

Richland Center Utilities

Enterprise Funds of the City of Richland Center, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2025 and 2024

Richland Center Utilities

Enterprise Funds of the City of Richland Center, Wisconsin

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Richland Center Utilities

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Independent Auditors' Report

To the Utilities Commission of
Richland Center Utilities

Opinions

We have audited the financial statements of the Richland Center Utilities (Utilities), enterprise funds of the City of Richland Center, Wisconsin, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position for the Utilities, as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Utilities are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only the Utilities. They do not purport to, and do not, present fairly the financial position of the City of Richland Center, Wisconsin, as of December 31, 2025, and 2024, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Required Supplementary Information

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinions on the financial statements are not affected by this missing information.

Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
May 27, 2026

FINANCIAL STATEMENTS PLACEHOLDER

ELECTRIC UTILITY

Richland Center Electric Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,208,576	\$ 1,750,697
Interest receivable	35	35
Restricted assets:		
Redemption account	370,145	358,881
Customer accounts receivable	224,047	177,375
Other accounts receivable	37,832	45,612
Due from municipality	1,027	1,027
Due from water utility	42,009	19,890
Due from sewer utility	6,620	12,525
Materials and supplies	353,218	375,193
	<u>2,243,509</u>	<u>2,741,235</u>
Total current assets		
Noncurrent Assets		
Other assets:		
Designated reserve account	147,823	137,447
Replacement account	896,387	552,563
Depreciation account	100,000	100,000
Capital assets:		
Plant in service	21,988,459	21,318,541
Accumulated depreciation	(16,606,140)	(15,861,835)
Construction work in progress	-	9,055
	<u>6,526,529</u>	<u>6,255,771</u>
Total noncurrent assets		
Total assets	<u>8,770,038</u>	<u>8,997,006</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	13,396	20,094
Deferred outflows related to pension	298,163	420,528
	<u>311,559</u>	<u>440,622</u>
Total deferred outflows of resources		

See notes to the financial statements

Richland Center Electric Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 647,011	\$ 646,347
Due to municipality	101,847	212,067
Customer deposits	1,914	1,914
Accrued vacation leave	17,553	10,719
Accrued liabilities	35,000	35,000
Current portion of loan payable	48,000	48,000
Commitment to community	15,596	8,896
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	305,000	295,000
Accrued interest	6,736	9,993
Total current liabilities	<u>1,178,657</u>	<u>1,267,936</u>
Noncurrent Liabilities		
Revenue bonds	305,000	610,000
Accrued sick leave	85,333	66,085
Loan payable	372,000	420,000
Net pension liability	56,962	56,455
Total noncurrent liabilities	<u>819,295</u>	<u>1,152,540</u>
Total liabilities	<u>1,997,952</u>	<u>2,420,476</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>168,769</u>	<u>273,828</u>
Net Position		
Net investment in capital assets	4,365,715	4,112,855
Restricted for:		
Debt service	363,409	348,888
Unrestricted	<u>2,185,752</u>	<u>2,281,581</u>
Total net position	<u>\$ 6,914,876</u>	<u>\$ 6,743,324</u>

See notes to the financial statements

Richland Center Electric Utility

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Sales of electricity	\$ 10,740,948	\$ 9,942,618
Other	64,193	87,907
Total operating revenues	<u>10,805,141</u>	<u>10,030,525</u>
Operating Expenses		
Operation and maintenance	9,731,797	8,934,579
Depreciation	715,129	699,006
Total operating expenses	<u>10,446,926</u>	<u>9,633,585</u>
Operating income	<u>358,215</u>	<u>396,940</u>
Nonoperating Revenue (Expenses)		
Investment income	112,718	109,379
Income from merchandising and jobbing	24,164	24,486
Gain on sale of asset	-	34,000
Interest expense	(16,849)	(24,612)
Amortization of loss on advance refunding	(6,698)	(6,698)
Total nonoperating expenses	<u>113,335</u>	<u>136,555</u>
Income before transfers	471,550	533,495
Transfers In (Out)	(17,479)	(109,875)
Transfers, Tax Equivalent	<u>(282,519)</u>	<u>(289,172)</u>
Change in net position	171,552	134,448
Net Position, Beginning	<u>6,743,324</u>	<u>6,608,876</u>
Net Position, Ending	<u>\$ 6,914,876</u>	<u>\$ 6,743,324</u>

