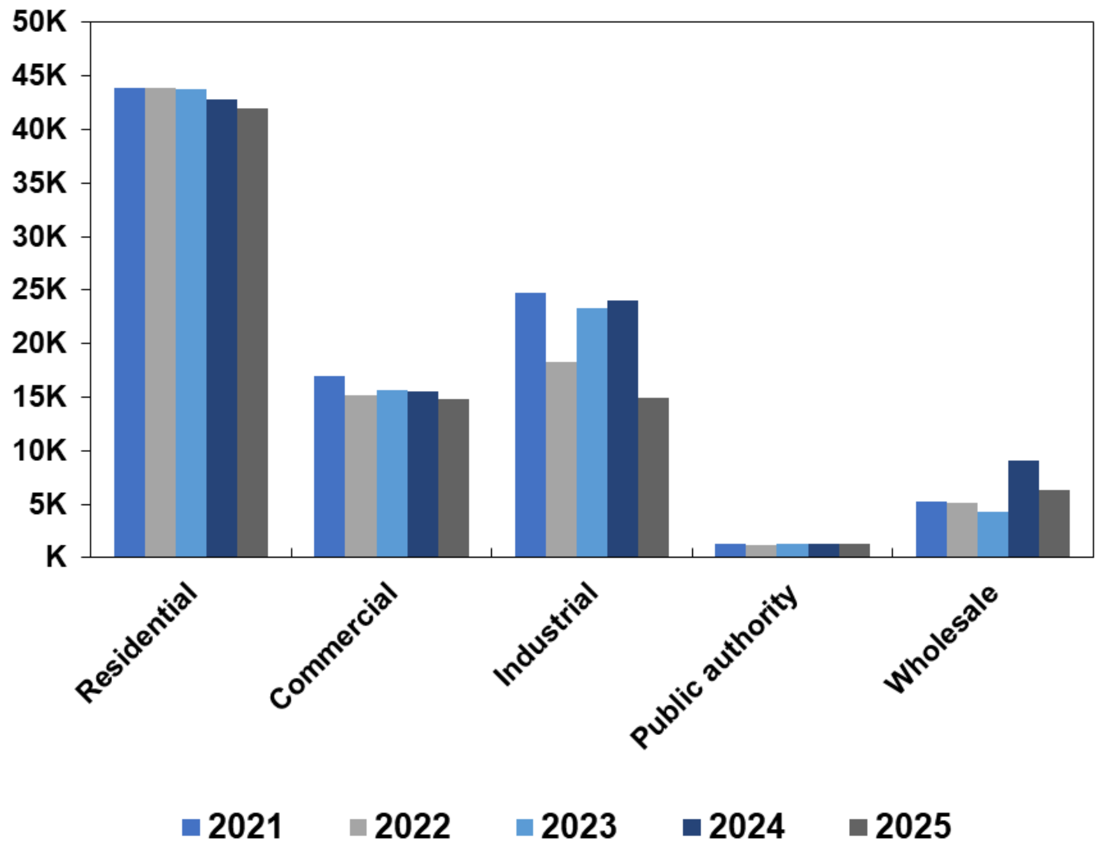


Water Sales (000s Gallons Sold)
By Customer Class

	2021	2022	2023	2024	2025
Residential	45,384	45,422	46,540	44,055	43,472
Multi-family residential	8,074	6,096	6,228	5,807	4,996
Commercial	10,753	11,353	13,997	13,230	12,526
Industrial	21,874	19,374	22,050	21,616	15,685
Public authority	2,427	1,487	2,160	1,565	1,529
Sales for resale (Portland)	2,687	2,585	2,404	2,400	2,150
Interdepartmental	3,000	2,908	3,292	3,892	1,936
Total	94,199	89,225	96,671	92,565	82,294

