

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



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A COMPONENT UNITY OF THE
CITY OF MENASHA, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Electric and Water Utilities Commission
Menasha Utilities
City of Menasha, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Menasha Utilities, City of Menasha, Wisconsin (the Utilities), a component unit of the City of Menasha, Wisconsin as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Utilities' basic 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 Utilities as of December 31, 2023, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Utilities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Utilities' 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utilities' ability to continue as a going concern for a reasonable period of time.

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 management's discussion and analysis and the schedules relating to pensions and other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 that collectively comprise the Utilities' basic financial statements. The financial information listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with GAAS, the basic financial statements of the Utilities as of and for the year ended December 31, 2022, (not presented herein), and have issued our report thereon dated April 10, 2023 which contained an unmodified opinion on the financial statements. The supplementary information for the year ended December 31, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2022.

Report on Summarized Comparative Information

We have previously audited the Utilities 2022 financial statements, and we expressed an unmodified audit opinion on the financial statements in our report dated April 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Commissioners
Electric and Water Utilities Commission
Menasha Utilities

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024, on our consideration of the Utilities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Utilities' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utilities' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

The management of Menasha Utilities offers all parties interested in the financial position of the utilities an objective, easy to read overview and analysis of the utilities' financial performance during the years ending December 31, 2023 and 2022. Please read this narrative in conjunction with the utility's financial statements.

Financial Highlights

- The Electric utility's operating revenues have decreased by 8.9%, or \$4.1 million from 2022 due to less consumption and lower pass-through rates due to the cost of power. Our power supplier, WPPI Energy, stated that throughout the year they were experiencing lower market energy prices and lower investor-owned system purchase costs. Consumption decreased by 12.8 million kWh, or 2.4% from 2022. In comparing Industrial consumption between 2023 and 2022, it decreased by 14 million kWh. Residential customers had a slight increase in consumption from 2022 of .4%, or 224,844 kWh. Our average number of customers served has increased from 9,430 in 2022 to 9,520 in 2023 with most expansion taking place on the City's east side with new subdivisions. We purchased 2.7%, or 14.4 million less kilowatt hours from WPPI Energy in 2023 compared to 2022. The total kWh purchased was 514,136,260, in which all industrial customers used 428,412,267 or 83% of the total. The average cost of power decreased by 7.9% to \$69.90/MWh compared to \$75.90/MWh in 2022.
- The Water utility's operating revenue increased by 7.1%, or \$366,032 from 2022. Total water consumption increased by nearly 40 million gallons, or 7.3% compared to 2022. The Sales for Resale customer had the largest increase with 24 million gallons. The average number of customers remains constant for the last several years at 5,000. Water rates have been in place since June 1, 2022, when we filed a simplified water rate case with the Public Service Commission and rates increased by 4.5%. The Water utility experienced 30 main breaks in 2023, which is the same number as 2022. We also had 4 service leaks in 2023 compared to 9 in 2022.
- The Water utility filed a Lead Service Lateral (LSL) application with the Public Service Commission of Wisconsin (PSC) on October 19, 2018, for implementing a customer-side lead service line replacement program. There were 27 private LSL's replaced in 2023. Currently, the Water utility, the City of Menasha, and the property owner each contribute one third of the cost of replacement. Through June 2023 we received a grant from the Safe Drinking Water Loan program for both the utility and City portions each for \$20,700. The customer can obtain a five-year loan from the utility if they need assistance. Since the start of the program, 640 services have been replaced. At the end of 2023, the total customer loans outstanding was \$134,587. To date, all known lead services have been replaced.
- The Electric utility fund balances increased by \$547,975 during 2023. This is inclusive of restricted and unrestricted balances. The Depreciation fund, used for larger capital projects, increased by \$333,250 to \$1,564,090. The Working Capital fund increased by \$201,766 to \$3,286,127. Every month we transfer the lease payment into this fund that we receive from a business using space at our Meadows substation. In addition, we made monthly deductions from a post-employment fund in which the balance is \$215,568 at year end. Included in all balances are mark-to-market adjustments for the investments we have with a financial firm. Interest rates were very high throughout the year, and we recognized \$289,428 in interest income for all funds. This does not include interest earned on operating accounts.
- The Water utility fund balances, both restricted and unrestricted, decreased \$349,516 from 2022. The Depreciation fund, used for plant replacement projects, decreased by \$199,875 from 2022. We paid for our main replacement project with the Depreciation fund in which the total project came in at \$412,986. Funds were added monthly to the Water Utility Reserve in 2023 for painting and maintenance on the tower and the ending balance is \$1,733. We used \$192,438 to pay for the interior touch-up painting and the riser pipe replacement in 2023. The balance in the Joint Bond Redemption fund is \$869,767 and it is used to pay debt payments.
- The Water utility has continued to upgrade operations mainly in the Water Distribution system in 2023. New valves, hydrants and 1,047 feet of main were installed into the system. This is replacing infrastructure that is from 1930 – 1959 that was on Ninth Street, Third Street, and Water Street in Menasha. Our system loss ratio was 8.8% which is lower than last year's ratio of 10.16%.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Overview of the Financial Statements

The Electric and Water utility are self-supporting entities and are separate enterprise funds of the City of Menasha. The utility provides electric services to properties within the City of Menasha, Village of Fox Crossing (formerly known as the Town of Menasha), and Village of Harrison and water services to the City of Menasha and Village of Fox Crossing. The utility performs the billing and collection functions for the City of Menasha Sewage Treatment Fund and the Storm Water Fund.

The Electric utility established an Energy Services utility several years ago for the purpose of providing a means for municipal, civic, and school customers to obtain relatively expensive lighting systems with little capital expenditures. The leased lighting program is offered within the present boundaries of Menasha Utilities.

The Electric utility has funded a Telecommunication utility that operates under a CLEC that was obtained from the Public Service Commission of Wisconsin in 2000. The Telecommunications utility provides a wide area network communication within the utility and offers high speed Internet and dark fiber communication services to municipal, commercial, and industrial customers.

Menasha Electric and Water Utilities are managed by the Menasha Utilities Commission and operate under service rules and rates that are established by the Public Service Commission of Wisconsin (PSC). The accounting records are maintained in accordance with the Uniform System of Accounts prescribed by the PSC, and in accordance with the Governmental Accounting Standards Board.

The Utility purchases its full electric requirements from WPPI Energy. WPPI Energy is a municipal electric utility of the State of Wisconsin and Menasha Utilities is one of its 51 members/owners. WPPI Energy also provides electric requirements to other municipalities in both Iowa and Upper Michigan. WPPI Energy provides affordable electricity to more than 200,000 residential and business customers and has been in business for over 40 years. The purpose of WPPI Energy is to provide an economical and reliable supply of energy to its members. Through joint action, public power communities are stronger since we can offer cost-effective programs and services for our customers. The WPPI Energy contract was extended in 2002 to 2037. A subsequent amendment was approved in January 2016 to extend the contract through 2055.

The Statement of Net Position (Table 1) and the Statement of Revenues, Expenses, and Changes in Net Position (Table 2) provide an indication of the Utilities' change in financial condition during the last year. The Utilities' net position reflects the difference between assets and deferred outflows and liabilities and deferred inflows. The Statement of Revenues, Expenses and Changes in Net Position reflect the income and expenses of the utility for the year.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Utility Financial Analysis

Table 1
Condensed Statement of Net Position

	2023	2022
Current and Other Assets	17,620,549	17,590,371
Net Capital Assets	39,949,878	40,065,752
Lease Receivable	843,051	866,860
Net Pension Asset	-	1,466,910
Total Assets	58,413,478	59,989,893
Deferred Outflows of Resources	3,657,469	2,969,057
Long Term Debt Outstanding	9,731,633	11,880,875
Other Liabilities	9,172,902	8,701,317
Total Liabilities	18,904,535	20,582,192
Deferred Inflows of Resources	2,986,214	4,373,973
Invested in Capital Assets, Net of Related Debt	27,822,622	25,915,402
Restricted for Pension Benefits	-	1,466,910
Restricted for Debt Service	254,646	252,680
Restricted for Depreciation	2,920,585	2,754,730
Restricted for Lead Service Lateral Replacement	-	15,201
Restricted for Water Tower	1,733	158,074
Unrestricted	9,180,612	7,439,788
Total Net Position	40,180,198	38,002,785

Above is a condensed version of the financial statements for the utility. Net capital assets have decreased due to the net effect of depreciation and the projects completed for the overhead replacement projects in Electric and water main replacement projects in Water. Long-term debt outstanding has decreased due to paying off existing debt. The specifics for Electric can be found on Table 3 and for Water on Table 4.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Table 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position

	2023	2022
Operating Revenue	47,272,718	51,014,594
Non-Operating Revenue	<u>276,489</u>	<u>271,723</u>
Total Revenues	47,549,207	51,286,317
Depreciation Expense	2,516,529	2,390,916
Other Operating Expenses	42,001,702	45,156,609
Non-Operating Expenses	<u>(312,994)</u>	<u>81,139</u>
Total Expenses	44,205,237	47,628,664
Income before Contributions and Transfers	3,343,970	3,657,653
Customer Contributions	123,190	399,839
Transfers Out	<u>(1,289,747)</u>	<u>(1,427,565)</u>
Change in Net Position	2,177,413	2,629,927
Beginning Net Position	<u>38,002,785</u>	<u>35,372,858</u>
Ending Net Position	40,180,198	38,002,785

Above is the Condensed Statement of Revenues, Expenses and Changes in Net Position for the utility. There is a decrease in revenues in 2023 due to the Electric utility. Water utility revenues increased due to both increased consumption and a full year of rates from the rate case that went into effect in June 2022. Depreciation increased steadily due to the net effect of large projects in both the Electric and Water utility completed. Customer contributions are larger in 2022 than 2023 due to two new subdivisions on the city's east side completed in 2022. In 2023, it was mainly smaller commercial projects completed as well as residential requested service upgrades. The specifics for Electric can be found on Table 5 and for Water on Table 6.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Table 3
Condensed Statement of Net Position – Electric Utility

	2023	2022
Current and Other Assets	13,531,930	13,549,809
Net Capital Assets	17,133,653	17,032,724
Lease Receivable	843,051	866,860
Net Pension Asset	-	912,856
Total Assets	31,508,634	32,362,249
Deferred Outflows of Resources	2,272,706	1,846,638
Long Term Debt Outstanding	4,725,000	5,645,000
Other Liabilities	6,158,305	6,060,331
Total Liabilities	10,883,305	11,705,331
Deferred Inflows of Resources	2,174,825	3,049,350
Invested in Capital Assets, Net of Related Debt	11,242,530	10,470,166
Restricted for Pension Benefits	-	912,856
Restricted for Debt Service	254,646	252,680
Restricted for Depreciation	1,564,090	1,230,840
Unrestricted	7,661,944	6,587,664
Total Net Position	20,723,210	19,454,206

In Current and Other Assets, Customer Accounts Receivable decreased by \$186,313, or 5.5% from 2022. Compared to 2022, there was less consumption in 2023 and pass-through rates for the PCAC, DCA and ECA were less due to the cost of power. Other Accounts Receivable decreased by 84% because the City of Menasha paid for the large street light replacement project that the utility completed for them. Inventory and prepaids increased by 7.5%, or \$58,488 due to more kept in inventory for a large multi-year subdivision project and the Racine and Water Street upgrades to be completed in 2024. Restricted cash and investments increased by \$346,208 due to more transferred to the Depreciation fund in 2023 since many capital projects were funded out of operations.

The specifics on the increases in the Capital Assets can be found on the Capital Assets Schedule – Table 9. The Deferred Outflows and Inflows of Resources are for pension activity with the Wisconsin Retirement System (WRS), Other Postemployment Related Amounts (LRLIF), and Leases. More details on this information can be found under Note 2-F – Pension Plan, Note 2-G – Other Postemployment Benefits, and Note 2-E – Leases Receivable in the audit detail. In 2023, it switched to a Net Pension Liability.