See notes to the financial statements

Richland Center Electric Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Received from customers	\$ 10,682,835	\$ 10,595,263
Received from Municipality for services	98,064	93,764
Paid to suppliers for goods and services	(8,926,130)	(8,241,437)
Paid to employees for operating payroll	(564,197)	(576,995)
Net cash flows from operating activities	<u>1,290,572</u>	<u>1,870,595</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	(392,503)	(229,366)
Transfers to other funds	(17,479)	(109,875)
Net cash flows from noncapital financing activities	<u>(409,982)</u>	<u>(339,241)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(806,859)	(508,126)
Bonds retired	(295,000)	(285,000)
Loans retired	(48,000)	(12,000)
Interest paid	(20,106)	(27,759)
Proceeds from debt issue	-	480,000
Net cash flows from capital and related financing activities	<u>(1,169,965)</u>	<u>(352,885)</u>
Cash Flows From Investing Activities		
Investment income	<u>112,718</u>	<u>109,379</u>
Net change in cash and cash equivalents	(176,657)	1,287,848
Cash and Cash Equivalents, Beginning	<u>2,899,588</u>	<u>1,611,740</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,722,931</u>	<u>\$ 2,899,588</u>
Noncash Capital and Related Financing Activities		
Amortization	<u>\$ (6,698)</u>	<u>\$ (6,698)</u>

See notes to the financial statements

Richland Center Electric Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 358,215	\$ 396,940
Nonoperating revenue (expense)	24,164	24,486
Noncash items in operating income:		
Depreciation	715,129	699,006
Depreciation charged to clearing and other utilities	157,824	149,305
Changes in assets and liabilities:		
Customer accounts receivable	(46,672)	641,338
Other accounts receivable	7,780	(15,037)
Due from other funds	(16,214)	2,277
Materials and supplies	21,975	(69,536)
Pension related deferrals and assets	17,813	2,875
Due to municipality	(236)	44,356
Accounts payable	18,012	6,641
Customer deposits	-	548
Other current liabilities	6,700	4,890
Accrued sick leave	26,082	(17,494)
	<u>\$ 1,290,572</u>	<u>\$ 1,870,595</u>
Net cash flows from operating activities		
	<u>\$ 1,290,572</u>	<u>\$ 1,870,595</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,208,576	\$ 1,750,697
Redemption account	370,145	358,881
Reserve account	147,823	137,447
Depreciation account	100,000	100,000
Replacement account	896,387	552,563
	<u>\$ 2,722,931</u>	<u>\$ 2,899,588</u>
Cash and cash equivalents		
	<u>\$ 2,722,931</u>	<u>\$ 2,899,588</u>

See notes to the financial statements

WATER UTILITY

Richland Center Water Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,847,933	\$ 1,422,921
Restricted assets:		
Redemption account	201,500	193,407
Customer accounts receivable	78,190	61,677
Other accounts receivable	594	594
Due from sewer utility	58,035	125,337
Materials and supplies	<u>183,948</u>	<u>190,362</u>
Total current assets	<u>2,370,200</u>	<u>1,994,298</u>
Noncurrent Assets		
Other assets:		
Replacement account	480,640	361,090
Capital assets:		
Plant in service	19,233,716	19,048,995
Accumulated depreciation	(7,150,427)	(6,748,738)
Construction work in progress	<u>33,392</u>	<u>94,878</u>
Total noncurrent assets	<u>12,597,321</u>	<u>12,756,225</u>
Total assets	<u>14,967,521</u>	<u>14,750,523</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>90,515</u>	<u>141,522</u>

See notes to the financial statements

Richland Center Water Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 15,667	\$ 22,843
Due to Municipality	99,125	186,686
Due to electric utility	42,009	19,890
Accrued vacation leave	10,600	11,385
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	223,208	220,187
Accrued interest	4,509	5,012
Total current liabilities	<u>395,118</u>	<u>466,003</u>
Noncurrent Liabilities		
Revenue bonds	1,948,317	2,171,524
Accrued sick leave	81,165	77,011
Net pension liability	21,375	18,154
Total noncurrent liabilities	<u>2,050,857</u>	<u>2,266,689</u>
Total liabilities	<u>2,445,975</u>	<u>2,732,692</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>46,955</u>	<u>88,425</u>
Net Position		
Net investment in capital assets	9,945,156	10,003,424
Restricted for:		
Debt service	196,991	188,395
Unrestricted	<u>2,422,959</u>	<u>1,879,109</u>
Total net position	<u>\$ 12,565,106</u>	<u>\$ 12,070,928</u>