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

Sewer Sales

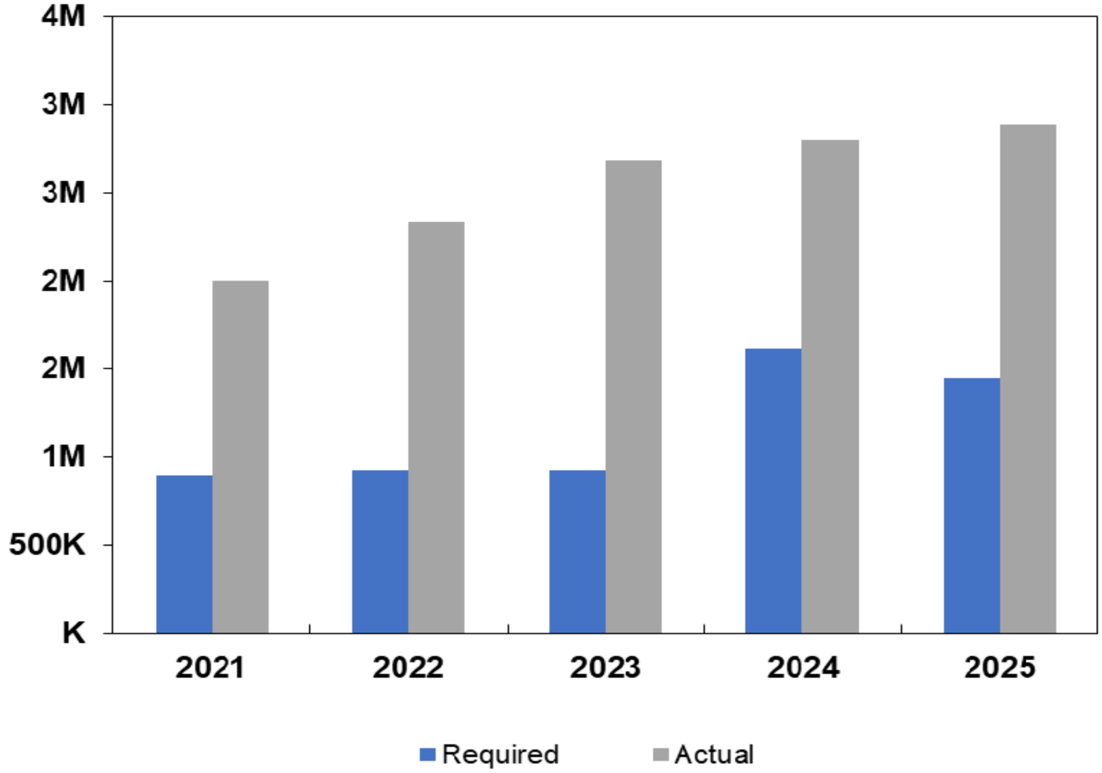


Sewer Revenues (000s Gallons Billed)
By Customer Class

	2021	2022	2023	2024	2025
Residential	43,912	43,929	43,736	42,793	41,941
Commercial	16,978	15,124	15,710	15,534	14,755
Industrial	24,760	18,323	23,361	23,972	14,902
Public authority	1,311	1,216	1,281	1,314	1,334
Wholesale (Portland)	5,272	5,149	4,310	9,053	6,365
Total	92,233	83,741	88,398	92,666	79,297

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

Debt Coverage



Debt Coverage
Actual vs. Required

	2021	2022	2023	2024	2025
Required Net Earnings	$ 892,756	$ 925,380	$ 923,723	$ 1,617,426	$ 1,449,606
Actual Net Earnings	$ 1,999,201	$ 2,331,694	$ 2,683,303	$ 2,801,259	$ 2,885,408
Times Coverage	2.80	3.15	3.63	2.16	2.49

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

	2023	2024	2025
Cash Flow From			
Operating activites	$ 2,490,149	$ 2,922,069	$ 2,770,339
Investing activities	57,736	92,111	339,988
Capital and related financing activities:			
Capital improvements	(8,117,312)	(10,614,685)	(4,480,411)
Debt service and Issuance	5,431,312	9,169,434	2,213,830
Noncapital financing activities	(238,625)	(265,668)	(260,220)
Net change in cash and cash equivalents	(376,740)	1,303,261	583,526
Cash and Cash Equivalents, Beginning	2,660,209	2,283,469	3,586,730
Cash and Cash Equivalents, Ending	2,283,469	3,586,730	4,170,256
Long-term investments	536,971	574,360	348,371
Total cash and investments	$ 2,820,440	$ 4,161,090	$ 4,518,627

Cash flows from operating activities decreased in 2025 due to lower sewer and water consumption, partially offset by higher electric consumption and a rate increase for sewer.

Cash flows from investing activities mainly result from 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 decrease in 2025 is due to fewer new debt withdrawals to fund capital projects than in the previous year.

Capital Assets

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

Long-Term Debt

In 2025 Financing bonds were drawn on to fund sewer and water capital projects. Details of the existing debt are included in Note 6.

Currently Known Facts/Economic Conditions

The Utility continues to monitor the adequacy of retail rates. Sewer rates increased in 2025, electricity rates increased in 2024, 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.

BASIC FINANCIAL STATEMENTS

Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$ 2,771,544	$ 2,556,522
Restricted assets:		
Redemption account	335,627	281,962
Customer accounts receivable	808,107	743,411
Other accounts receivable	10,523	19,187
Materials and supplies	403,101	315,308
Total current assets	4,328,902	3,916,390
Noncurrent Assets		
Restricted assets:		
Reserve account	516,932	516,932
Replacement account	894,524	805,674
Interest receivable	-	5,068
Other assets:		
Property held for future use	12,045	12,045
Capital assets:		
Plant in service:		
Electric	14,334,812	13,847,545
Water	9,851,017	9,027,841
Sewer	32,229,500	11,955,094
Total plant in service	56,415,329	34,830,480
Accumulated depreciation/amortization:		
Electric	(5,738,124)	(5,375,971)
Water	(2,497,320)	(2,757,529)
Sewer	(4,461,119)	(7,371,702)
Total accumulated depreciation/amortization	(12,696,563)	(15,505,202)
Construction work in progress:		
Electric	93,820	115,697
Water	18,240	188,149
Sewer	520,491	18,387,199
Total construction work in progress	632,551	18,691,045
Total noncurrent assets	45,774,818	39,356,042
Total assets	50,103,720	43,272,432
Deferred Outflows of Resources		
Deferred outflows related to pension	398,215	551,417

Waterloo Water and Light Commission

Statements of Net Position
December 31, 2025 and 2024

	2025	2024
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 1,689,259	$ 712,322
Due to Municipality	482,644	273,420
Accrued interest	1,951	2,188
Accrued vacation leave	42,141	50,607
Accrued liabilities	10,526	7,159
Commitment to community	5,242	5,294
Current liabilities payable from restricted assets:		
Current portion of general obligation debt	50,000	45,000
Current portion of revenue bonds	957,769	743,356
Accrued interest	82,036	71,624
Total current liabilities	3,321,568	1,910,970
Noncurrent Liabilities		
General obligation debt	320,000	370,000
Revenue bonds	25,808,656	23,309,954
Unamortized debt discount	(21,199)	(22,903)
Accrued sick leave	151,880	143,414
Net pension liability	79,478	70,655
Total noncurrent liabilities	26,338,815	23,871,120
Total liabilities	29,660,383	25,782,090
Deferred Inflows of Resources		
Deferred inflows related to pension	178,138	313,946
Net Position		
Net investment in capital assets	17,431,799	13,766,624
Restricted for:		
Debt service	574,815	531,562
Equipment replacement	894,524	810,742
Unrestricted	1,762,276	2,618,885
Total net position	$ 20,663,414	$ 17,727,813

See notes to the financial statements

Waterloo Water and Light Commission

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

	2025	2024
Operating Revenues		
Electric:		
Sales of electricity	$ 4,682,478	$ 4,309,739
Other	45,769	57,032
Total electric	4,728,247	4,366,771
Water:		
Sales of water	886,663	932,175
Other	43,120	44,919
Total water	929,783	977,094
Sewer:		
Treatment charges	2,094,376	2,226,058
Other	6,972	5,324
Total sewer	2,101,348	2,231,382
Total operating revenues	7,759,378	7,575,247
Operating Expenses		
Electric:		
Operation and maintenance	3,782,190	3,681,275
Depreciation	429,692	411,040
Total electric	4,211,882	4,092,315
Water:		
Operation and maintenance	396,502	356,956
Depreciation	205,085	187,409
Total water	601,587	544,365
Sewer:		
Operation and maintenance	826,427	883,678
Depreciation	731,436	298,943
Total Sewer	1,557,863	1,182,621
Total operating expenses	6,371,332	5,819,301
Operating Income		
Electric	516,365	274,456
Water	328,196	432,729
Sewer	543,485	1,048,761
Total operating income	1,388,046	1,755,946