Accounts Payable decreased by 9.6%, or \$327,774 because the amount due to WPPI Energy was lower.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Table 4
Condensed Statement of Net Position – Water Utility

	2023	2022
Current and Other Assets	4,014,016	4,105,993
Net Capital Assets	22,548,705	22,736,415
Net Pension Asset	-	554,054
Total Assets	26,562,721	27,396,462
Deferred Outflows of Resources	1,384,763	1,122,419
Long Term Debt Outstanding	5,108,360	6,385,551
Other Liabilities	2,998,310	2,622,789
Total Liabilities	8,106,670	9,008,340
Deferred Inflows of Resources	811,389	1,324,623
Invested in Capital Assets, Net of Related Debt	16,084,072	15,148,623
Restricted for Pension	-	554,054
Restricted	1,165,415	1,536,832
Unrestricted	1,779,938	946,409
Total Net Position	19,029,425	18,185,918

In Current and Other Assets, Customer Accounts Receivable balances in total remained flat; however, the LSL loan account decreased by 23%, or \$40,131 for customers making payments on their 0% interest loans. The total outstanding for all loans at the end of 2023 is \$134,587. Our normal customer accounts receivable increased from 2022 by 10%, or \$41,343 because of higher consumption in the month of December. Capital projects, including the main replacement project, were paid for by funds received from operations and the Depreciation fund. We continued transferring a monthly payment into the Water Utility Reserve fund for maintenance projects of the water tower on Doty Island. In 2023, we used most of those funds to pay for the internal touch-up painting and the riser pipe replacement.

The specifics on Capital Asset activity can be found on the Capital Assets Schedule – Table 9. Deferred Outflows and Inflows of Resources relate to pension activity with the WRS and Other Postemployment Related Amounts (LRLIF). Please see Notes 2-F and 2-G in the audit detail for specifics.

The Long-Term Debt Outstanding decreased by the principal payments made in 2023. No new debt was taken out in 2023. Specifics about debt can be found in the Long-Term Debt Activity section. Other Liabilities increased in part by the balance in Accounts Payable. We had a large invoice outstanding at the end of 2023 for the water tower painting contractor and payments for chemical suppliers.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Table 5
Condensed Statement of Revenues,
Expenses and Changes in Net Position
Electric Utility

	2023	2022
Operating Revenue	41,898,559	46,002,526
Non-Operating Revenue	<u>497,548</u>	<u>228,657</u>
Total Revenues	42,396,107	46,231,183
Depreciation Expense	1,377,011	1,285,785
Other Operating Expenses	39,101,453	42,660,546
Non-Operating Expenses	<u>142,827</u>	<u>121,776</u>
Total Expenses	40,621,291	44,068,107
Income before Contributions and Transfers	1,774,816	2,163,076
Customer Contributions	103,657	343,361
Transfers Out	<u>(609,469)</u>	<u>(678,917)</u>
Change in Net Position	1,269,004	1,827,520
Beginning Net Position	<u>19,454,206</u>	<u>17,626,686</u>
Ending Net Position	20,723,210	19,454,206

Total Operating Revenues for all customer classes decreased 8.9%, or \$4.1 million from 2022 due to less consumption and lower pass-through rates due to the lower cost of power. Large industrial customers were the main driver for the decrease in revenues with 10.6%, or \$3.7 million. Residential customers also had a decrease in revenues from 2022 of 4.4%, or \$364,093. The average cost of power was \$69.90/MWh which is 7.9% lower than the average for 2022 which was \$75.90/MWh. Purchased power costs have decreased by \$4,176,868, or 10.4% compared to 2022.

Total Distribution expenses increased by 12% mainly because of more overhead line maintenance with tree trimming. Administrative and General expenses increased by 61.2%, or \$412,579 from 2022 because of costs related to pensions and benefits (mainly GASB 68 WRS & GASB 75 life insurance entries), more in Outside Services, health insurance costs, and training for managers. Outside Services increased by \$10,797, or 18.2% because we hired an engineering firm to complete a 20-year capital plan for the Electric utility.

The Transfers Out line item is strictly the PILOT (payment in lieu of taxes) payment to the City. The assessment ratio was much lower than last year causing the amount to be less than 2022. The Customer Contributions decreased from 2022 by \$239,704, or 70%. In 2022, we completed two subdivisions on the city's east side. In 2023, a larger mixed-use development building downtown was installed, as well as several other customer-requested projects including small commercial and residential service upgrades.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

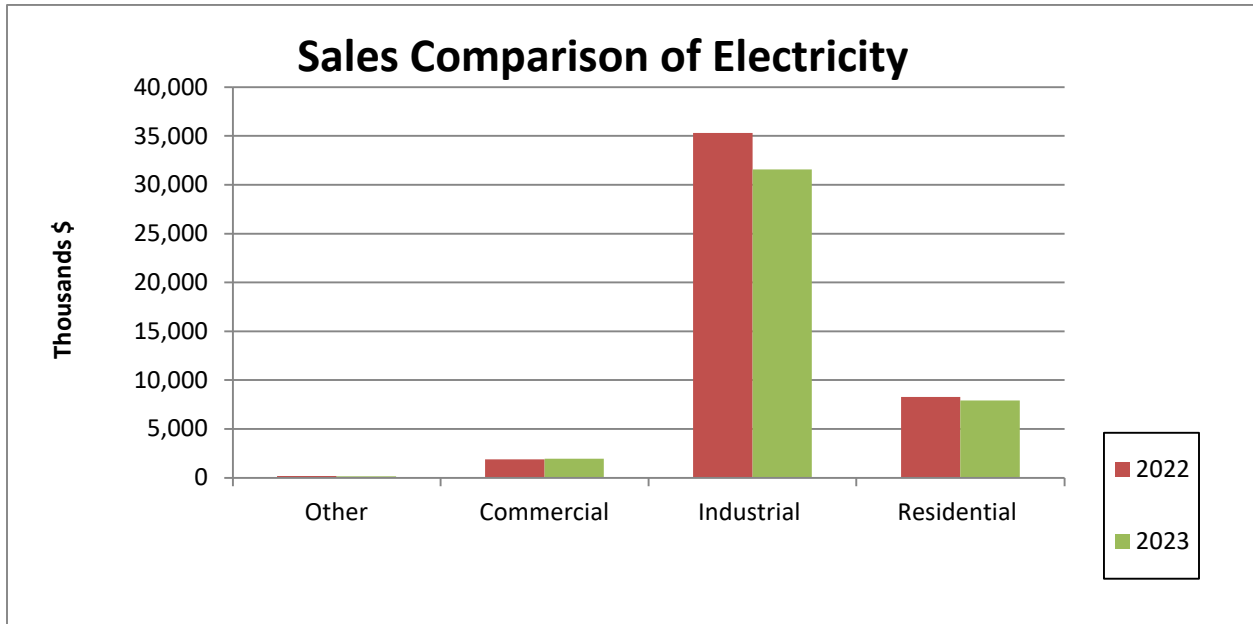
Table 6
Condensed Statement of Revenues,
Expenses and Changes in Net Position
Water Utility

	2023	2022
Operating Revenue	5,531,758	5,165,726
Non-Operating Revenue	<u>134,333</u>	<u>(11,326)</u>
Total Revenues	5,666,091	5,154,400
Depreciation Expense	1,103,873	1,069,811
Other Operating Expenses	2,884,989	2,475,401
Non-Operating Expenses	<u>186,858</u>	<u>177,283</u>
Total Expenses	4,175,719	3,722,494
Income before Contributions and Transfers	1,490,372	1,431,906
Customer Contributions	17,860	49,013
Transfers Out	<u>(664,725)</u>	<u>(731,102)</u>
Change in Net Position	843,507	749,817
Beginning Net Position	<u>18,185,918</u>	<u>17,436,101</u>
Ending Net Position	19,029,425	18,185,918

Operating Revenues for all customer classes increased by 7.1% compared to 2022. Industrial, Residential, Multi-Family, and Sales for Resale customers all took more water in 2023 compared to 2022. The Resale customer revenues had the largest impact with increased revenues by 20.5% or \$146,407 for the year. A simplified water rate increase took effect 6/1/22, so 2023 was the first full year of revenues with the new rates. Non-Operating Revenues were negative for 2022 due to mark-to-market adjustments posted for our investments. Interest rates and mark-to-market adjustments are much more favorable in 2023.

Water Treatment costs increased by 8.6% compared to 2022 due to higher chemical costs and lab operations expenses at the Water Plant. Chemical costs increased by 38.5%, or \$92,228 compared to 2022. The average chemical cost per thousand gallons increased by 24.6% from \$0.3915 in 2022 to \$0.4879 in 2023. Chemical costs continue to rise due to economic conditions and supply chain issues. Transmission and Distribution expense increased by 24% because of the water tower touch-up painting project completed in 2023. The number of main breaks was the same as in 2022 with 30, so those costs were similar. Pumping expenses decreased by 5.1% due to lower electricity costs for the Water Plant and High Lift Pump Station.

Table 7



Revenues decreased by 8.9%, or \$4 million from 2022. Consumption decreased by 12.8 million kWh, or 2.4% compared to last year. Industrial customers decreased consumption by 14 million kWh compared to 2022. Our largest customer had an outage in May which accounted for part of the decrease. All other customer classes remained at about the same consumption levels as the prior year. The above sales figures include lower PCAC, ECA and DCA rates for our customers throughout the year, which is a pass-through from our power provider, WPPI Energy.