See notes to the financial statements

Richland Center Water Utility

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Sales of water	\$ 1,882,189	\$ 1,817,310
Other	24,082	24,151
Total operating revenues	<u>1,906,271</u>	<u>1,841,461</u>
Operating Expenses		
Operation and maintenance	766,777	699,119
Depreciation	462,704	455,877
Total operating expenses	<u>1,229,481</u>	<u>1,154,996</u>
Operating income	<u>676,790</u>	<u>686,465</u>
Nonoperating Revenues (Expenses)		
Investment income	89,820	96,892
Income from merchandising and jobbing	2,658	-
Interest expense	(28,062)	(31,069)
Total nonoperating revenues	<u>64,416</u>	<u>65,823</u>
Income before transfers	741,206	752,288
Transfers In (Out)	-	51,125
Transfers, Tax Equivalent	<u>(247,028)</u>	<u>(252,706)</u>
Change in net position	494,178	550,707
Net Position, Beginning	<u>12,070,928</u>	<u>11,520,221</u>
Net Position, Ending	<u>\$ 12,565,106</u>	<u>\$ 12,070,928</u>

See notes to the financial statements

Richland Center Water Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Received from customers	\$ 1,870,884	\$ 1,880,083
Paid to suppliers for goods and services	(418,175)	(385,548)
Paid to employees for operating payroll	(303,486)	(292,534)
Net cash flows from operating activities	<u>1,149,223</u>	<u>1,202,001</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(334,589)	(190,257)
Transfers from other funds	-	51,125
Net cash flows from noncapital financing activities	<u>(334,589)</u>	<u>(139,132)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(214,999)	(514,149)
Advances from other funds	111,951	-
Debt retired	(220,186)	(217,207)
Interest paid	(28,565)	(31,567)
Net cash flows from capital and related financing activities	<u>(351,799)</u>	<u>(762,923)</u>
Cash Flows From Investing Activities		
Investment income	<u>89,820</u>	<u>96,892</u>
Net change in cash and cash equivalents	552,655	396,838
Cash and Cash Equivalents, Beginning	<u>1,977,418</u>	<u>1,580,580</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,530,073</u>	<u>\$ 1,977,418</u>

See notes to the financial statements

Richland Center Water Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 676,790	\$ 686,465
Nonoperating revenue (expense)	2,658	-
Noncash items in operating income:		
Depreciation	462,704	455,877
Depreciation charged to clearing and other utilities	23,117	21,051
Changes in assets and liabilities:		
Customer accounts receivable	(16,513)	53,975
Due from other funds	(44,649)	(36,404)
Materials and supplies	6,414	(11,806)
Pension related deferrals and assets	12,758	(646)
Accounts payable	456	821
Due to other funds	22,119	6,730
Accrued vacation and sick leave	3,369	24,797
Due to Municipality	-	1,141
	<u> -</u>	<u> 1,141</u>
Net cash flows from operating activities	<u>\$ 1,149,223</u>	<u>\$ 1,202,001</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,847,933	\$ 1,422,921
Redemption account	201,500	193,407
Replacement account	<u>480,640</u>	<u>361,090</u>
Cash and cash equivalents	<u>\$ 2,530,073</u>	<u>\$ 1,977,418</u>

See notes to the financial statements

SEWER UTILITY

Richland Center Sewer Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,187,700	\$ 1,499,552
Restricted assets:		
Redemption account	598,025	413,230
Customer accounts receivable	92,797	121,690
Other accounts receivable	<u>21,739</u>	<u>17,403</u>
Total current assets	<u>2,900,261</u>	<u>2,051,875</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	625,000	625,000
Replacement account	1,745,508	1,571,188
Capital assets:		
Plant in service	43,740,221	43,471,769
Accumulated depreciation	(14,651,011)	(13,314,323)
Construction work in progress	<u>12,976</u>	<u>12,976</u>
Total noncurrent assets	<u>31,472,694</u>	<u>32,366,610</u>
Total assets	<u>34,372,955</u>	<u>34,418,485</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>204,334</u>	<u>288,217</u>