See notes to the financial statements

Waterloo Water and Light Commission

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

	2025	2024
Nonoperating Revenue (Expenses)		
Investment income	$ 108,931	$ 129,500
Income from nonutility operations	11,429	11,426
Income from merchandising and jobbing	10,789	6,995
Miscellaneous expense	(120,446)	(24,337)
Grant revenue for financing costs	-	395,854
Interest expense	(464,460)	(942,965)
Debt issuance costs and amortization of debt discount	(1,704)	(33,700)
Total nonoperating revenue (expenses)	(455,461)	(457,227)
Income before contributions and transfers	932,585	1,298,719
Capital Contributions	2,226,364	448,077
Capital Contributions, Municipal	36,103	-
Transfers, Tax Equivalent	(259,451)	(260,220)
Change in net position	2,935,601	1,486,576
Net Position, Beginning	17,727,813	16,241,237
Net Position, Ending	$ 20,663,414	$ 17,727,813

See notes to the financial statements

Waterloo Water and Light Commission

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

	2025	2024
Cash Flows From Operating Activities		
Received from customers	$ 7,646,416	$ 7,565,321
Received from Municipality for services	79,096	74,790
Paid to suppliers for goods and services	(3,402,227)	(3,783,611)
Paid to employees for operating payroll	(1,552,946)	(934,431)
Net cash flows from operating activities	2,770,339	2,922,069
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	(260,220)	(265,668)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(6,750,698)	(11,062,762)
Contributions (refunds) in aid of construction	2,234,184	448,077
Grant funded interim financing	-	395,854
Capital contributions received - municipal	36,103	-
Debt retired	(788,574)	(17,577,461)
Interest paid	(454,285)	(890,181)
Proceeds from debt issue	3,456,689	27,273,222
Debt issuance costs	-	(32,000)
Net cash flows from capital and related financing activities	(2,266,581)	(1,445,251)
Cash Flows From Investing Activities		
Investments purchased	(178,489)	(574,360)
Investments sold and matured	404,478	536,971
Investment income	113,999	129,500
Net cash flows from investing activities	339,988	92,111
Net change in cash and cash equivalents	583,526	1,303,261
Cash and Cash Equivalents, Beginning	3,586,730	2,283,469
Cash and Cash Equivalents, Ending	$ 4,170,256	$ 3,586,730
Noncash Investing, Capital and Financing Activities		
Amortization of debt discount	$ 1,704	$ 1,700

See notes to the financial statements

Waterloo Water and Light Commission

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

	2025	2024
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	$ 1,388,046	$ 1,755,946
Nonoperating revenue (expense)	22,218	18,421
Noncash items in operating income:		
Depreciation	1,366,213	897,392
Depreciation charged to clearing and other utilities	58,547	95,508
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Customer accounts receivable	(64,696)	12,789
Other accounts receivable	8,664	33,594
Materials and supplies	(87,793)	66,515
Pension related deferrals and liabilities	26,165	(1,205)
Accounts payable	58,288	(8,015)
Due to other funds	(8,680)	(3,317)
Accrued liabilities	3,367	54,441
Net cash flows from operating activities	$ 2,770,339	$ 2,922,069
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	$ 2,771,544	$ 2,556,522
Redemption account	335,627	281,962
Reserve account	516,932	516,932
Replacement account	894,524	805,674
Total cash and investments	4,518,627	4,161,090
Less noncash equivalents	(348,371)	(574,360)
Cash and cash equivalents	$ 4,170,256	$ 3,586,730

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 Municipality as noted above.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires that a government assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This standard was implemented January 1, 2025, and had no material impact on the financial statements..

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. Market values may have changed significantly after year end.

Receivables/Payables

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

The Utility has the right under Wisconsin statutes to place delinquent 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, 2025 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 Outflows of Resources

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

Accrued Vacation and Sick Leave

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

Customer Advances for Construction

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

Commitment to Community

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

Long-Term Obligations

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

Deferred Inflows of Resources

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

Revenues and Expenses

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

Charges for Services

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

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

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

Current sewer rates were approved by the utility commission effective January 1, 2025.

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

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

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

	Carrying Value as of December 31, 2025	Carrying Value as of December 31, 2024	Risks
Checking and savings	$ 4,518,251	$ 4,104,223	Custodial credit risk
U.S. treasury securities	-	56,491	Interest risk
Petty cash	376	376	N/A
Total	$ 4,518,627	$ 4,161,090	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of $1,000,000.

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

The valuation methods for recurring methods fair value measurements are as follows:

As of December 31, 2025, the Utility did not have any investments.

Investment Type	December 31, 2024 Level 1	Level 2	Level 3	Total
U.S. treasury securities	$ 56,491	$ -	$ -	$ 56,491

Custodial Credit Risk

Deposits

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

As of December 31, 2025 and 2024, $2,238,875 and $0 of the utility's bank balances known to be individually exposed to custodial credit risk were as follows:

	2025	2024
BMO	$ 2,238,875	$ -

Investments

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

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

Interest Rate Risk

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

As of December 31, 2025, the Utility did not have any investments.