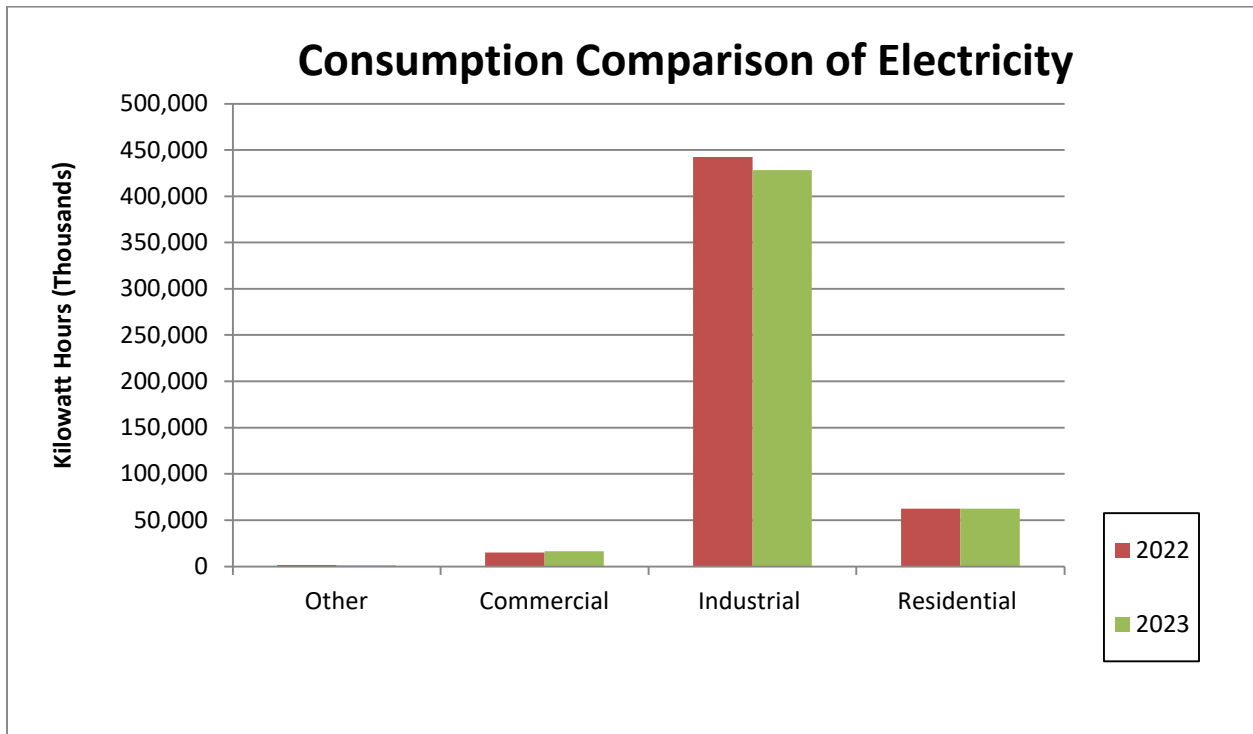
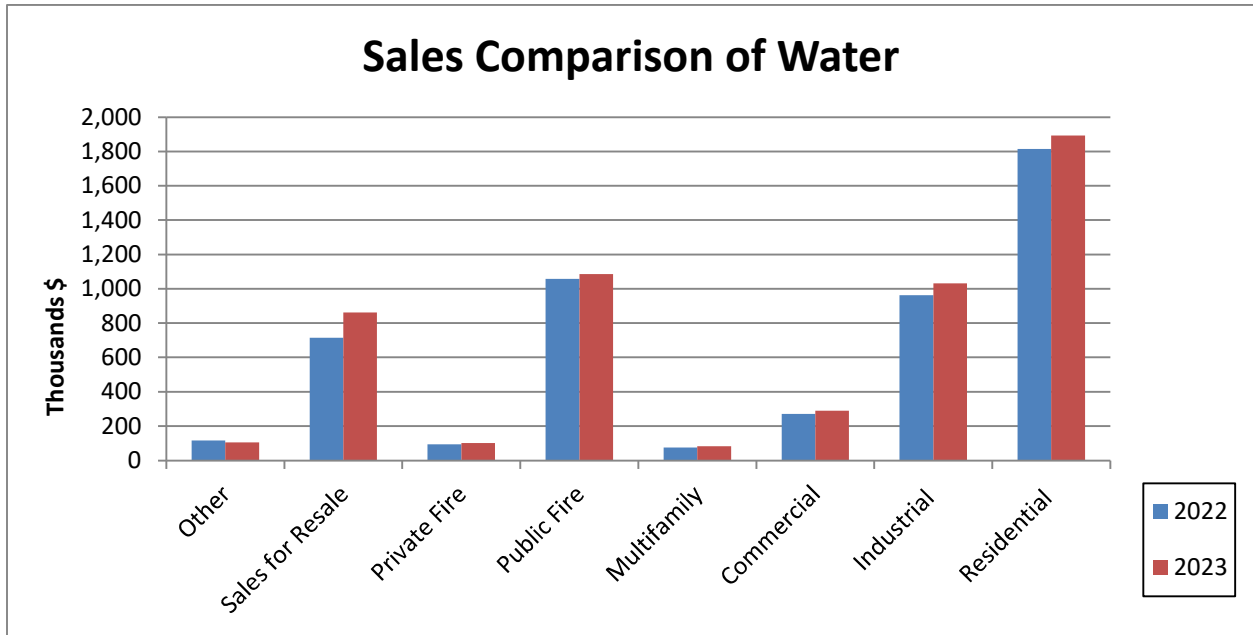
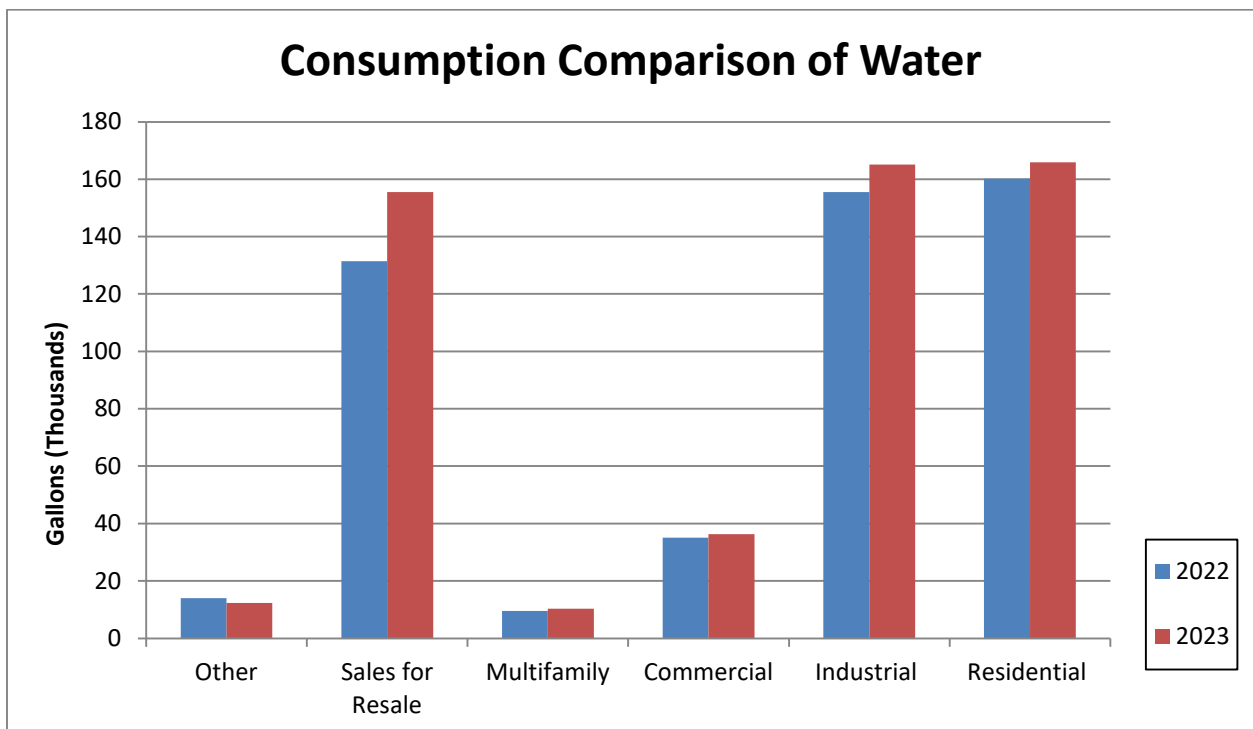


Table 8



Revenues increased by 6.8% from 2022 due to an increase in consumption as well as a full year of the simplified water rate case revenues. The Resale customer and Industrial customer class increased revenues by 20% and 7%, respectively. For 2023, the consumption of water sold to all customers increased by 7.3%, or 39.7 million gallons. The largest increase in consumption from the prior year was the Sales for Resale customer who took 18% more, or 24 million gallons. Residential customers took 3.6%, or nearly 6 million gallons more than in 2022. The Other reflects municipal water sales.





MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Capital Asset Activity

Table 9
Capital Assets – Water and Electric Utility

	2023	2022
Capital Assets – Water		
Source of Supply	393,547	393,547
Pumping	3,172,918	3,172,918
Water Treatment	13,383,098	13,375,527
Transmission and Distribution	20,168,129	19,524,958
General Plant	1,087,238	1,074,250
Total Water Capital Assets	37,541,201	37,541,201
Less: Accumulated depreciation	(16,011,853)	(15,144,488)
Property Held for Future Use	251,822	264,947
Construction in progress	103,806	74,755
Net Capital Assets	22,548,705	22,736,415
Capital Assets – Electric		
Distribution	33,453,575	32,133,752
General Plant	5,548,870	5,552,135
Total Electric Capital Assets	39,002,446	37,685,888
Less: Accumulated depreciation	(22,322,328)	(21,175,469)
Utility Plant Acquisition Adjustment	-	-
Property Held for Future Use	13,340	36,867
Non-Utility Property	12,887	12,887
Construction in progress	427,309	472,550
Net Capital Assets	17,133,653	17,032,724

In Transmission and Distribution plant for the Water utility, water mains, hydrants, valves, and services were replaced on Ninth Street, Third Street, and Water Street. A total of 1,047 feet of water main was installed with those projects. In addition, a total of 20 valves, 6 hydrants and 72 services were installed in the distribution system which includes the large project, lead service lateral replacements, and other miscellaneous projects that came up during flushing and other testing. We purchased 527 AMI water meters during the year. In Water Treatment, a sludge scraper gearbox was upgraded, and a new fire panel was added. Separately, in General Plant, water's portion of the Civic Caselle accounting system conversion took place, a portable turbidimeter was purchased, and the telemetry at the Head House was updated.

During 2023, the Electric utility completed infrastructure replacements on Seventh Street and Appleton Street. In total, we installed 44 poles, 2,220' of conduit, 17,741' of overhead wire, and 4,923' of underground cable. Additionally, bushings and radiators were replaced at Northside Substation and 54 transformers were purchased along with 1,112 AMI meters. In General Plant, we purchased a new vehicle for administrative employees, miscellaneous computer equipment, a photocopier, and the new Civic Caselle accounting system. Construction in progress decreased slightly and includes a large



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

industrial customer upgrade that will be completed in 2024 (pushed out a year due to material delays) and a large subdivision.

The Electric utility had developer and customer contributions of \$103,657 with total contributed plant of \$4,160,423. The contributions include the Brin building downtown Menasha, four commercial upgrades/developments, and several residential service upgrades.

The Water utility had customer contributions of \$17,860 during the year and their contributed plant totaled \$1,582,605. Contractors paid for two new commercial services and valves.

Long-Term Debt Activity

The Electric utility issued Revenue Refunding Bonds, Series 2021A for \$8,385,000 with an interest rate of 1% in February 2021. This debt will be paid off in 2029. We made our third bond payment on September 1, 2023, for \$942,775 in total. The balance at year end is \$5,645,000.

The Water utility made a principal payment on March 1, 2023, for \$160,000 on the General Obligation Refunding Bonds, Series 2020B. The balance outstanding at the end of 2023 is \$1,410,000. The interest rate fluctuates between the years of 2 – 2.3% and will be paid off in 2031.

All projects for both the Electric and Water utility were funded throughout the year from operations and their respective Depreciation funds. Monthly payments were made from the Water utility for the WPPI Energy Loan taken out in 2022 which was a 10-year, 0% interest loan for \$130,350 to pay for a portion of the Water utility's AMI Meter project. The total of all monthly payments in 2023 was \$13,035. The balance at year end is \$108,625.

The outstanding balance at the end of 2023 for all Safe Drinking loans is \$4,735,130. This balance is made up of eight separate loans including the original Water Plant project; the 3rd Street Water Distribution project; scraper project at the Water Plant; additional Water Plant enhancements for the original project; the 2012 main replacement project for Ida, Grove, Arthur, and 8th Streets; the High Lift Pump modifications and River Crossing project; the 2021 main replacement project for Appleton, Lisbon, Eighth, Milwaukee and Nicolet; and most recently the 2022 main replacement project for Seventh, Eighth, Racine Streets, and Pleasant Lane. The Water utility paid off \$1,044,820 of the principal for these loans in 2023.

The Electric utility provided Inter-company Loans to help fund various capital projects within the utility several years ago. As of December 31, 2023, the Water utility has an outstanding balance of \$101,727. The Telecommunications outstanding 2023 balance is \$100,500. This results in a total advance due to the Electric utility of \$202,227.



MENASHA UTILITIES
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022

Economic Factors

The Utilities have continued with capital budgeting, strategic planning, and project and financial planning for infrastructure within the City of Menasha and our boundaries. Several regulatory factors and developments in the City were kept in mind when looking at the overall strategy. The 2024 Electric budget was approved to include the purchase of transformers, AMI meters, a bushing replacement, and a transformer foundation repair at Northside Substation. In addition, we will continue to rebuild several overhead electric distribution facilities along Racine Street in anticipation for a WI DOT project taking place in 2025. Projects are also scheduled to upgrade facilities on Water Street and Mathewson Street. In the Water utility budget, such projects include replacement of water main also on Racine Street and scale replacements at the Water Plant. Facility modifications and HVAC equipment for the Water Plant are included in the budget, but they will only be completed if necessary due to the age of the plant and cash flow restrictions. Along with the Electric utility, AMI water meters are being installed.

The Electric utility filed a rate case with the PSC in 2020 to maintain the financial strength of the utility and meet PSC requirements documented in the last rate case. The Electric rate case went into effect on January 1, 2021, with an overall rate increase approved by the PSC for 1.58%, or \$647,661. The rate of return remains at 7%. We are working with WPPI Energy to assist us with filing a rate case in 2024.