See notes to the financial statements

Richland Center Sewer Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 57,661	\$ 63,359
Due to municipality	745	745
Due to electric utility	6,620	12,525
Due to water utility	58,035	125,337
Accrued vacation leave	14,558	10,236
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	472,665	460,838
Accrued interest	<u>62,296</u>	<u>64,258</u>
Total current liabilities	<u>672,580</u>	<u>737,298</u>
Noncurrent Liabilities		
Revenue bonds	14,390,418	14,863,083
Accrued sick leave	160,005	150,974
Net pension liability	<u>35,989</u>	<u>36,709</u>
Total noncurrent liabilities	<u>14,586,412</u>	<u>15,050,766</u>
Total liabilities	<u>15,258,992</u>	<u>15,788,064</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>107,396</u>	<u>177,221</u>
Net Position		
Net investment in capital assets	14,239,103	14,846,501
Restricted for:		
Debt service	1,160,729	973,972
Equipment replacement	1,745,508	1,571,188
Unrestricted	<u>2,065,561</u>	<u>1,349,756</u>
Total net position	<u>\$ 19,210,901</u>	<u>\$ 18,741,417</u>

See notes to the financial statements

Richland Center Sewer Utility

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Treatment charges	\$ 3,197,547	\$ 2,510,557
Other	<u>211,013</u>	<u>176,175</u>
Total operating revenues	<u>3,408,560</u>	<u>2,686,732</u>
Operating Expenses		
Operation and maintenance	1,366,809	1,349,261
Depreciation	<u>1,386,809</u>	<u>1,380,912</u>
Total operating expenses	<u>2,753,618</u>	<u>2,730,173</u>
Operating income (loss)	<u>654,942</u>	<u>(43,441)</u>
Nonoperating Revenue (Expenses)		
Investment income	191,512	187,925
Income from merchandising and jobbing	710	-
Interest expense	(377,680)	(389,328)
Gain on sale of capital assets	<u>-</u>	<u>13,201</u>
Total nonoperating expenses	<u>(185,458)</u>	<u>(188,202)</u>
Income (loss) before transfers	469,484	(231,643)
Transfers In (Out)	<u>-</u>	<u>51,125</u>
Change in net position	469,484	(180,518)
Net Position, Beginning	<u>18,741,417</u>	<u>18,921,935</u>
Net Position, Ending	<u>\$ 19,210,901</u>	<u>\$ 18,741,417</u>

See notes to the financial statements

Richland Center Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Received from customers	\$ 3,409,893	\$ 2,703,261
Paid to suppliers for goods and services	(832,219)	(802,926)
Paid to employees for operating payroll	(473,390)	(510,391)
Net cash flows from operating activities	<u>2,104,284</u>	<u>1,389,944</u>
Cash Flows From Noncapital Financing Activities		
Advances to other funds	(111,951)	-
Transfers from other funds	-	51,125
Net cash flows from noncapital financing activities	<u>(111,951)</u>	<u>51,125</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(296,102)	(418,542)
Debt retired	(460,838)	(449,307)
Interest paid	(379,642)	(391,229)
Net cash flows from capital and related financing activities	<u>(1,136,582)</u>	<u>(1,259,078)</u>
Cash Flows From Investing Activities		
Investment income	191,512	187,925
Net change in cash and cash equivalents	1,047,263	369,916
Cash and Cash Equivalents, Beginning	<u>4,108,970</u>	<u>3,739,054</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,156,233</u>	<u>\$ 4,108,970</u>

See notes to the financial statements

Richland Center Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 654,942	\$ (43,441)
Nonoperating revenue (expense)	710	-
Noncash items in operating income (loss):		
Depreciation	1,386,809	1,380,912
Depreciation charged to clearing and other utilities	(23,933)	(21,051)
Changes in assets and liabilities:		
Customer accounts receivable	28,893	53,176
Other accounts receivable	(4,336)	(15,596)
Accounts payable	(4,236)	8,554
Due to other funds	38,744	27,886
Other current liabilities	13,353	(1,668)
Pension related deferrals and assets	13,338	1,172
	<u>\$ 2,104,284</u>	<u>\$ 1,389,944</u>
Net cash flows from operating activities		
	<u>\$ 2,104,284</u>	<u>\$ 1,389,944</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 2,187,700	\$ 1,499,552
Redemption account	598,025	413,230
Reserve account	625,000	625,000
Replacement account	1,745,508	1,571,188
	<u>\$ 5,156,233</u>	<u>\$ 4,108,970</u>
Cash and cash equivalents		
	<u>\$ 5,156,233</u>	<u>\$ 4,108,970</u>

See notes to the financial statements

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

The financial statements of Richland Center Utilities (the Utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Utilities are described below.

Reporting Entity

The Utilities are separate enterprise funds of the City of Richland Center (Municipality). The Utilities are managed by a utility commission. The Utilities provide electric, water, and sewer service to properties within the Municipality.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

Deposits and Investments

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Investment of the Utilities funds are restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company.
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The Utilities have adopted an investment policy. That policy follows the state statute for allowable investments

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

Depreciation Account

The electric utility has set aside funds to fund plant renewals and replacements or to make up potential future deficiencies in the redemption account.