As of December 31, 2024, the utility's investments were as follows:

Investment	Maturity Date	Call Date	Fair Value
U.S. treasury securities	03/15/2025		$ 56,491

3. Interfund Receivables/Payables

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

		2025		2024	
Due To	**Due From**	**Amount**	**Principal Purpose**	**Amount**	**Principal Purpose**
Utility	Tax Fund	$ 13,696	Delinquent on tax roll	$ 4,958	Delinquent on tax roll
Utility	Capital Projects Fund	36,103	Electric lighting project	-	
General Fund	Utility	277,667	Tax equivalent and garbage collections	278,378	Tax equivalent and garbage collections
Capital Projects Fund	Utility	254,776	Utility's share of road project.	-	

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

		2025		2024	
To	**From**	**Amount**	**Principal Purpose**	**Amount**	**Principal Purpose**
City	Utility	$ 259,451	Tax equivalent	$ 260,220	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.

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.

Restricted Net Position

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

	2025	2024
Restricted assets:		
Redemption account	$ 335,627	$ 281,962
Reserve account	516,932	516,932
Replacement account	894,524	805,674
Interest receivable	-	5,068
Total restricted assets	1,747,083	1,609,636
Less restricted assets not funded by revenues:		
Reserve from borrowing	(195,708)	(195,708)
Current Liabilities Payable From Restricted Assets	(82,036)	(71,624)
Total restricted net position as calculated	$ 1,469,339	$ 1,342,304

The purpose of the restricted net position is as follows:

	2025	2024
Debt service	$ 574,815	$ 531,562
Equipment replacement	894,524	810,742
Total restricted net position	$ 1,469,339	$ 1,342,304

5. Changes in Capital Assets

Electric Utility

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

	Balance 1/1/25	Increases	Decreases	Balance 12/31/25
Capital assets, not being depreciated:				
Land and land rights	$ 199,729	$ -	$ -	$ 199,729
Capital assets being depreciated:				
Distribution	10,976,307	661,685	205,098	11,432,894
General	2,671,509	30,680	-	2,702,189
Total capital assets being depreciated	13,647,816	692,365	205,098	14,135,083
Total capital assets	13,847,545	692,365	205,098	14,334,812
Less accumulated depreciation:				
Distribution	(3,808,941)	(517,654)	259,919	(4,066,676)
General	(1,567,030)	(104,418)	-	(1,671,448)
Total accumulated depreciation	(5,375,971)	(622,072)	259,919	(5,738,124)
Construction in progress	115,697	589,165	611,042	93,820
Net capital assets	$ 8,587,271			$ 8,690,508

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

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
Capital assets, not being depreciated:				
Land and land rights	$ 199,729	$ -	$ -	$ 199,729
Capital assets being depreciated:				
Distribution	10,460,979	662,377	147,049	10,976,307
General	2,651,174	20,335	-	2,671,509
Total capital assets being depreciated	13,112,153	682,712	147,049	13,647,816
Total capital assets	13,311,882	682,712	147,049	13,847,545
Less accumulated depreciation:				
Distribution	(3,578,963)	(371,106)	141,128	(3,808,941)
General	(1,468,574)	(98,456)	-	(1,567,030)
Total accumulated depreciation	(5,047,537)	(469,562)	141,128	(5,375,971)
Construction in progress	181,872	534,607	600,782	115,697
Net capital assets	$ 8,446,217			$ 8,587,271

Water Utility

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

	Balance 1/1/25	Increases	Decreases	Balance 12/31/25
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	895,235	361,879	1,449,358
Water treatment	28,844	-	-	28,844
Transmission and distribution	7,248,132	398,166	146,765	7,499,533
General	748,983	38,419	-	787,402
Total capital assets being depreciated	9,014,728	1,331,820	508,644	9,837,904
Total capital assets	9,027,841	1,331,820	508,644	9,851,017
Less accumulated depreciation:				
Source of supply	(43,979)	(1,546)	-	(45,525)
Pumping	(759,932)	(39,298)	364,667	(434,563)
Water treatment	(21,041)	(1,731)	-	(22,772)
Transmission and distribution	(1,473,723)	(156,926)	134,325	(1,496,324)
General	(458,854)	(39,282)	-	(498,136)
Total accumulated depreciation	(2,757,529)	(238,783)	498,992	(2,497,320)
Construction in progress	188,149	1,143,582	1,313,491	18,240
Net capital assets	$ 6,458,461			$ 7,371,937

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

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

Sewer Utility

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

	Balance 1/1/25	Increases	Decreases	Balance 12/31/25
Capital assets, not being depreciated:				
Land and land rights	$ 21,763	$ -	$ -	$ 21,763
Capital assets being depreciated:				
Collecting system	3,635,215	778,747	19,842	4,394,120
Collecting system pumping	197,409	11,781	-	209,190
Treatment and disposal	6,913,797	21,324,417	3,615,663	24,622,551
General	1,186,910	1,794,966	-	2,981,876
Total capital assets being depreciated	11,933,331	23,909,911	3,635,505	32,207,737
Total capital assets	11,955,094	23,909,911	3,635,505	32,229,500
Less accumulated depreciation:				
Collecting system	(774,169)	(56,703)	19,842	(811,030)
Collecting system pumping	(144,643)	(7,507)	-	(152,150)
Treatment and disposal	(5,786,251)	(529,185)	3,615,664	(2,699,772)
General	(666,639)	(131,528)	-	(798,167)
Total accumulated depreciation	(7,371,702)	(724,923)	3,635,506	(4,461,119)
Construction in progress	18,387,199	6,030,862	23,897,570	520,491
Net capital assets	$ 22,970,591			$ 28,288,872

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

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

6. Long-Term Obligations

Revenue Debt

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/25	
11/06/2012	Capital improvements and refinancing capital improvement debt	11/01/2028	3 %	$ 3,255,000	$ 195,000	
03/27/2013	Refinance capital improvement debt	05/01/2032	3	1,384,900	592,095 *	
11/15/2016	Capital improvements debt	11/01/2036	3	1,310,000	860,000	
09/10/2020	Capital improvements debt	11/01/2040	0.40-2.25	4,335,000	3,605,000	
02/14/2024	Capital improvements debt	05/01/2043	2	4,090,965	4,090,965 *	(1)
09/11/2024	Capital improvements debt	11/01/2044	2	621,785	616,265 *	(2)
11/12/2024	Capital improvements and refinancing capital improvements debt	05/01/2064	2	17,114,000	16,807,100 *	

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

(1) - During 2024 the Utility was authorized to issue $4,355,649 of Sewer System Clean Water Fund revenue bonds. The Utility withdrew $1,122,461 in 2024 and $2,968,504 in 2025. The original amount reported above has been issued as of December 31, 2025. The repayment schedule is for the amount issued.