The current Water utility rates went into effect on June 1, 2022, with a simplified rate case which had an overall increase in customer rates of 4.5%. The rate of return remains at 4.9%. The Water utility filed a rate case with the PSC in November 2023 due to declining revenues/consumption and higher expenses because of economic factors.

The Water utility continues to offer a customer-side lead service line replacement program. With every private lead service lateral replacement, the Water utility, the City of Menasha, and the property owner each contribute one third of the cost of replacement, up to \$1,000 per residential property for the City and utility. The customer can obtain a five-year, zero-interest loan from the utility if they need assistance and repay it monthly on their utility bill. Through June 2023, we received a grant for the utility and City portions of the replacement through the Safe Drinking Water Loan program. All lead services found after that have been paid for directly by the utility and City's operating funds. All known lead services have been removed from our distribution system to date. The program was funded out of the Depreciation Fund and the customer repayments are transferred back into the fund now going forward. The total outstanding for all customer loans at the end of 2023 is \$134,587. There is a large share of customers who have paid their loan off and have a zero balance.

Contacting Financial Management

This financial report is designed to provide our customers, investors, and other interested parties with a general overview of the utilities' financial operations and condition. If you have questions regarding the information provided in this report or wish to request additional financial information, contact the General Manager, Menasha Utilities, P.O. Box 340, Menasha, WI 54952.

General information relating to Menasha Utilities can be found on the Utility web site at www.menashautilities.com.

FINANCIAL STATEMENTS

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 6,460,254	\$ 6,056,366
Receivables:		
Customer Accounts	3,800,060	3,981,227
Other	53,499	376,748
Due from Other Governments	386,764	327,724
Prepaid Items and Supplies	<u>1,189,543</u>	<u>1,147,051</u>
Total Current Assets	11,890,120	11,889,116
Noncurrent Assets:		
Restricted and Other Assets:		
Cash and Investments	5,730,429	5,701,255
Other Assets:		
Lease Receivable	843,051	866,860
Net Pension Asset	<u>-</u>	<u>1,466,910</u>
Total Other Assets:	843,051	2,333,770
Capital Assets:		
Nondepreciable	2,007,930	2,060,743
Depreciable, Net	<u>37,941,948</u>	<u>38,005,009</u>
Total Capital Assets	<u>39,949,878</u>	<u>40,065,752</u>
Total Assets	58,413,478	59,989,893
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	3,523,134	2,847,677
Other Postemployment Related Amounts	<u>134,335</u>	<u>121,380</u>
Total Deferred Outflows of Resources	3,657,469	2,969,057

See accompanying Notes to Financial Statements.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 3,566,351	\$ 3,803,296
Accrued and Other Current Liabilities	1,729,436	1,865,785
Special Deposits	261,366	311,038
Unearned Revenue	372	788
Payable from Restricted Assets:		
Current Portion of Long-Term Obligations:		
General Obligation Debt	165,000	160,000
Revenue Bonds	2,002,122	1,967,099
Accrued Liabilities	230,308	225,158
Accrued Interest	45,789	53,674
Total Current Liabilities	<u>8,000,744</u>	<u>8,386,838</u>

Long-Term Liabilities, Less Current Portion:

General Obligation Debt	1,245,000	1,410,000
Revenue Bonds	8,486,633	10,470,875
Net Pension Liability	941,743	-
Other Postemployment Benefits	230,415	314,479
Total Long-Term Liabilities	<u>10,903,791</u>	<u>12,195,354</u>

Total Liabilities

18,904,535 20,582,192

DEFERRED INFLOWS OF RESOURCES

Pension Related Amounts	1,972,348	3,458,112
Other Postemployment Related Amounts	170,815	49,001
Lease Related Amounts	843,051	866,860
Total Deferred Inflows of Resources	<u>2,986,214</u>	<u>4,373,973</u>

NET POSITION

Net Investment in Capital Assets	27,822,622	25,915,402
Restricted:		
Pension Benefits	-	1,466,910
Debt Service	254,646	252,680
Depreciation	2,920,585	2,754,730
Lead Service Lateral Replacement	-	15,201
Water Tower	1,733	158,074
Unrestricted	<u>9,180,612</u>	<u>7,439,788</u>
Total Net Position	<u>\$ 40,180,198</u>	<u>\$ 38,002,785</u>

See accompanying Notes to Financial Statements.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services	\$ 47,272,718	\$ 51,014,594
Other	<u>276,489</u>	<u>271,723</u>
Total Operating Revenues	<u>47,549,207</u>	<u>51,286,317</u>
OPERATING EXPENSES		
Operation and Maintenance	41,761,548	44,931,779
Depreciation	2,516,529	2,390,916
Taxes	<u>240,154</u>	<u>224,830</u>
Total Operating Expenses	<u>44,518,231</u>	<u>47,547,525</u>
OPERATING INCOME	3,030,976	3,738,792
NONOPERATING REVENUES (EXPENSES)		
Interest Income	645,463	176,455
Other Income Deductions	(4)	(158)
Merchandising and Jobbing	1,671	47,330
Interest and Fiscal Charges	(212,017)	(246,882)
Miscellaneous	<u>(122,119)</u>	<u>(57,884)</u>
Total Nonoperating Revenues (Expenses)	<u>312,994</u>	<u>(81,139)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND PAYMENTS TO PRIMARY GOVERNMENT	3,343,970	3,657,653
Capital Contributions	123,190	399,839
Payments to Primary Government	<u>(1,289,747)</u>	<u>(1,427,565)</u>
CHANGE IN NET POSITION	2,177,413	2,629,927
Net Position - Beginning of Year	<u>38,002,785</u>	<u>35,372,858</u>
NET POSITION - END OF YEAR	<u>\$ 40,180,198</u>	<u>\$ 38,002,785</u>

See accompanying Notes to Financial Statements.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 48,004,243	\$ 52,034,959
Cash Received from Others	3,455,048	3,310,919
Cash Paid for Services Provided	(3,520,402)	(3,315,332)
Cash Paid for Employee Wages and Benefits	(3,290,788)	(2,974,865)
Cash Paid to Suppliers	<u>(39,026,374)</u>	<u>(42,875,401)</u>
Net Cash Provided by Operating Activities	5,621,727	6,180,280
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to Primary Government	(1,289,747)	(1,427,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(2,195,804)	(2,567,328)
Disposal of Capital Assets, Including Cost of Disposal	(19,457)	(20,659)
Proceeds from Long Term Debt	18,636	1,059,128
Principal Paid on General Obligation Debt	(160,000)	(1,152,091)
Principal Paid on Revenue Bonds	(1,967,855)	(900,000)
Interest Paid on Long-Term Debt	<u>(215,447)</u>	<u>(238,921)</u>
Net Cash Used by Capital and Related Financing Activities	(4,539,927)	(3,819,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(539,000)	(4,000,000)
Sale of Investments	1,712,000	-
Interest Received	<u>472,411</u>	<u>236,085</u>
Net Cash Provided by Investing Activities	1,645,411	(3,763,915)
CHANGE IN CASH AND CASH EQUIVALENTS	1,437,464	(2,831,071)
Cash and Cash Equivalents - Beginning of Year	<u>7,570,776</u>	<u>10,401,847</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,008,240</u>	<u>\$ 7,570,776</u>

See accompanying Notes to Financial Statements.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 3,030,976	\$ 3,738,792
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Charged to Operations	2,516,529	2,390,915
Depreciation Charged to Clearing Accounts	166,293	170,168
Merchandising and Jobbing	1,667	47,172
Miscellaneous	(122,119)	(57,884)
Changes in Amounts Reported for Cost-Sharing, Multiple-Employer Plans:		
Pension:		
Net Pension Asset	1,466,910	(295,965)
Deferred Outflows - Pension Related	(675,457)	(925,134)
Net Pension Liability	941,743	-
Deferred Inflows - Pension Related	(1,485,764)	885,615
Other Postemployment Benefits:		
Deferred Outflows - OPEB Related	(12,955)	(9,043)
OPEB Liability	(84,064)	50,406
Deferred Inflows - OPEB Related	121,814	(4,984)
Change in Operating Assets and Liabilities		
Accounts Receivables	181,167	215,007
Lease Receivables	23,809	(866,860)
Other Receivables	323,249	242,542
Due from Other Governments	(59,040)	7,103
Prepaid Items and Supplies	(42,492)	(151,003)
Accounts Payable	(465,443)	(377,385)
Accrued and Other Current Liabilities	(131,199)	21,552
Customer Deposits	(49,672)	232,311
Unearned Revenue	(416)	95
Deferred Inflows- Leases	(23,809)	866,860
Net Cash Provided by Operating Activities	<u>\$ 5,621,727</u>	<u>\$ 6,180,280</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENT OF NET POSITION**

Cash and Investments in Current Assets	\$ 6,460,254	\$ 6,056,366
Cash and Investments in Restricted Assets	5,730,429	5,701,255
Less: Long-Term Cash and Investments	(3,182,443)	(4,186,845)
Total Cash and Cash Equivalents	<u>\$ 9,008,240</u>	<u>\$ 7,570,776</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Assets Contributed	<u>\$ 123,190</u>	<u>\$ 399,839</u>
Capital Assets Included in Accounts Payable	<u>\$ 228,500</u>	<u>\$ 142,376</u>

See accompanying Notes to Financial Statements.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Menasha Utilities, City of Menasha, Wisconsin (the Utilities), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Utilities are described below:

A. Reporting Entity

The Utilities is a municipal corporation governed by a five-member board of commissioners appointed by the City of Menasha, Wisconsin (Primary Government). The Utilities are considered to be a component unit of the City of Menasha, Wisconsin. In accordance with GAAP, the financial statements are required to include the Utilities and any separate component units that have a significant operational or financial relationship with the Utilities. The Utilities has not identified any component units that are required to be included in the financial statements in accordance with standards established in GASB Statement No. 61, as amended.

B. Enterprise Fund Financial Statements

The accounts of the Utilities are accounted for in an enterprise fund as required by GAAP. Enterprise funds are used to account for government operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes.

C. Measurement Focus and Basis of Accounting

Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows and outflows of resources associated with the operation are included on the Statement of Net Position. Enterprise fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unpaid service receivables are recorded at year-end. All capital assets are capitalized at historical cost and depreciated over their useful lives.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method.

3. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

4. Capital Assets

Capital assets, which include property, plant and equipment assets, are reported in the financial statements. Capital assets are defined by the Utilities as assets with an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

4. Capital Assets (Continued)

Capital assets of the Utilities are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	15 to 40
Improvements Other than Buildings	18 to 77
Machinery and Equipment	4 to 17

5. Sewer and Stormwater Collections

The Utilities perform the billing and collection functions for the City of Menasha Sewage Treatment and Stormwater Funds. The Utilities charge the City for these services at cost plus a return on investment for Sewer collections and at cost for Stormwater collections. The cost reimbursement is credited directly to the related expense accounts.

6. Compensated Absences

It is the Utilities' policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies. Vacation benefits are accrued when incurred in the financial statements.

7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable. The Utilities recognizes deferred outflows related to pensions and other post-employment benefits. The Utilities recognize deferred inflows related to pension related amounts, other post-employment benefits, and leases receivable.

8. Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

9. Leases

The Utility is a lessor for space usage.

Lessor

The Utility determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the Utilities' claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The Utility recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statement of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Utility has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

10. 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,
- 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.