Designated Reserve Account

The electric utility has set aside funds not required by bond council to make up potential future deficiencies in the redemption account.

Receivables/Payables

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

The Utilities have the right under Wisconsin statutes to place delinquent electric, water and sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Capital Assets

Capital assets are generally defined by the Utilities as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of one year.

Capital assets of the Utilities are recorded at cost or the estimated acquisition value at the time of contribution to the Utilities. Major outlays for Utility plant are capitalized as projects are constructed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Electric Plant:	
Transmission	25-33
Distribution	20-40
General	4-40
Water Plant:	
Source of supply	34
Pumping	23-31
Water treatment	30-31
Transmission and distribution	18-77
General	4-34
Sewer Plant:	
Collecting system	30-100
Collecting system pumping	20-40
Treatment and disposal	25-40
General	7-40
Completed construction not classified	25-40

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

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

Accrued Vacation and Sick Leave

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

Commitment to Community

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

Long-Term Obligations

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

Deferred Inflows of Resources

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Revenues and Expenses

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

Charges for Services

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

Current electric rates were approved by the PSCW on November 1, 2023. The rates are designed to provide a 6.10% return on rate base.

Current water rates were approved by the PSCW effective August 1, 2020. The rates are designed to provide a 4.90% return on rate base.

Current sewer rates were approved by the utility commission on January 2, 2025.

Capital Contributions

Cash and capital assets are contributed to the Utilities from customers, the Municipality or external parties. The value of property contributed to the Utilities are reported as revenue on the statements of revenues, expenses and changes in net position.

Effect of New Accounting Standards on Current Period Financial Statements

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

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

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

Comparative Data

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

2. Deposits and Investments

	Carrying Value as of December 31,		Risks
	2025	2024	
Checking and savings	\$ 2,305,679	\$ 1,952,656	Custodial credit risk
Local government investment pool	8,103,453	7,033,215	Custodial credit risk
Cash on hand	105	105	None
Total	<u>\$ 10,409,237</u>	<u>\$ 8,985,976</u>	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

The Utilities may also maintain separate cash and investment accounts at the same financial institutions utilized by the Municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the Utilities alone. Therefore, coverage for the Utilities may be reduced. Investment income on commingled investments of the entire Municipality is allocated based on average investment balances.

In addition, the Utilities have collateral or depository insurance agreements in the amount of \$2,596,864 and \$2,885,988 at December 31, 2025 and 2024 respectively.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2025 and 2024, the fair value of the LGIP's assets were substantially equal to the Utilities' share.

Custodial Credit Risk

Deposits

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

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

	2025		2024	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Richland County Bank	\$ 10	\$ 10	\$ 10	\$ 10
People's Community Bank	2,338,144	2,305,669	2,162,069	1,952,646
Total	<u>\$ 2,338,154</u>	<u>\$ 2,305,679</u>	<u>\$ 2,162,079</u>	<u>\$ 1,952,656</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

The Utilities maintain certain investments commingled with the Municipality. The credit risk pertaining specifically to the Utilities' resources cannot be determined for those accounts. Please refer to the Municipality's financial statements for information on this risk.

The Utilities held investments in the Local Government Investment Pool which is an external pool that is not rated.

Investment Policy

The Utilities have adopted an investment policy. The investment policy addresses credit risk by only investing in the safest types of securities, with pre-qualified financial institutions and a diversified portfolio.

3. Interfund Receivables/Payables and Transfers

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

Due To	Due From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Electric	Water	\$ 42,009	Joint accounting and collecting cost	\$ 19,890	Joint accounting and collecting cost
Water	Sewer	58,035	Joint metering costs and meter inventory	125,337	Joint metering costs
Electric	Municipality	1,027	Operations	1,027	Operations
Electric	Sewer	6,620	Joint accounting and collecting costs	12,525	Joint accounting and collecting costs
Municipality	Water	99,125	Accrued taxes and operations	186,686	Accrued taxes and operations
Municipality	Sewer	745	Operations	745	Operations
Municipality	Electric	101,847	Refuse revenue and accrued taxes	212,067	Refuse revenue and accrued taxes

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

To	From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric	\$ 17,479	Labor used for city projects	\$ 7,625	Labor used for city projects
Municipality	Electric	282,519	Tax equivalent	289,172	Tax equivalent
Municipality	Water	247,028	Tax equivalent	252,706	Tax equivalent
Water	Electric	-		51,125	Investment income
Sewer	Electric	-		51,125	Investment income

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

4. Restricted Assets

Restricted Accounts

Certain proceeds of the Utilities' debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the Utilities have established an account for replacement of certain mechanical equipment. This account is considered a restricted account in the statement of net position for the sewer utility, and a board designated account for the electric and water utilities.