(2) - During 2024 the Utility was authorized to issue $803,807 of Water System Safe Drinking Water Loan revenue bonds. The Utility withdrew $133,599 in 2024 and $488,186 in 2025. The original amount reported above has been issued as of December 31, 2025. The repayment schedule is for the amount issued.

Revenue bonds debt service requirements to maturity follows:

Years Ending	Bonds		Direct Placement		
December 31:	Principal	Interest	Principal	Interest	Total
2026	$ 360,000	$ 83,683	$ 597,769	$ 402,182	$ 1,443,634
2027	360,000	78,803	609,715	389,638	1,438,156
2028	360,000	73,515	621,808	377,423	1,432,746
2029	295,000	68,008	634,252	364,960	1,362,220
2030	295,000	63,933	646,850	352,244	1,358,027
2031-2035	1,575,000	245,557	3,144,633	1,572,428	6,537,618
2036-2040	1,415,000	89,366	3,256,321	1,274,191	6,034,878
2041-2045	-	-	2,983,675	879,125	3,862,800
2046-2050	-	-	2,228,100	764,374	2,992,474
2051-2055	-	-	2,431,800	562,413	2,994,213
2056-2060	-	-	2,654,300	341,982	2,996,282
2061-2064	-	-	2,297,202	101,382	2,398,584
Total	$ 4,660,000	$ 702,865	$ 22,106,425	$ 7,382,342	$ 34,851,632

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 2025 and 2024 were $1,159,685 and $1,293,941, respectively. Total customer net revenues as defined for the same periods were $2,885,408 and $2,801,259. Annual principal and interest payments are expected to require 31% of net revenues on average.

General Obligation Debt

The following general obligation notes have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/25
08/22/2022	Water Projects	11/01/2032	3 %	$ 500,000	$ 370,000

General obligation notes debt service requirements to maturity follows:

Years Ending December 31:	Bonds Principal	Bonds Interest	Total
2026	$ 50,000	$ 11,803	$ 61,803
2027	50,000	10,208	60,208
2028	50,000	8,637	58,637
2029	50,000	7,018	57,018
2030	55,000	5,423	60,423
2031-2032	115,000	5,587	120,587
Total	$ 370,000	$ 48,676	$ 418,676

Long-Term Obligations Summary

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

	1/1/25 Balance	Additions	Reductions	12/31/25 Balance	Due Within One Year
Revenue bonds	$ 24,053,310	$ 3,456,689	$ 743,574	$ 26,766,425	$ 957,769
General obligation debt	415,000	-	45,000	370,000	50,000
Accrued sick leave	143,414	50,738	42,272	151,880	-
Unamortized debt discount	(22,903)	1,704	-	(21,199)	-
Total	$ 24,588,821	$ 3,509,131	$ 830,846	$ 27,267,106	$ 1,007,769

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

	1/1/24 Balance	Additions	Reductions	12/31/24 Balance	Due Within One Year
Revenue bonds	$ 6,102,457	$ 18,370,060	$ 419,207	$ 24,053,310	$ 743,356
General obligation debt	460,000	-	45,000	415,000	45,000
Revenue Bond Anticipation Note	8,210,092	8,903,162	17,113,254	-	-
Accrued sick leave	85,587	81,355	23,528	143,414	-
Unamortized debt discount	(24,603)	1,700	-	(22,903)	-
Total	$ 14,833,533	$ 27,356,277	$ 17,600,989	$ 24,588,821	$ 788,356

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 2012, 2013, 2016, 2020 and 2024 revenue bonds:

Insurance

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

The Utility is covered under the following insurance policies at December 31, 2025:

Type	Coverage	Expiration
Automobile	$ 5,000,000	01/01/2026
Excess liability	5,000,000	01/01/2026
Workers compensation	2,000,000	01/01/2026

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 2025 and 2024 as follows:

	2025	2024
Operating revenues	$ 7,759,378	$ 7,575,247
Investment income	108,931	129,500
Miscellaneous nonoperating income	11,429	11,426
Income from merchandising and jobbing	10,789	6,995
Less operation and maintenance expenses	(5,005,119)	(4,921,909)
Net defined earnings	$ 2,885,408	$ 2,801,259
Minimum required earnings per resolution:		
Current year's revenue bond debt service	$ 1,159,685	$ 1,293,941
Coverage factor	1.25	1.25
Minimum required earnings	$ 1,449,606	$ 1,617,426
Actual debt coverage	2.49	2.16

Number of Customers and Billed Volumes - Electric

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

	Customers		Sales (000 kWh)	
	2025	2024	2025	2024
Residential	1,621	1,626	12,877	12,515
General	272	275	3,850	3,964
Small power	18	18	5,690	5,681
Large power	7	7	10,836	10,056
Street and highway lighting	2	2	206	210
Total	1,920	1,928	33,459	32,426

Number of Customers and Billed Volumes - Water

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

	Customers		Sales (000 gals)	
	2025	2024	2025	2024
Residential	1,176	1,178	43,472	44,055
Multifamily residential	25	25	4,996	5,807
Commercial	109	109	12,526	13,230
Industrial	10	11	15,685	21,616
Public authority	15	15	1,529	1,565
Irrigation	1	1	2,150	2,400
Interdepartmental	5	6	1,936	3,892
Total	1,341	1,345	82,294	92,565

Number of Customers and Billed Volumes - Sewer

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

	Customers		Sales (000 gals)	
	2025	2024	2025	2024
Residential	1,176	1,175	41,941	42,793
Multifamily residential	24	24	4,995	5,807
Commercial	103	103	9,760	9,727
Industrial	10	10	14,902	23,972
Public authority	12	12	1,334	1,314
Wholesale	1	1	6,365	9,053
Total	1,326	1,325	79,297	92,666

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 subtotal:

	2025	2024
Plant in service	$ 56,415,329	$ 34,830,480
Accumulated depreciation/amortization	(12,696,563)	(15,505,202)
Construction work in progress	632,551	18,691,045
Subtotal	44,351,317	38,016,323
Less capital related debt:		
Current portion of capital related long-term debt	1,007,769	788,356
Long-term portion of capital related long-term debt	26,128,656	23,679,954
Unamortized debt discount	(21,199)	(22,903)
Subtotal	27,115,226	24,445,407
Add unspent debt proceeds:		
Reserve from borrowing	195,708	195,708
Total net investment in capital assets	$ 17,431,799	$ 13,766,624

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

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

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

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

Year	Core Fund Adjustment %	Variable Fund Adjustment %
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

Contributions

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

The WRS recognized $74,361 and $66,188 in contributions from the Utility during the current and prior reporting periods, respectively.