11. Other Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue). Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Net Position

Equity is classified as net position and displayed in three components:

- Net investment in capital assets. Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position. Net position that is neither classified as restricted nor as net investment in capital assets.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Utilities maintain restricted and unrestricted cash and investment accounts held by the City of Menasha Treasurer.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Utilities' cash and investments totaled \$12,190,683 on December 31, 2023 as summarized below:

Petty Cash and Cash on Hand	\$	4,525
Deposits with Financial Institutions		9,007,900
Investments:		
Common Stock		60
U.S. Government agency securities		2,624,689
Cash Management		553,509
Total		<u><u>\$ 12,190,683</u></u>

Reconciliation to the basic financial statements:

Statement of Net Position:		
Cash and Investments	\$	6,460,254
Restricted and Other Cash and Investments		5,730,429
Total		<u><u>\$ 12,190,683</u></u>

Fair Value Measurements

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 observable inputs; Level 3 inputs are significant unobservable inputs. The Utility has the following fair value measurements as of December 31, 2023:

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements (Continued)

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
US Treasuries	\$ -	\$ 227,397	\$ -
US Agencies	-	279,840	-
State and Municipal Bonds	-	1,521,292	-
Federal Home Loan Bank	-	596,160	-
Total	\$ -	\$ 2,624,689	\$ -

Deposits and investments of the Utility are subject to various risks. Presented below is a discussion of the Utilities' deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Utility does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2023, all of the Utilities' deposits with financial institutions were either covered under federal and state depository insurance or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Utilities' name.

**MENASHA UTILITIES
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
US Treasuries	\$ 227,397	\$ 227,397	\$ -	\$ -	\$ -
US Agencies	279,840	279,840	-	-	-
State and Municipal Bonds	1,521,292	-	95,740	1,425,552	-
Federal Home Loan Bank	596,160	-	-	596,160	-
Totals	<u>\$ 2,624,689</u>	<u>\$ 507,237</u>	<u>\$ 95,740</u>	<u>\$ 2,021,712</u>	<u>\$ -</u>

Concentration of Credit Risk

The investment policy of the Utility contains no limitations on the amount that can be invested in any one issuer. At December 31, 2023, the Utilities had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Utilities investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Utilities' investment policy limits investment maturities to three years or less from the date of acquisition.

Information about the sensitivity of the fair values of the Utilities' investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Utilities' investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
US Treasuries	\$ 227,397	\$ -	\$ -	\$ -	\$ 227,397
US Agencies	279,840	279,840	-	-	-
State and Municipal Bonds	1,521,292	609,113	912,179	-	-
Federal Home Loan Bank	596,160	596,160	-	-	-
Totals	<u>\$ 2,624,689</u>	<u>\$ 1,485,113</u>	<u>\$ 912,179</u>	<u>\$ -</u>	<u>\$ 227,397</u>

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Cash and Investments

Restricted Cash and Investments on December 31, 2023 totaled \$5,730,429 and consisted of cash and investments held for the following purposes:

Segment	Amount	Purpose
Electric Utility:		
Restricted Assets:		
Debt Reserve	\$ 847,578	Resources set aside to make up potential future deficiencies in the debt service account
Debt Service	327,068	Resources accumulated for debt service payments over the next twelve months
Depreciation	1,564,090	Resources accumulated for repairs, replacements, or additions to capital assets
Postemployment Benefits	<u>215,568</u>	Resources accumulated for postemployment health benefits
Total Electric Utility	2,954,304	
Water Utility:		
Restricted Assets:		
Debt Service	869,767	Resources accumulated for debt service payments over the next twelve months
Other Assets:		
Depreciation	1,165,414	Resources accumulated for repairs, replacements, or additions to capital assets
Chemical Stabilization	<u>548,130</u>	Resources accumulated for painting and maintenance of the water tower
Total Water Utility	2,583,311	
Telecommunications Utility:		
Other Assets:		
Depreciation	<u>192,814</u>	Resources accumulated for repairs, replacements, or additions to capital assets water distribution plant
Total Restricted Assets	<u>\$ 5,730,429</u>	

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 1,513,439	\$ 1,618	\$ 38,240	\$ 1,476,817
Construction in Progress	547,304	295,307	311,498	531,113
Total Capital Assets, Nondepreciable	2,060,743	296,925	349,738	2,007,930
Capital Assets, Depreciable:				
Buildings and Improvements	8,984,739	54,344	8,712	9,030,371
Improvements Other than Buildings	45,842,414	1,854,165	369,171	47,327,408
Machinery and Equipment	20,320,557	764,188	313,931	20,770,814
Subtotals	75,147,710	2,672,697	691,814	77,128,593
Less Accumulated Depreciation for:				
Electric Distribution Utility	21,175,469	1,518,156	371,297	22,322,328
Energy Services Utility	165,778	8,110	-	173,888
Telecommunications Utility	656,970	27,535	5,927	678,578
Water Utility	15,144,484	1,129,023	261,656	16,011,851
Subtotals	37,142,701	2,682,824	638,880	39,186,645
Total Capital Assets, Depreciable, Net	38,005,009	(10,127)	52,934	37,941,948
Capital Assets, Net	\$ 40,065,752	\$ 286,798	\$ 402,672	39,949,878
Less: Capital Related Debt				(11,898,755)
Less: Capital Related Accounts Payable				(228,501)
Net Investment in Capital Assets				\$ 27,822,622

Depreciation expense was charged to functions of the Utilities as follows:

Business-Type Activities:	
Electric Distribution Utility	\$ 1,377,011
Energy Services Utility	8,110
Telecommunications Utility	27,535
Water Utility	1,103,873
Total Depreciation Expense	2,516,529
Depreciation Charged to Operating and Clearing Accounts	166,295
Total Increase in Accumulated Depreciation	\$ 2,682,824

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Utilities for the year ended December 31, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Business-Type Activities:					
General Obligation Bonds	\$ 1,570,000	\$ -	\$ 160,000	\$ 1,410,000	\$ 165,000
Revenue Bonds					
Direct Borrowing	5,761,314	18,636	1,044,820	4,735,130	1,069,087
Revenue Bonds	6,676,660	-	923,035	5,753,625	933,035
Total Long-Term Obligations	<u>\$ 14,007,974</u>	<u>\$ 18,636</u>	<u>\$ 2,127,855</u>	<u>\$ 11,898,755</u>	<u>\$ 2,167,122</u>

Total interest paid during the year on long-term debt totaled \$215,447.

Safe Drinking Water Loan Program

The Utilities' outstanding revenue bonds from the Safe Drinking Loan Program of \$4,735,130 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the Utility or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
General Obligation Bonds	04/30/20	03/01/31	2.0 - 2.4%	\$ 1,870,000	<u>\$ 1,410,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$1,410,000 on December 31, 2023 are detailed below:

<u>Year Ended December 31,</u>	General Obligation Revenue Bonds		
	Principal	Interest	Total
2024	\$ 165,000	\$ 28,387	\$ 193,387
2025	165,000	25,088	190,088
2026	170,000	21,738	191,738
2027	175,000	18,200	193,200
2028	180,000	14,427	194,427
2029-2031	555,000	19,149	574,149
Total	<u>\$ 1,410,000</u>	<u>\$ 126,989</u>	<u>\$ 1,536,989</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Legal Margin for New Debt

The Utilities' outstanding general obligation debt of \$1,410,000 is considered part of the City of Menasha, Wisconsin's debt limitation in accordance with Wisconsin Statute 67.03.

Revenue Bonds

Revenue bonds outstanding on December 31, 2023 totaled \$10,488,755 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/23</u>
Direct Borrowings:					
Safe Drinking Water Loan Program	04/26/06	05/01/25	2.365 %	\$ 12,061,890	\$ 1,605,422
Safe Drinking Water Loan Program	04/11/07	05/01/26	2.668	779,363	201,899
Safe Drinking Water Loan Program	04/22/09	05/01/28	2.20	678,908	312,213
Safe Drinking Water Loan Program	11/09/11	05/01/31	2.20	233,307	107,716
Safe Drinking Water Loan Program	06/13/12	05/01/32	2.20	639,000	627,636
Safe Drinking Water Loan Program	07/25/12	05/01/32	2.475	1,276,480	154,303
Safe Drinking Water Loan Program	06/23/21	05/01/41	1.485	895,150	830,835
Safe Drinking Water Loan Program	07/27/22	05/01/42	2.145	932,953	895,106
Revenue Bonds	02/17/21	09/01/29	1.000	8,385,000	5,645,000
Revenue Bonds- WPPI Note	05/27/22	05/28/32	-	130,350	108,625
Total Outstanding Revenue Bonds					<u>\$ 10,488,755</u>

**MENASHA UTILITIES
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DECEMBER 31, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$10,488,755 on December 31, 2023 are detailed below:

Year Ended December 31.	Revenue Bonds		Direct Borrowings - Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 933,035	\$ 56,450	\$ 1,069,087	\$ 89,341	\$ 2,002,122	\$ 145,791
2025	938,035	47,250	1,093,922	64,216	2,031,957	111,466
2026	948,035	38,000	288,039	48,334	1,236,074	86,334
2027	958,035	28,650	240,387	42,581	1,198,422	71,231
2028	968,035	19,200	245,543	37,368	1,213,578	56,568
2029-2033	1,008,450	9,650	932,584	121,502	1,941,034	131,152
2034-2038	-	-	491,814	57,704	491,814	57,704
2039-2042	-	-	373,754	13,000	373,754	13,000
Total	<u>\$ 5,753,625</u>	<u>\$ 199,200</u>	<u>\$ 4,735,130</u>	<u>\$ 474,046</u>	<u>\$ 10,488,755</u>	<u>\$ 673,246</u>

Utility Revenues Pledged

Revenue bonds are payable only from revenues derived from the operation of the electric and water utilities and do not constitute debt which with faith and credit or taxing powers of the City are pledged. The Utilities have pledged future utility revenues, net of specified operating expenses, to repay the revenue bonds through 2029 and 2042, respectively. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the Utilities. A summary of net customer revenues and remaining principal and interest due on revenue bonds follows:

	Electric Utility	Water Utility
Net Customer Revenues:		
Charges for Services	\$ 41,702,819	\$ 5,451,034
Other Income	195,740	80,724
Total Operating Revenues	41,898,559	5,531,758
Less: Operating Expenses ⁽¹⁾	39,101,453	2,884,988
Net Customer Revenues	<u>\$ 2,797,106</u>	<u>\$ 2,646,770</u>
Debt Service:		
Principal	\$ 920,000	\$ 1,082,122
Interest	56,450	89,341
Total Debt Service	<u>\$ 976,450</u>	<u>\$ 1,171,463</u>
Remaining Principal and Interest	<u>\$ 5,844,200</u>	<u>\$ 5,317,801</u>

⁽¹⁾ Excludes Depreciation Expense

**MENASHA UTILITIES
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Notes Payable from Direct Borrowings- WPPI

The Utility has purchased capacity in WPPI Energy. Annual principal and interest maturities of the outstanding notes payable to WPPI of \$108,625 on December 31, 2023 are detailed below:

<u>Year Ended December 31,</u>	Notes Payable from Direct Borrowings- WPPI		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,035	\$ -	\$ 13,035
2025	13,035	-	13,035
2026	13,035	-	13,035
2027	13,035	-	13,035
2028	13,035	-	13,035
2029-2033	43,450	-	43,450
Total	<u>\$ 108,625</u>	<u>\$ -</u>	<u>\$ 108,625</u>

E. Leases Receivable

A summary of the Utilities lease terms and interest rates is as follows:

Cell tower lease. Monthly installments escalating from \$2,695 to \$5,905 including interest at 1.0%, due date of 2043.

For the year ended, December 31, 2023, the Utility received in lease revenue \$23,808 and \$8,533 in interest on the lease receivable.

Total future minimum lease payment to be received under lease agreements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 25,348	\$ 8,287	\$ 33,635
2025	26,955	8,025	34,980
2026	28,633	7,746	36,379
2027	30,384	7,451	37,835
2028	32,211	7,137	39,348
2029-2023	191,343	30,301	221,644
2034-2038	250,372	19,293	269,665
2039-2043	257,805	5,324	263,129
Total	<u>\$ 843,051</u>	<u>\$ 93,564</u>	<u>\$ 936,615</u>

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan

1. 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 1200 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/reports-and-studies/financial-reports-and-statements>.

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

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.

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 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 periods. 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 or after age 55 (50 for protective occupations) 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.