Restricted Net Position

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

	<u>2025</u>	<u>2024</u>
Restricted assets:		
Redemption account	\$ 370,145	\$ 358,881
Current liabilities payable from restricted assets	<u>(6,736)</u>	<u>(9,993)</u>
Total restricted net position as calculated	<u>\$ 363,409</u>	<u>\$ 348,888</u>

The purpose of the restricted net position is as follows:

	<u>2025</u>	<u>2024</u>
Debt service	<u>\$ 363,409</u>	<u>\$ 348,888</u>
Total restricted net position	<u>\$ 363,409</u>	<u>\$ 348,888</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Restricted assets:		
Redemption account	\$ 201,500	\$ 193,407
Current liabilities payable from restricted assets	<u>(4,509)</u>	<u>(5,012)</u>
Total restricted net position as calculated	<u>\$ 196,991</u>	<u>\$ 188,395</u>

The purpose of the restricted net position is as follows:

	<u>2025</u>	<u>2024</u>
Debt service	<u>\$ 196,991</u>	<u>\$ 188,395</u>
Total restricted net position	<u>\$ 196,991</u>	<u>\$ 188,395</u>

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

	<u>2025</u>	<u>2024</u>
Restricted assets:		
Redemption account	\$ 598,025	\$ 413,230
Reserve account	625,000	625,000
Replacement account	<u>1,745,508</u>	<u>1,571,188</u>
Total restricted assets	2,968,533	2,609,418
Current liabilities payable from restricted assets	<u>(62,296)</u>	<u>(64,258)</u>
Total restricted net position as calculated	<u>\$ 2,906,237</u>	<u>\$ 2,545,160</u>

The purpose of the restricted net position is as follows:

	<u>2025</u>	<u>2024</u>
Debt service	\$ 1,160,729	\$ 973,972
Equipment replacement	<u>1,745,508</u>	<u>1,571,188</u>
Total restricted net position	<u>\$ 2,906,237</u>	<u>\$ 2,545,160</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

5. Changes in Capital Assets

Electric Utility

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

	<u>Balance 1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/25</u>
Capital assets, not being depreciated:				
Land and land rights	<u>\$ 174,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,546</u>
Capital assets being depreciated:				
Transmission	13,389	-	-	13,389
Distribution	18,905,501	705,829	129,010	19,482,320
General	<u>2,225,105</u>	<u>93,099</u>	<u>-</u>	<u>2,318,204</u>
Total capital assets being depreciated	<u>21,143,995</u>	<u>798,928</u>	<u>129,010</u>	<u>21,813,913</u>
Total capital assets	<u>21,318,541</u>	<u>798,928</u>	<u>129,010</u>	<u>21,988,459</u>
Less accumulated depreciation	<u>(15,861,835)</u>	<u>(873,315)</u>	<u>129,010</u>	<u>(16,606,140)</u>
Construction in progress	<u>9,055</u>	<u>-</u>	<u>9,055</u>	<u>-</u>
Net capital assets	<u>\$ 5,465,761</u>			<u>\$ 5,382,319</u>

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

	<u>Balance 1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	<u>\$ 174,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,546</u>
Capital assets being depreciated:				
Transmission	13,389	-	-	13,389
Distribution	18,475,964	483,193	53,656	18,905,501
General	<u>2,195,032</u>	<u>68,404</u>	<u>38,331</u>	<u>2,225,105</u>
Total capital assets being depreciated	<u>20,684,385</u>	<u>551,597</u>	<u>91,987</u>	<u>21,143,995</u>
Total capital assets	<u>20,858,931</u>	<u>551,597</u>	<u>91,987</u>	<u>21,318,541</u>
Less accumulated depreciation	<u>(15,107,250)</u>	<u>(850,577)</u>	<u>95,992</u>	<u>(15,861,835)</u>
Construction in progress	<u>2,219</u>	<u>48,362</u>	<u>41,526</u>	<u>9,055</u>
Net capital assets	<u>\$ 5,753,900</u>			<u>\$ 5,465,761</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Water Utility