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

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

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

At December 31, 2025, the Utility reported a liability (asset) of $79,478 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability (asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Utility's proportion was 0.01442159%, which was an increase of 0.00059731% from its proportion measured as of December 31, 2023.

At December 31, 2024, the Utility reported a liability (asset) of $70,655 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability (asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Utility's proportion was 0.01382428%, which was an increase of 0.00038238% from its proportion measured as of December 31, 2022.

For the years ended December 31, 2025 and 2024, the Utility recognized pension expense (revenue) of $100,578 and $(1,265), respectively.

At December 31, 2025, 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	$ 169,242	$ 176,943
Changes in assumption	16,341	-
Net differences between project and actual earnings on pension plan	134,086	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	89	1,195
Employer contributions subsequent to the measurement date	78,457	-
Total	$ 398,215	$ 178,138

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

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

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:	
2026	$ 42,407
2027	147,403
2028	(36,721)
2029	(11,469)
2030	-
Thereafter	-
Total	$ 141,620

Actuarial Assumptions

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

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

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

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2025 are summarized in the following table:

Asset Allocation Targets and Expected Returns[1] as of the Measurement Date December 31, 2024

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %[2]
Public Equity	38 %	7.0 %	4.3 %
Public Fixed Income	27	6.1	3.4
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Private Equity/Debt	20	9.5	6.7
Leverage[3]	(12)	3.7	1.1
Total Core Fund[3]	100	7.5	4.8
Variable Fund Asset			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	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: 2.6%.*

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

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

Asset Allocation Targets and Expected Returns[1] as of the Measurement Date December 31, 2023

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

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

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

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

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2025 and December 31, 2024. As of December 31, 2025, this discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Services' Aa2 rating and Standard and Poor's Corp.'s AA.) As of December 31, 2024, the discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 3.77%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Utility's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

The sensitivity analysis as of December 31, 2025 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Utility's proportionate share of the net position liability (asset)	$ 744,736	$ 79,478	$ (393,328)

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Utility's proportionate share of the net position liability (asset)	$ 683,406	$ 70,655	$ (358,026)

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 $221 million as of December 31, 2025.

Claims and Judgments

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

Open Contracts

The Utility has open contracts for approximately $22,640,210 for upgrading the existing Wastewater Treatment Facility (WWTF). As of December 31, 2025, approximately $22,338,142 has been expended.

10. Significant Customers

Electric Utility

The Utility has one significant customer who was responsible for 11% and 12% of operating revenues in 2025 and 2024, respectively.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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)
12/31/16	0.01266419%	$ 56,119	$ 470,700	11.92%	98.20%
12/31/17	0.01247212%	26,380	477,397	5.53%	99.12%
12/31/18	0.01302015%	(93,417)	540,500	17.28%	102.93%
12/31/19	0.01313895%	126,918	483,090	26.27%	96.45%
12/31/20	0.01331104%	(129,830)	624,015	20.81%	102.96%
12/31/21	0.01313816%	(235,818)	650,232	36.27%	105.26%
12/31/22	0.01331569%	(317,352)	686,932	46.20%	106.02%
12/31/23	0.01344190%	220,173	751,210	29.31%	95.72%
12/31/24	0.01382428%	70,655	877,738	8.05%	98.85%
12/31/25	0.01442159%	79,385	1,077,895	7.37%	98.79%

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
12/31/16	$ 32,463	$ 32,463	$ -	$ 477,397	6.80%
12/31/17	36,754	36,754	-	540,500	6.80%
12/31/18	36,367	36,367	-	483,090	7.53%
12/31/19	41,497	41,497	-	624,015	6.65%
12/31/20	43,891	43,891	-	650,232	6.75%
12/31/21	46,375	46,375	-	686,932	6.75%
12/31/22	48,828	48,828	-	751,210	6.50%
12/31/23	66,188	66,188	-	877,738	7.54%
12/31/24	74,361	74,361	-	1,077,895	6.90%
12/31/25	78,457	78,457	-	1,128,890	6.95%

See notes to required supplementary information

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

Changes of assumptions.

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

SUPPLEMENTARY INFORMATION

Waterloo Water and Light Commission

Electric Utility Plant
Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Adjustments	Balance 12/31/25
Distribution					
Land and land rights	$ 48,940	$ -	$ -	$ -	$ 48,940
Structures and improvements	4,926	-	-	-	4,926
Station equipment	4,158,031	-	-	-	4,158,031
Poles, towers and fixtures	849,226	78,392	27,292	-	900,326
Overhead conductors and devices	578,434	59,505	22,755	(152)	615,032
Underground conduit	111,639	83,571	-	(9,618)	185,592
Underground conductors and devices	2,461,121	235,413	26,101	(24,308)	2,646,125
Line transformers	1,031,576	74,268	-	(3,700)	1,102,144
Services	776,304	32,666	3,556	(19,714)	785,700
Meters	500,540	37,042	107,845	59,472	489,209
Street lighting and signal systems	504,510	58,848	17,549	-	545,809
Total distribution	11,025,247	659,705	205,098	1,980	11,481,834
General					
Land and land rights	150,789	-	-	-	150,789
Structures and improvements	1,866,842	-	-	-	1,866,842
Office furniture and equipment	10,532	-	-	-	10,532
Computer equipment	47,207	30,680	-	-	77,887
Transportation equipment	559,758	-	-	-	559,758
Stores equipment	12,672	-	-	-	12,672
Tools, shop and garage equipment	56,210	-	-	-	56,210
Laboratory equipment	9,080	-	-	-	9,080
Power-operated equipment	94,563	-	-	-	94,563
Communication equipment	8,219	-	-	-	8,219
Miscellaneous equipment	6,426	-	-	-	6,426
Total general	2,822,298	30,680	-	-	2,852,978
Total electric utility plant	$ 13,847,545	$ 690,385	$ 205,098	$ 1,980	$ 14,334,812