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

1. Plan Description (Continued)

The WRS also provides death and disability benefits for employees.

2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	-	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

3. 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, Executives and Elected Officials. Starting on 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 remained of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending December 31, 2023, the WRS recognized \$229,857 in contributions from the Utilities.

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.8 %	6.8 %
Protective with Social Security	6.8	13.2
Protective without Social Security	6.8	18.1

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

At December 31, 2023, the Utilities reported a liability of \$941,743 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Utilities' proportion was 0.01777644%, which was a decrease of 0.00042303% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Utilities recognized pension expense of \$477,506.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,499,904	\$ 1,970,538
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,599,805	-
Changes in Assumptions	185,185	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,383	1,810
Employer Contributions Subsequent to the Measurement Date	229,857	-
Total	<u>\$ 3,523,134</u>	<u>\$ 1,972,348</u>

**MENASHA UTILITIES
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DECEMBER 31, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

\$229,857 reported as deferred outflows related to pension resulting from the Utilities' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ 55,421
2025	274,138
2026	281,386
2027	709,984
Total	\$ 1,320,929

5. Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Public Equity	48 %	7.6 %	5.0 %
Public Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Cash	(15)	N/A	N/A
Total Core Fund	100	7.4	4.8
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

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

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

**MENASHA UTILITIES
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single discount rate. A single discount rate of 6.8% was used to measure the total pension liability, for the current year and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. 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 6.8% 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 members 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 municipal bond 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 Utilities’ proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Utilities’ proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the Utilities’ proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.8%) or one-percentage-point higher (7.8%) than the current rate:

	One Percent Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	One Percent Increase to Discount Rate (7.8%)
Utilities’ Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,125,614</u>	<u>\$ 941,743</u>	<u>\$ (560,573)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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DECEMBER 31, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

6. Payables to the Pension Plan

The Utilities reported a payable of \$52,005 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

G. Other Postemployment Benefits

Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position

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 standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Contribution rates as of December 31, 2023 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are listed below:

Life Insurance Member Contribution Rates* For the Year Ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the year ended December 31, 2023, the LRLIF recognized \$1,241 in contributions from the employer.

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

At December 31, 2023, the Utilities reported a liability of \$230,415 for its proportionate share of the net OPEB liability (asset). The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net OPEB liability was based on the Utilities' share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Utilities' proportion was 0.06047900%, which was an increase of 0.00727100% from its proportion measured as of December 31, 2021.

**MENASHA UTILITIES
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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2023, the Utilities recognized OPEB expense of \$26,007.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 22,550
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	4,323	-
Changes in Assumptions	82,783	136,008
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	47,229	12,257
Total	<u>\$ 134,335</u>	<u>\$ 170,815</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ (1,749)
2025	(2,833)
2026	4,294
2027	(5,258)
2028	(14,649)
Thereafter	(16,285)
Total	<u>\$ (36,480)</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield: *	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO Index

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

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50 %	2.45 %
U.S. Mortgages	Bloomberg US	50	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single discount rate. A single discount rate of 3.76% was used to measure the total OPEB liability as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Utilities' proportionate share of net OPEB liability to changes in the discount rate. The following presents the Utilities' proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the Utilities' proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.76%) or one-percentage-point higher (4.76%) than the current rate:

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NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	One Percent Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	One Percent Increase to Discount Rate (4.76%)
Utilities' Proportionate Share of the Net OPEB Liability	<u>\$ 314,146</u>	<u>\$ 230,415</u>	<u>\$ 166,244</u>

Payable to the OPEB Plan

The Utilities reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended December 31, 2023.

F. Deferred Compensation Plans

The Utility offers its employees a deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The Plans, available to all Utility employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this plan are entirely from employee voluntary contributions. The Utility makes no employer contributions to this plan. The deferred compensation Plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and, therefore, are not recorded on these financial statements.

NOTE 3 OTHER INFORMATION

A. Risk Management

The Utilities are part of the City of Menasha's self-funded liability insurance program with claims processed by the Cities and Utilities of Mutual Insurance Company (CVMIC) on behalf of the City. CVMIC is a municipal insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. CVMIC provides liability insurance coverage above the self-insured limit to cities and Utilities which make up the membership.

The Utilities have also purchased commercial insurance policies for various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and acts of God. The Utilities completes an annual review of its insurance coverage to ensure adequate coverage. Insurance settlements have not exceeded coverage in any of the past three years.

**MENASHA UTILITIES
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NOTE 3 OTHER INFORMATION (CONTINUED)

B. Segment Information

The Utilities issues separate revenue bonds to finance its electric and water utilities. The Electric and Water Utilities are accounted for in a single fund but investors in those bonds rely solely on the revenue generated by the individual activities for repayment. Segment information for the Electric Utility and Water Utility are presented below.

	Electric Utility	Water Utility
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current	\$ 10,375,399	\$ 1,430,704
Restricted	2,954,304	2,583,312
Noncurrent:		
Net Capital Assets	17,133,653	22,548,705
Other Assets	1,045,278	-
Total Assets	31,508,634	26,562,721
Deferred Outflows of Resources	2,272,706	1,384,763
Liabilities:		
Current	5,429,912	2,656,272
Noncurrent:		
Long-Term	5,453,393	5,450,398
Total Liabilities	10,883,305	8,106,670
Deferred Inflows of Resources	2,174,825	811,389
Net Position:		
Net Investment in Capital Assets	11,242,530	16,084,072
Restricted:		
Debt Service	254,646	-
Depreciation Reserve	1,564,090	1,163,682
Water Tower	-	1,733
Unrestricted	7,661,944	1,779,938
Total Net Position	\$ 20,723,210	\$ 19,029,425

**MENASHA UTILITIES
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Segment Information (Continued)

	Electric Utility	Water Utility
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Operating Revenues:		
Charges for Services	\$ 41,702,819	\$ 5,451,034
Other	195,740	80,724
Total Operating Revenues	41,898,559	5,531,758
Operating Expenses:		
Operation and Maintenance	38,925,624	2,820,856
Depreciation and Amortization	1,377,011	1,103,873
Taxes	175,829	64,132
Total Operating Expenses	40,478,464	3,988,861
Operating Income	1,420,095	1,542,897
Nonoperating Income (Expenses):		
Interest Revenue	504,418	133,065
Other Income Deductions	-	(4)
Merchandising and Jobbing	(6,870)	1,268
Interest and Fiscal Charges	(62,517)	(145,045)
Miscellaneous	(80,310)	(41,809)
Total Nonoperating Income (Expenses)	354,721	(52,525)
Income Before Contributions and Payments to the		
Primary Government	1,774,816	1,490,372
Capital Contributions	103,657	17,860
Payments to the Primary Government	(609,469)	(664,725)
Change in Net Position	1,269,004	843,507
Net Position - January 1	19,454,206	18,185,918
Net Position - December 31	\$ 20,723,210	\$ 19,029,425
 CONDENSED STATEMENT OF CASH FLOWS		
Cash Flows from Operating Activities	\$ 2,942,195	\$ 2,611,380
Cash Flows from Noncapital Financing Activities	(513,520)	(712,674)
Cash Flows from Capital and Related Financing		
Activities	(2,473,356)	(2,061,690)
Cash Flows from Investing Activities	546,393	(430,548)
Change in Cash and Cash Equivalents	501,712	(593,532)
Cash and Cash Equivalents - January 1	5,388,142	2,933,319
Cash and Cash Equivalents - December 31	\$ 5,889,854	\$ 2,339,787

C. Contingencies

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

**MENASHA UTILITIES
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DECEMBER 31, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Significant Customers

During 2023, the electric utility billed one customer \$17,869,329, and one customer \$4,829,334. This represents 43% and 12% of electric utility operating revenue, respectively. In addition, the water utility billed one customer \$907,814 which represents 16% of water utility operating revenue. No other utility customer accounted for more than 10% of operating revenue.

E. WPPI Energy Contract

The Utilities purchase their electric requirements from WPPI Energy (WPPI). WPPI is a municipal electric company and political subdivision of the state of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.0825 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical, and reliable supply of electric energy to its members.

The Utilities are one of 51 members of WPPI located throughout the states of Wisconsin, Michigan, and Iowa. On December 31, 1989, each of WPPI's members, including the City of Menasha, commenced purchasing electric services from WPPI under a new Long-Term Power Supply Contract for Participating Members (the Long-Term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements to the members for an initial 35-year term. The contract was amended during 2016 to extend the term of the contract through 2055.

Under the Long-Term Contract, the Utilities and other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirements which include power supply costs, administrative expenses, and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its board of directors, which consists of representatives from each member municipality. The Utilities have agreed to charge rates to retail ratepayers of its electric system sufficient to meet its obligations to WPPI. The Long-Term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the Utilities' electric system payable from any operating and maintenance fund established by the Utilities.

The Long-Term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial 35-year term, or at any time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through WPPI Energy for distribution to its customers. Total purchases under this arrangement amounted to approximately \$35.9 million in 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.02060246 %	\$ (506,053)	\$ 2,796,060	18.10 %	102.74 %
12/31/15	0.01994373	324,082	2,733,140	11.86	98.20
12/31/16	0.01997819	164,668	2,996,516	5.50	99.12
12/31/17	0.02026312	(601,636)	3,089,467	19.47	102.93
12/31/18	0.02012029	715,816	2,903,570	24.65	96.45
12/31/19	0.01942678	(626,408)	2,982,961	21.00	102.96
12/31/20	0.01875572	(1,170,945)	3,130,941	37.40	105.26
12/31/21	0.01819947	(1,466,910)	2,980,883	49.21	106.02
12/31/22	0.01777644	941,743	3,142,848	29.96	95.72

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 185,854	\$ 185,854	\$ -	\$ 2,733,140	6.80 %
12/31/16	197,770	197,770	-	2,996,516	6.60
12/31/17	210,084	210,084	-	3,089,467	6.80
12/31/18	194,539	194,539	-	2,903,570	6.70
12/31/19	195,384	195,384	-	2,982,961	6.55
12/31/20	211,339	211,339	-	3,130,942	6.75
12/31/21	201,210	201,210	-	2,980,884	6.75
12/31/22	204,285	204,285	-	3,142,848	6.50
12/31/23	229,857	229,857	-	3,380,242	6.80

See accompanying Notes to Required Supplementary Information.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.05709500 %	\$ 171,775	\$ 2,401,008	7.15 %	44.81 %
12/31/18	0.04884700	126,042	2,508,000	5.03	48.69
12/31/19	0.04595100	195,668	2,539,000	7.71	37.58
12/31/20	0.04800700	264,073	2,604,000	10.14	31.36
12/31/21	0.05320800	314,479	2,691,000	11.69	29.57
12/31/22	0.06047900	230,415	2,620,000	8.79	38.81

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 931	\$ 931	\$ -	\$ 2,508,000	0.04 %
12/31/19	906	906	-	2,539,000	0.04
12/31/20	957	957	-	2,604,000	0.04
12/31/21	1,075	1,075	-	2,691,000	0.04
12/31/22	1,234	1,234	-	3,142,848	0.04
12/31/23	1,241	1,241	-	3,380,242	0.04

See accompanying Notes to Required Supplementary Information.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions:

Based, on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2021, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2022, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

The Utilities are required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

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

Assumptions: In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The assumption changes that were used to measure the December 31, 2022 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