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

	<u>Balance 1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/25</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 213,197	\$ -	\$ -	\$ 213,197
Capital assets being depreciated:				
Source of supply	2,122,138	-	-	2,122,138
Pumping	830,926	-	-	830,926
Water treatment	26,777	-	-	26,777
Transmission and distribution	14,503,954	252,066	87,461	14,668,559
General	1,352,003	20,116	-	1,372,119
Total capital assets being depreciated	<u>18,835,798</u>	<u>272,182</u>	<u>87,461</u>	<u>19,020,519</u>
Total capital assets	<u>19,048,995</u>	<u>272,182</u>	<u>87,461</u>	<u>19,233,716</u>
Less accumulated depreciation	<u>(6,748,738)</u>	<u>(489,150)</u>	<u>87,461</u>	<u>(7,150,427)</u>
Construction in progress	<u>94,878</u>	<u>7,710</u>	<u>69,196</u>	<u>33,392</u>
Net capital assets	<u>\$ 12,395,135</u>			<u>\$ 12,116,681</u>

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

	<u>Balance 1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 213,197	\$ -	\$ -	\$ 213,197
Capital assets being depreciated:				
Source of supply	2,122,138	-	-	2,122,138
Pumping	830,926	-	-	830,926
Water treatment	26,777	-	-	26,777
Transmission and distribution	14,079,141	478,142	53,329	14,503,954
General	1,351,658	345	-	1,352,003
Total capital assets being depreciated	<u>18,410,640</u>	<u>478,487</u>	<u>53,329</u>	<u>18,835,798</u>
Total capital assets	<u>18,623,837</u>	<u>478,487</u>	<u>53,329</u>	<u>19,048,995</u>
Less accumulated depreciation	<u>(6,323,334)</u>	<u>(478,733)</u>	<u>53,329</u>	<u>(6,748,738)</u>
Construction in progress	<u>56,124</u>	<u>517,490</u>	<u>478,736</u>	<u>94,878</u>
Net capital assets	<u>\$ 12,356,627</u>			<u>\$ 12,395,135</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Sewer Utility

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

	<u>Balance 1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/25</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 498,044	\$ -	\$ -	\$ 498,044
Capital assets being depreciated:				
Collecting system	14,784,224	294,388	27,004	15,051,608
Collecting system pumping	2,645,174	-	-	2,645,174
Treatment and disposal	18,870,288	-	-	18,870,288
General	6,674,039	1,068	-	6,675,107
Total capital assets being depreciated	<u>42,973,725</u>	<u>295,456</u>	<u>27,004</u>	<u>43,242,177</u>
Total capital assets	<u>43,471,769</u>	<u>295,456</u>	<u>27,004</u>	<u>43,740,221</u>
Less accumulated depreciation	<u>(13,314,323)</u>	<u>(1,363,692)</u>	<u>27,004</u>	<u>(14,651,011)</u>
Construction in progress	<u>12,976</u>	<u>293,710</u>	<u>293,710</u>	<u>12,976</u>
Net capital assets	<u>\$ 30,170,422</u>			<u>\$ 29,102,186</u>

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

	<u>Balance 1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 498,044	\$ -	\$ -	\$ 498,044
Capital assets being depreciated:				
Collecting system	14,451,973	350,625	18,374	14,784,224
Collecting system pumping	2,645,174	-	-	2,645,174
Treatment and disposal	18,870,288	-	-	18,870,288
General	6,679,423	32,604	37,988	6,674,039
Total capital assets being depreciated	<u>42,646,858</u>	<u>383,229</u>	<u>56,362</u>	<u>42,973,725</u>
Total capital assets	<u>43,144,902</u>	<u>383,229</u>	<u>56,362</u>	<u>43,471,769</u>
Less accumulated depreciation	<u>(12,007,025)</u>	<u>(1,363,660)</u>	<u>56,362</u>	<u>(13,314,323)</u>
Construction in progress	<u>13,524</u>	<u>350,078</u>	<u>350,626</u>	<u>12,976</u>
Net capital assets	<u>\$ 31,151,401</u>			<u>\$ 30,170,422</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

6. Long-Term Obligations

Revenue Debt - Electric

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/25</u>
12/30/14	Substation and distribution system construction	02/01/27	2.65 %	\$ 3,225,000	\$ 610,000

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 305,000	\$ 12,124	\$ 317,124
2027	305,000	4,041	309,041
Total	<u>\$ 610,000</u>	<u>\$ 16,165</u>	<u>\$ 626,165</u>

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2025 and 2024 were \$315,074 and \$312,759, respectively. Total customer net revenues as defined for the same periods were \$1,210,226 and \$1,229,811. Annual principal and interest payments are expected to require 26% of net revenues on average.