Waterloo Water and Light Commission

Water Utility Plant
Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Adjustments	Balance 12/31/25
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	411,276	297,598	-	792,462
Electric pumping equipment	235,132	338,771	62,195	-	511,708
Other pumping equipment	2,086	145,188	2,086	-	145,188
Total pumping	916,002	895,235	361,879	-	1,449,358
Water Treatment					
Water treatment equipment	28,844	-	-	-	28,844
Transmission and Distribution					
Land and land rights	2,017	-	-	-	2,017
Distribution reservoirs and standpipes	83,086	-	10,797	-	72,289
Transmission and distribution mains	4,367,172	294,390	10,168	-	4,651,394
Services	1,458,536	31,859	640	-	1,489,755
Meters	737,292	20,640	111,720	(12,440)	633,772
Hydrants	602,046	51,277	1,000	-	652,323
Total transmission and distribution	7,250,149	398,166	134,325	(12,440)	7,501,550
General					
Land and land rights	9,084	-	-	-	9,084
Structures and improvements	372,139	-	-	-	372,139
Office furniture and equipment	4,250	-	-	-	4,250
Computer equipment	16,240	479	-	-	16,719
Transportation equipment	104,304	-	-	-	104,304
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	37,940	-	-	179,191
Miscellaneous equipment	4,043	-	-	-	4,043
Total general	758,067	38,419	-	-	796,486
Total water utility plant	$ 9,027,841	$ 1,331,820	$ 496,204	$ (12,440)	$ 9,851,017

Waterloo Water and Light Commission

Sewer Utility Plant
Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
Collecting System				
Collecting mains	$ 3,442,746	$ 778,746	$ 19,842	$ 4,201,650
Force mains	25,320	-	-	25,320
Other collecting system equipment	167,150	-	-	167,150
Total collecting system	3,635,216	778,746	19,842	4,394,120
Collecting System Pumping				
Pump station equipment	117,049	-	-	117,049
Electric pumping equipment	80,360	11,781	-	92,141
Total collecting system pumping	197,409	11,781	-	209,190
Treatment and Disposal				
Land and land rights	400	-	-	400
Structures and improvements	3,458,083	13,562,454	1,897,839	15,122,698
Preliminary treatment equipment	352,372	484,280	352,372	484,280
Primary treatment equipment	72,245	109,753	63,473	118,525
Secondary treatment equipment	1,386,169	1,259,970	720,735	1,925,404
Advanced treatment equipment	269,230	1,891,449	223,197	1,937,482
Sludge treatment and disposal equipment	690,869	246,614	-	937,483
Plant site piping	348,047	3,664,858	348,047	3,664,858
Flow metering and monitoring equipment	43,231	20,377	-	63,608
Other treatment and disposal equipment	293,550	84,663	10,000	368,213
Total treatment and disposal	6,914,196	21,324,418	3,615,663	24,622,951
General				
Land and land rights	21,363	-	-	21,363
Structures and improvements	578,659	-	-	578,659
Office furniture and equipment	4,892	16,556	-	21,448
Computer equipment	20,101	560	-	20,661
Transportation equipment	105,754	1	-	105,755
Communication equipment	267,756	1,659,051	-	1,926,807
Other general equipment	209,748	44,609	-	254,357
Laboratory equipment	-	74,189	-	74,189
Total general	1,208,273	1,794,966	-	3,003,239
Total sewer utility plant	$ 11,955,094	$ 23,909,911	$ 3,635,505	$ 32,229,500

Waterloo Water and Light Commission

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

	2025	2024
Operating Revenues		
Sales of electricity:		
Residential	$ 1,765,731	$ 1,626,142
Rural	125,777	116,225
General service	504,818	487,306
Small power	664,243	640,685
Large power	1,405,299	1,238,131
Public street and highway lighting	79,096	74,790
Interdepartmental	137,514	126,460
Total sales of electricity	4,682,478	4,309,739
Other operating revenues:		
Forfeited discounts	10,796	10,215
Miscellaneous service revenues	6,470	3,600
Rent from electric property	27,667	42,327
Other	836	890
Total operating revenues	4,728,247	4,366,771
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	2,934,194	2,711,752
Distribution:		
Operation supervision and engineering	11,842	24,873
Station	19,563	26,200
Overhead line	12,620	25,607
Underground line	4,844	37,174
Street lighting and signal system	11,522	19,734
Meter	(12,288)	5,750
Customer installations	4,047	4,187
Miscellaneous	138,367	100,318
Maintenance:		
Supervision and engineering	46,905	48,094
Overhead lines	96,946	94,923
Underground lines	3,248	546
Line transformers	4,405	25,319
Total distribution	342,021	412,725
Customer accounts:		
Meter reading	9,022	10,742
Customer records and collection	57,181	58,681
Total customer accounts	66,203	69,423
Sales:		
Advertising	-	(1,866)

Waterloo Water and Light Commission

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

	2025	2024
Administrative and general:		
Salaries	$ 71,659	$ 71,763
Office supplies	42,456	36,440
Administrative expenses transferred	(31,857)	(32,321)
Outside services employed	18,984	76,047
Property insurance	14,561	15,604
Employee pensions and benefits	171,555	138,975
Regulatory commission	671	22,977
Miscellaneous	51,337	49,045
Maintenance	54,344	69,581
Total administrative and general	393,710	448,111
Taxes	46,062	41,130
Total operation and maintenance	3,782,190	3,681,275
Depreciation	429,692	411,040
Total operating expenses	4,211,882	4,092,315
Operating income	$ 516,365	$ 274,456