The Utilities are required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ELECTRIC DISTRIBUTION UTILITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 6,121,691	\$ 6,008,162
Receivables:		
Customer Accounts	3,206,217	3,392,530
Other	48,494	300,427
Due from Other Governments	164,650	166,559
Prepaid Items and Supplies	834,347	775,859
Total Current Assets	<u>10,375,399</u>	<u>10,643,537</u>
Noncurrent Assets:		
Restricted and Other Assets:		
Cash and Investments	2,954,304	2,608,096
Other Assets:		
Advance to Other Funds	202,227	298,176
Lease Receivable	843,051	866,860
Total Other Assets	<u>1,045,278</u>	<u>2,077,892</u>
Capital Assets:		
Nondepreciable	1,001,853	1,070,591
Depreciable, Net	16,131,800	15,962,133
Total Capital Assets	<u>17,133,653</u>	<u>17,032,724</u>
Total Assets	31,508,634	32,362,249
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	2,189,223	1,771,060
Other Postemployment Related Amounts	83,483	75,578
Total Deferred Outflows of Resources	<u>2,272,706</u>	<u>1,846,638</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ELECTRIC DISTRIBUTION UTILITY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 3,084,832	\$ 3,412,606
Accrued and Other Current Liabilities	915,167	987,182
Unearned Revenue	260,788	307,723
Payable from Restricted Assets:		
Current Portion of Long-Term Obligations:		
Revenue Bonds	920,000	910,000
Accrued Liabilities	230,308	225,158
Accrued Interest	<u>18,817</u>	<u>21,850</u>
Total Current Liabilities	5,429,912	5,864,519
Long-Term Liabilities, Less Current Portion:		
Revenue Bonds	4,725,000	5,645,000
Net Pension Liability	585,201	-
Other Postemployment Benefits	<u>143,192</u>	<u>195,812</u>
Total Long-Term Liabilities	<u>5,453,393</u>	<u>5,840,812</u>
Total Liabilities	10,883,305	11,705,331
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	1,225,621	2,151,979
Other Postemployment Related Amounts	106,153	30,511
Lease Related Amounts	<u>843,051</u>	<u>866,860</u>
Total Deferred Inflows of Resources	<u>2,174,825</u>	<u>3,049,350</u>
NET POSITION		
Net Investment in Capital Assets	11,242,530	10,470,166
Restricted:		
Pension Benefits	-	912,856
Debt Service	254,646	252,680
Depreciation	1,564,090	1,230,840
Unrestricted	<u>7,661,944</u>	<u>6,587,664</u>
Total Net Position	<u>\$ 20,723,210</u>	<u>\$ 19,454,206</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ELECTRIC DISTRIBUTION UTILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services:		
Residential	\$ 7,919,813	\$ 8,283,906
Small Commercial and Industrial	1,933,880	1,889,479
Large Commercial and Industrial	31,579,549	35,305,010
Public Street and Highway	139,011	169,406
Other Sales to Public Authorities	3,089	2,956
Interdepartmental Sales	<u>127,477</u>	<u>141,176</u>
Total Charges for Services	41,702,819	45,791,933
Other	<u>195,740</u>	<u>210,593</u>
Total Operating Revenues	<u>41,898,559</u>	<u>46,002,526</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Purchased Power	35,940,546	40,117,414
Distribution:		
Operation Supervision and Engineering	99,535	83,361
Load Dispatching	215,470	217,409
Station	24,058	42,298
Overhead Line	138,750	98,106
Underground Line	59,069	63,405
Street Lighting and Signal System	9,298	1,215
Meter	169,060	127,285
Customer Installations	6,641	204
Rents	10,108	10,412
Maintenance Supervision and Engineering	66,271	93,082
Maintenance	404,419	328,161
Miscellaneous	<u>342,977</u>	<u>315,329</u>
Total Distribution	1,545,656	1,380,267
Customer Accounts:		
Supervision	29,046	26,161
Meter Reading	37,606	38,597
Customer Records and Collection	284,291	255,925
Uncollectible Accounts	<u>1,402</u>	<u>-</u>
Total Customer Accounts	352,345	320,683

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ELECTRIC DISTRIBUTION UTILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
OPERATING EXPENSES (CONTINUED)		
Operation and Maintenance (Continued)		
Administrative and General:		
Salaries	\$ 241,914	\$ 244,451
Office Supplies	45,599	34,155
Outside Services Employed	70,062	59,265
Property Insurance	22,920	20,883
Injuries and Damages	18,742	20,563
Employee Pensions and Benefits	535,532	163,534
Regulatory Commission	17,104	7,325
Rents	2,642	2,642
Maintenance	53,055	62,983
Miscellaneous	79,507	58,697
Total Administrative and General	<u>1,087,077</u>	<u>674,498</u>
Total Operation and Maintenance	38,925,624	42,492,862
Depreciation	1,377,011	1,285,785
Taxes	175,829	167,684
Total Operating Expenses	<u>40,478,464</u>	<u>43,946,331</u>
OPERATING INCOME	1,420,095	2,056,195
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	504,418	187,767
Merchandising and Jobbing	(6,870)	40,890
Interest and Fiscal Charges	(62,517)	(71,550)
Miscellaneous	(80,310)	(50,226)
Total Nonoperating Revenues (Expenses)	<u>354,721</u>	<u>106,881</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND PAYMENTS TO PRIMARY GOVERNMENT	1,774,816	2,163,076
Capital Contributions	103,657	343,361
Payments to Primary Government	<u>(609,469)</u>	<u>(678,917)</u>
CHANGE IN NET POSITION	1,269,004	1,827,520
Net Position - Beginning of Year	<u>19,454,206</u>	<u>17,626,686</u>
NET POSITION - END OF YEAR	<u>\$ 20,723,210</u>	<u>\$ 19,454,206</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ELECTRIC DISTRIBUTION UTILITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 42,279,381	\$ 46,751,920
Cash Received from Others	1,758,858	1,747,563
Cash Paid for Services Provided	(1,753,330)	(1,753,330)
Cash Paid for Employee Wages and Benefits	(1,870,888)	(1,641,844)
Cash Paid to Suppliers	<u>(37,471,826)</u>	<u>(41,484,564)</u>
Net Cash Provided by Operating Activities	2,942,195	3,619,745
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to Primary Government	(513,520)	(585,813)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(1,469,507)	(1,190,944)
Disposal of Capital Assets, Including Cost of Disposal	(28,299)	(28,479)
Principal Paid on Revenue Bonds	(910,000)	(900,000)
Interest Paid on Long-Term Debt	<u>(65,550)</u>	<u>(74,550)</u>
Net Cash Used by Capital and Related Financing Activities	(2,473,356)	(2,193,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(539,000)	(2,997,000)
Sale of Investments	1,249,000	-
Interest Received	<u>361,896</u>	<u>215,917</u>
Net Cash Used by Investing Activities	1,071,896	(2,781,083)
CHANGE IN CASH AND CASH EQUIVALENTS	1,027,215	(1,941,124)
Cash and Cash Equivalents - Beginning of Year	<u>5,388,142</u>	<u>7,329,266</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,415,357</u>	<u>\$ 5,388,142</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ELECTRIC DISTRIBUTION UTILITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 1,420,095	\$ 2,056,195
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,377,011	1,285,785
Depreciation Charged to Clearing Accounts	141,145	139,748
Merchandising and Jobbing	(6,870)	40,890
Miscellaneous	(80,310)	(50,226)
Changes in Amounts Reported for Cost-Sharing, Multiple-Employer Plans:		
Pension:		
Net Pension Asset	912,856	(185,031)
Deferred Outflows - Pension Related	(418,163)	(575,176)
Net Pension Liability	585,201	-
Deferred Inflows - Pension Related	(926,358)	552,991
Other Postemployment Benefits:		
Deferred Outflows - OPEB Related	(7,905)	(5,262)
OPEB Liability	(52,620)	30,519
Deferred Inflows - OPEB Related	75,642	(3,280)
Change in Operating Assets and Liabilities:		
Accounts Receivables	186,313	237,447
Lease Receivables	23,809	(866,860)
Other Receivables	251,933	229,851
Due from Other Governments	1,909	6,187
Inventories and Prepaid Items	(58,488)	(141,850)
Accounts Payable	(345,396)	(259,424)
Accrued and Other Current Liabilities	(66,865)	31,129
Customer Deposits	(46,935)	229,252
Deferred Inflows- Leases	(23,809)	866,860
Net Cash Provided by Operating Activities	\$ 2,942,195	\$ 3,619,745
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Investments in Current Assets	\$ 6,121,691	\$ 6,008,162
Cash and Investments in Restricted Assets	2,954,304	2,608,096
Less: Long-Term Cash and Investments	(2,660,638)	(3,228,116)
Total Cash and Cash Equivalents	\$ 6,415,357	\$ 5,388,142
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Assets Contributed	\$ 103,657	\$ 327,792
Capital Assets Included in Accounts Payable	\$ 17,622	\$ 7,558

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ENERGY SERVICES UTILITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	2023	2022
ASSETS		
Current Assets:		
Cash and Investments	\$ 58,925	\$ 47,615
Capital Assets:		
Depreciable, Net	28,855	36,965
Total Assets	87,780	84,580
NET POSITION		
Net Investment in Capital Assets	28,855	36,965
Unrestricted	58,925	47,615
Total Net Position	\$ 87,780	\$ 84,580

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ENERGY SERVICES UTILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services:		
Other Sales to Public Authorities	\$ 12,968	\$ 12,968
OPERATING EXPENSES		
Operation and Maintenance:		
Maintenance	1,359	7,108
Property Insurance	293	316
Injuries and Damages	<u>6</u>	<u>52</u>
Total Operation and Maintenance	1,658	7,424
Depreciation	<u>8,110</u>	<u>8,110</u>
Total Operating Expenses	<u>9,768</u>	<u>15,534</u>
CHANGE IN NET POSITION	3,200	(2,566)
Net Position - Beginning of Year	<u>84,580</u>	<u>87,146</u>
NET POSITION - END OF YEAR	<u>\$ 87,780</u>	<u>\$ 84,580</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
ENERGY SERVICES UTILITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 12,968	\$ 12,967
Cash Paid for Employee Wages and Benefits	(628)	(3,626)
Cash Paid to Suppliers	<u>(1,030)</u>	<u>(3,798)</u>
Net Cash Provided by Operating Activities	11,310	5,543
 CHANGE IN CASH AND CASH EQUIVALENTS	 11,310	 5,543
Cash and Cash Equivalents - Beginning of Year	<u>47,615</u>	<u>42,072</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 58,925</u>	 <u>\$ 47,615</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 3,200	\$ (2,566)
Adjustments to Reconcile to Operating Loss		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	<u>8,110</u>	<u>8,109</u>
Net Cash Provided by Operating Activities	<u>\$ 11,310</u>	<u>\$ 5,543</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Investments in Current Assets	<u>\$ 58,925</u>	<u>\$ 47,615</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
None		

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
TELECOMMUNICATIONS UTILITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and Investments	\$ 1,358	\$ 96
Receivables:		
Customer Accounts	3,477	3,475
Prepaid Items and Supplies	20,257	21,226
Total Current Assets	25,092	24,797
Noncurrent Assets:		
Restricted and Other Assets:		
Cash and Investments	192,813	160,333
Capital Assets:		
Nondepreciable	11,873	11,873
Depreciable, Net	226,793	247,774
Total Capital Assets	238,666	259,647
Total Assets	456,571	444,777
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	23
Accrued and Other Current Liabilities	16,288	18,173
Advance from Other Funds	100,500	148,500
Total Liabilities	116,788	166,696
NET POSITION		
Net Investment in Capital Assets	238,666	259,647
Restricted:		
Depreciation	192,813	160,333
Unrestricted	(91,696)	(141,899)
Total Net Position	\$ 339,783	\$ 278,081