Waterloo Water and Light Commission

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

	2025	2024
Operating Revenues		
Sales of water:		
Metered:		
Residential	$ 399,123	$ 402,934
Commercial	93,804	121,683
Industrial	80,877	85,004
Public authorities	14,406	14,584
Interdepartmental	10,733	18,638
Service to other systems	8,987	9,895
Total metered sales	607,930	652,738
Private fire protection	6,900	6,900
Public fire protection	271,833	272,537
Total sales of water	886,663	932,175
Other operating revenues:		
Forfeited discounts	2,607	2,738
Other	40,513	42,181
Total operating revenues	929,783	977,094
Operating Expenses		
Operation and maintenance:		
Source of supply:		
Operation supervision and engineering	17,941	17,669
Operation labor	12,715	13,133
Total source of supply	30,656	30,802
Pumping:		
Fuel or purchased power for pumping	22,785	19,562
Pumping labor	14,821	16,209
Miscellaneous	4,413	5,961
Maintenance:		
Structures and improvements	200	2,358
Pumping equipment	49,291	375
Total pumping	91,510	44,465
Water treatment:		
Chemicals	9,269	12,944
Operation labor	9,735	8,377
Maintenance:		
Water treatment equipment	1,172	1,525
Total water treatment	20,176	22,846

Waterloo Water and Light Commission

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

	2025	2024
Transmission and distribution:		
Storage facilities	$ 54	$ 2,655
Transmission and distribution lines	18,693	13,200
Meters	2,908	5,590
Customer installations	2,489	3,538
Miscellaneous	2,987	3,099
Maintenance:		
Mains	23,392	15,979
Services	4,316	5,035
Hydrants	4,683	2,551
Total transmission and distribution	59,522	51,647
Customer accounts:		
Meter reading	8,063	9,110
Accounting and collecting labor	27,035	25,462
Total customer accounts	35,098	34,572
Administrative and general:		
Salaries	32,100	30,659
Office supplies	19,706	19,089
Outside services employed	11,059	24,467
Property insurance	7,869	7,083
Employee pensions and benefits	54,031	55,037
Regulatory commission	-	245
Miscellaneous	7,305	8,338
Maintenance	19,231	17,335
Total administrative and general	151,301	162,253
Taxes	8,239	10,371
Total operation and maintenance	396,502	356,956
Depreciation	205,085	187,409
Total operating expenses	601,587	544,365
Operating income	$ 328,196	$ 432,729

Waterloo Water and Light Commission

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

	2025	2024
Operating Revenues		
Wastewater revenues:		
Residential	$ 1,073,409	$ 940,710
Commercial	346,379	309,550
Industrial	495,323	778,130
Public authorities	44,761	39,742
Service to other systems	134,504	157,926
Total sewer revenues	2,094,376	2,226,058
Other operating revenues:		
Forfeited discounts	5,375	3,674
Miscellaneous	1,597	1,650
Total operating revenues	2,101,348	2,231,382
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	163,118	135,379
Power and fuel for pumping	102,680	103,535
Phosphorous removal chemicals	39,478	38,190
Sludge conditioning chemicals	19,464	33,642
Other operating supplies	62,276	66,274
Total operation	387,016	377,020
Maintenance:		
Collection system	42,031	87,250
Treatment and disposal plant equipment	41,847	47,715
General plant structures and equipment	35,826	40,894
Total maintenance	119,704	175,859
Customer accounts:		
Accounting and collecting	28,990	27,669
Meter Reading	-	30
Total customer accounts	28,990	27,699
Administrative and general:		
Salaries	49,910	47,889
Office supplies	24,080	25,001
Outside services employed	18,443	25,639
Insurance	20,783	13,705
Employees pensions and benefits	111,477	123,641
Miscellaneous	34,313	38,173
Total administrative and general	259,006	274,048
Taxes	31,711	29,052
Total operation and maintenance	826,427	883,678
Depreciation	731,436	298,943
Total operating expenses	1,557,863	1,182,621
Operating income	$ 543,485	$ 1,048,761

Waterloo Water and Light Commission

Statements of Net Position - Sewer Utility
December 31, 2025 and 2024

	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$ 2,970,435	$ 2,666,351
Restricted assets:		
Redemption account	138,118	197,803
Customer accounts receivable	267,849	199,689
Total current assets	3,376,402	3,063,843
Noncurrent Assets		
Restricted assets:		
Reserve account	243,335	81,099
Replacement account	894,524	805,674
Interest receivable	-	121
Capital assets:		
Plant in service:		
Sewer	32,229,500	11,955,094
Total plant in service	32,229,500	11,955,094
Accumulated depreciation/amortization:		
Sewer	(4,461,119)	(7,371,702)
Total accumulated depreciation/amortization	(4,461,119)	(7,371,702)
Construction work in progress:		
Sewer	520,491	18,387,199
Total construction work in progress	520,491	18,387,199
Total noncurrent assets	29,426,731	23,857,485
Total assets	32,803,133	26,921,328
Deferred Outflows of Resources		
Deferred outflows related to pension	125,849	147,920

Waterloo Water and Light Commission

Statements of Net Position - Sewer Utility
December 31, 2025 and 2024

	2025	2024
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 1,372,600	$ 496,897
Due to Municipality	177,917	(501)
Accrued vacation leave	11,978	17,176
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	571,702	383,055
Accrued interest	65,856	56,212
Total current liabilities	2,200,053	952,839
Noncurrent Liabilities		
Revenue bonds	20,918,458	18,521,656
Accrued sick leave	53,874	48,676
Net pension liability	22,935	21,202
Total noncurrent liabilities	20,995,267	18,591,534
Total liabilities	23,195,320	19,544,373
Deferred Inflows of Resources		
Deferred inflows related to pension	43,840	83,029
Net Position		
Net investment in capital assets	6,798,712	4,065,880
Restricted for:		
Debt service	315,597	217,743
Equipment replacement	894,524	810,742
Unrestricted	1,680,989	2,347,481
Total net position	$ 9,689,822	$ 7,441,846