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
TELECOMMUNICATIONS UTILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services:		
Local Service Revenues	\$ 105,897	\$ 105,093
Other	25	4
Total Operating Revenues	<u>105,922</u>	<u>105,097</u>
OPERATING EXPENSES		
Operation and Maintenance:		
Distribution:		
Line Expense	4,178	2,763
Miscellaneous	8,252	8,803
Total Distribution	<u>12,430</u>	<u>11,566</u>
Administrative and General:		
Salaries	843	1,244
Office Supplies and Expense	35	116
Outside Services Employed	77	64
Property Insurance	6	6
Injuries and Damages	19	16
Total Administrative and General	<u>980</u>	<u>1,446</u>
Total Operation and Maintenance	13,410	13,012
Depreciation	27,535	27,210
Taxes	193	227
Total Operating Expenses	<u>41,138</u>	<u>40,449</u>
OPERATING INCOME	64,784	64,648
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	7,980	1,855
Merchandising and Jobbing	7,273	4,599
Interest and Fiscal Charges	(4,455)	(5,865)
Total Nonoperating Revenues (Expenses)	<u>10,798</u>	<u>589</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND PAYMENTS TO PRIMARY GOVERNMENT	75,582	65,237
Capital Contributions	1,673	7,465
Payments to Primary Government	<u>(15,553)</u>	<u>(17,546)</u>
CHANGE IN NET POSITION	61,702	55,156
Net Position - Beginning of Year	<u>278,081</u>	<u>222,925</u>
NET POSITION - END OF YEAR	<u>\$ 339,783</u>	<u>\$ 278,081</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
TELECOMMUNICATIONS UTILITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 105,920	\$ 106,280
Cash Paid for Employee Wages and Benefits	(4,654)	(1,698)
Cash Paid to Suppliers	(2,615)	(8,391)
Net Cash Provided by Operating Activities	98,651	96,191
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to Primary Government	(63,553)	(64,546)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(4,964)	(2,442)
Sale of Capital Asset	83	173
Interest Paid on Interfund Advances	(4,455)	(5,865)
Net Cash Used by Capital and Related Financing Activities	(9,336)	(8,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	7,980	1,855
CHANGE IN CASH AND CASH EQUIVALENTS	33,742	25,366
Cash and Cash Equivalents - Beginning of Year	160,429	135,063
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 194,171	\$ 160,429

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
TELECOMMUNICATIONS UTILITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 64,784	\$ 64,648
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	27,535	27,210
Merchandising and Jobbing	7,273	4,599
Change in Operating Assets and Liabilities:		
Accounts Receivables	(2)	1,183
Accounts Payable	(23)	(920)
Accrued and Other Current Liabilities	(1,885)	(353)
Prepaid Items and Supplies	969	(176)
Net Cash Provided by Operating Activities	\$ 98,651	\$ 96,191
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Investments in Current Assets	\$ 1,358	\$ 96
Cash and Investments in Restricted Assets	192,813	160,333
Total Cash and Cash Equivalents	\$ 194,171	\$ 160,429
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
None		

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
WATER UTILITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	2023	2022
ASSETS		
Current Assets:		
Cash and Investments	\$ 278,280	\$ 493
Receivables:		
Customer Accounts	590,366	585,222
Other	5,005	76,321
Due from Other Governments	222,114	161,165
Prepaid Items and Supplies	334,939	349,966
Total Current Assets	1,430,704	1,173,167
Noncurrent Assets:		
Restricted and Other Assets:		
Cash and Investments	2,583,312	2,932,826
Capital Assets:		
Nondepreciable	994,204	978,279
Depreciable, Net	21,554,501	21,758,136
Total Capital Assets	22,548,705	22,736,415
Total Assets	26,562,721	27,396,462
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Amounts	1,333,911	1,076,617
Other Postemployment Related Amounts	50,852	45,802
Total Deferred Outflows of Resources	1,384,763	1,122,419

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
WATER UTILITY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	2023	2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 481,520	\$ 390,666
Accrued and Other Current Liabilities	797,981	860,430
Advance from Other Funds	101,727	149,676
Special Deposits	950	4,103
Payable from Restricted Assets:		
Payable from Restricted Assets:		
Current Portion of Long-Term Obligations:		
General Obligation Debt	165,000	160,000
Revenue Bonds	1,082,122	1,057,099
Accrued Interest	26,972	31,824
Total Current Liabilities	2,656,272	2,653,798
Long-Term Liabilities, Less Current Portion:		
General Obligation Debt	1,245,000	1,410,000
Revenue Bonds	3,761,633	4,825,875
Net Pension Liability	356,542	-
Other Postemployment Benefits	87,223	118,667
Total Long-Term Liabilities	5,450,398	6,354,542
Total Liabilities	8,106,670	9,008,340
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	746,727	1,306,133
Other Postemployment Related Amounts	64,662	18,490
Total Deferred Inflows of Resources	811,389	1,324,623
NET POSITION		
Net Investment in Capital Assets	16,084,072	15,148,623
Restricted:		
Pension Benefits	-	554,054
Depreciation Fund	1,163,682	1,363,557
Lead Service Lateral Replacement	-	15,201
Water Tower	1,733	158,074
Unrestricted	1,779,938	946,409
Total Net Position	\$ 19,029,425	\$ 18,185,918

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
WATER UTILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services:		
Metered Sales to General Customers:		
Residential	\$ 1,893,485	\$ 1,814,344
Multi-Family	82,682	75,618
Commercial	289,195	270,981
Industrial	<u>1,032,233</u>	<u>962,389</u>
Total Metered Sales to General Customers	3,297,595	3,123,332
Private Fire Protection	101,227	93,846
Public Fire Protection	1,085,705	1,057,456
Other Sales to Public Authorities	105,242	115,108
Sales for Resale	<u>861,265</u>	<u>714,858</u>
Total Charges for Services	5,451,034	5,104,600
Other	<u>80,724</u>	<u>61,126</u>
Total Operating Revenues	5,531,758	5,165,726
OPERATING EXPENSES		
Operation and Maintenance:		
Source of Supply:		
Operation Supervision and Engineering	15,237	14,894
Operation Labor and Expenses	48,361	44,767
Maintenance	<u>7,210</u>	<u>3,559</u>
Total Source of Supply	70,808	63,220
Pumping:		
Operation Supervision and Engineering	6,196	5,469
Fuel for Power Purchased	121,455	143,076
Pumping Labor and Expenses	148,110	145,040
Maintenance Supervision and Engineering	6,196	5,469
Maintenance	3,257	-
Miscellaneous	<u>10,006</u>	<u>11,927</u>
Total Pumping	295,220	310,981
Water Treatment:		
Operation Supervision and Engineering	54,384	59,300
Chemicals	331,963	239,735
Operation Labor and Expenses	460,445	427,458
Maintenance Supervision and Engineering	25,347	22,372
Maintenance	179,228	184,325
Miscellaneous	<u>72,900</u>	<u>102,221</u>
Total Water Treatment	1,124,267	1,035,411
Transmission and Distribution:		
Operation Supervision and Engineering	22,531	19,885
Storage Facilities	30,932	6,352
Transmission and Distribution Lines	45,779	62,061
Meter	23,282	4,112
Customer Installations	61,463	72,060
Maintenance Supervision and Engineering	16,898	14,914
Maintenance	249,655	176,287
Miscellaneous	<u>76,116</u>	<u>68,996</u>
Total Transmission and Distribution	526,656	424,667

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
WATER UTILITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
OPERATING EXPENSES (CONTINUED)		
Operation and Maintenance (Continued):		
Customer Accounts:		
Supervision	\$ 9,218	\$ 8,293
Meter Reading	7,258	7,636
Customer Records and Collection	86,138	78,358
Uncollectible	9	-
Total Customer Accounts	<u>102,623</u>	<u>94,287</u>
Administrative and General:		
Salaries	106,058	113,611
Office Supplies and Expenses	39,770	35,557
Outside Services Employed	22,398	25,718
Property Insurance	33,049	30,111
Injuries and Damages	15,430	17,062
Employee Pensions and Benefits	440,418	232,233
Regulatory Commission	2,604	159
Rents	1,401	1,401
Maintenance	23,297	21,465
Miscellaneous	16,857	12,598
Total Administrative and General	<u>701,282</u>	<u>489,915</u>
Total Operation and Maintenance	2,820,856	2,418,481
Depreciation	1,103,873	1,069,811
Taxes	64,132	56,919
Total Operating Expenses	<u>3,988,861</u>	<u>3,545,211</u>
OPERATING INCOME	1,542,897	1,620,515
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	133,065	(13,167)
Other Income Deductions	(4)	(158)
Merchandising and Jobbing	1,268	1,841
Interest and Fiscal Charges	(145,045)	(169,467)
Miscellaneous	(41,809)	(7,658)
Total Nonoperating Revenues (Expenses)	<u>(52,525)</u>	<u>(188,609)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND PAYMENTS TO PRIMARY GOVERNMENT	1,490,372	1,431,906
Capital Contributions	17,860	49,013
Payments to Primary Government	<u>(664,725)</u>	<u>(731,102)</u>
CHANGE IN NET POSITION	843,507	749,817
Net Position - Beginning of Year	<u>18,185,918</u>	<u>17,436,101</u>
NET POSITION - END OF YEAR	<u>\$ 19,029,425</u>	<u>\$ 18,185,918</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
WATER UTILITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 5,605,974	\$ 5,159,192
Cash Received from Others	1,696,190	1,563,356
Cash Paid for Services Provided	(1,767,072)	(1,562,002)
Cash Paid for Employee Wages and Benefits	(1,414,618)	(1,327,697)
Cash Paid to Suppliers	<u>(1,550,903)</u>	<u>(1,366,391)</u>
Net Cash Provided by Operating Activities	2,569,571	2,466,458
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to Primary Government	<u>(712,674)</u>	<u>(777,206)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(721,333)	(1,373,942)
Sale of Capital Assets	8,759	7,649
Proceeds from General Obligation Refunding Bonds	18,636	1,059,128
Principal Paid on General Obligation Debt	(160,000)	(1,152,091)
Principal Paid on Revenue Bonds	(1,057,855)	-
Interest Paid on Long-Term Debt	<u>(149,897)</u>	<u>(171,297)</u>
Net Cash Used by Capital and Related Financing Activities	(2,061,690)	(1,630,553)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(1,003,000)
Sale of Investments	463,000	-
Interest Received	106,990	31,104
Miscellaneous	-	(7,659)
Net Cash Provided by Investing Activities	<u>569,990</u>	<u>(979,555)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS	365,197	(920,856)
Cash and Cash Equivalents - Beginning of Year	<u>1,974,590</u>	<u>2,895,446</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,339,787</u>	<u>\$ 1,974,590</u>

**MENASHA UTILITIES
A COMPONENT UNIT OF THE
CITY OF MENASHA, WISCONSIN
WATER UTILITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022**

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 1,542,897	\$ 1,620,515
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,103,873	1,069,811
Depreciation Charged to Clearing Accounts	25,148	30,420
Merchandising and Jobbing	1,264	1,683
Miscellaneous	(41,809)	-
Changes in Amounts Reported for Cost-Sharing, Multiple-Employer Plans:		
Pension:		
Net Pension Asset	554,054	(110,934)
Deferred Outflows - Pension Related	(257,294)	(349,958)
Net Pension Liability	356,542	-
Deferred Inflows - Pension Related	(559,406)	332,624
Other Postemployment Benefits:		
Deferred Outflows - OPEB Related	(5,050)	(3,781)
OPEB Liability	(31,444)	19,887
Deferred Inflows - OPEB Related	46,172	(1,704)
Change in Operating Assets and Liabilities:		
Accounts Receivables	(5,144)	(23,623)
Other Receivables	71,316	12,691
Due from Other Governments	(60,949)	916
Prepaid Items and Supplies	15,027	(8,977)
Accounts Payable	(120,024)	(117,041)
Accrued and Other Current Liabilities	(62,449)	(9,224)
Customer Deposits	(3,153)	3,153
Net Cash Provided by Operating Activities	<u>\$ 2,569,571</u>	<u>\$ 2,466,458</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Investments in Current Assets	\$ 278,280	\$ 493
Cash and Investments in Restricted Assets	2,583,312	2,932,826
Less: Long-Term Cash and Investments	<u>(521,805)</u>	<u>(958,729)</u>
Total Cash and Cash Equivalents	<u>\$ 2,339,787</u>	<u>\$ 1,974,590</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Assets included in Accounts Payable	<u>\$ 210,878</u>	<u>\$ 12,289</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Electric and Water Utilities Commission
Menasha Utilities
City of Menasha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Menasha Utilities, City of Menasha, Wisconsin, (the Utilities), a component unit of the City of Menasha as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Utilities' basic financial statements, and have issued our report thereon dated April 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Utilities' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Utilities' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utilities' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 2, 2024



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