Revenue Debt - Water

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/25</u>
04/22/09	Water Main River Crossing Replacement	05/01/28	1.60 %	\$ 1,643,519	\$ 304,313 *
06/26/19	Construction of water infrastructure	05/01/39	1.19	2,527,771	1,867,212 *

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Revenue bonds debt service requirements to maturity follows:

Years Ending December 31:	Direct Placement		Total
	Principal	Interest	
2026	\$ 223,208	\$ 25,523	\$ 248,731
2027	226,272	22,437	248,709
2028	229,379	19,308	248,687
2029	127,827	16,974	144,801
2030	129,345	15,446	144,791
2031-2035	670,145	53,673	723,818
2036-2039	565,349	13,532	578,881
Total	\$ 2,171,525	\$ 166,893	\$ 2,338,418

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2025 and 2024 were \$248,751 and \$248,774, respectively. Total customer net revenues as defined for the same periods were \$1,231,972 and \$1,229,424. Annual principal and interest payments are expected to require 14% of net revenues on average.

Revenue Debt - Sewer

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/25
11/12/14	WWTP improvements	05/01/34	2.63 %	\$ 3,284,856	\$ 1,757,430 *
12/10/15	WWTP improvements	05/01/55	2.50	15,743,000	13,105,653 *

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

Revenue bonds debt service requirements to maturity follows:

Years Ending December 31:	Direct Placement		Total
	Principal	Interest	
2026	\$ 472,665	\$ 367,756	\$ 840,421
2027	484,795	355,565	840,360
2028	497,237	343,062	840,299
2029	509,997	330,237	840,234
2030	523,086	317,083	840,169
2031-2035	2,602,042	1,378,886	3,980,928
2036-2040	2,005,916	1,098,795	3,104,711
2041-2045	2,273,016	831,695	3,104,711
2046-2050	2,575,681	529,030	3,104,711
2051-2055	2,918,648	186,063	3,104,711
Total	\$ 14,863,083	\$ 5,738,172	\$ 20,601,255

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2025 and 2024 were \$840,480 and \$840,536, respectively. Total customer net revenues as defined for the same periods were \$2,233,973 and \$1,525,396. Annual principal and interest payments are expected to require 31% of net revenues on average.

Loans Payable - Electric

Loans payable issued by the Utilities is as follows:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/25</u>
9/30/2024	AMI Meter Implementation	9/30/2034	- %	\$ 480,000	\$ 420,000 *

* The debt noted is considered a direct borrowing or direct placement.

Loans payable service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Direct Placement</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 48,000	\$ -	\$ 48,000
2027	48,000	-	48,000
2028	48,000	-	48,000
2029	48,000	-	48,000
2030	48,000	-	48,000
2031-2034	180,000	-	180,000
Total	<u>\$ 420,000</u>	<u>\$ -</u>	<u>\$ 420,000</u>

Long-Term Obligations Summary - Electric

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

	<u>1/1/25 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/25 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 905,000	\$ -	\$ 295,000	\$ 610,000	\$ 305,000
Accrued sick leave	66,085	25,736	6,488	85,333	-
Loans payable	468,000	-	48,000	420,000	48,000
Total	<u>\$ 1,439,085</u>	<u>\$ 25,736</u>	<u>\$ 349,488</u>	<u>\$ 1,115,333</u>	<u>\$ 353,000</u>

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

	<u>1/1/24 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 1,190,000	\$ -	\$ 285,000	\$ 905,000	\$ 295,000
Accrued sick leave	82,267	23,942	40,124	66,085	-
Loans payable	-	480,000	12,000	468,000	48,000
Total	<u>\$ 1,272,267</u>	<u>\$ 503,942</u>	<u>\$ 337,124</u>	<u>\$ 1,439,085</u>	<u>\$ 343,000</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Long-Term Obligations Summary - Water

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

	<u>1/1/25 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/25 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,391,711	\$ -	\$ 220,186	\$ 2,171,525	\$ 223,208
Accrued sick leave	77,011	13,584	9,430	81,165	-
Total	<u>\$ 2,468,722</u>	<u>\$ 13,584</u>	<u>\$ 229,616</u>	<u>\$ 2,252,690</u>	<u>\$ 223,208</u>

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

	<u>1/1/24 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,608,918	\$ -	\$ 217,207	\$ 2,391,711	\$ 220,187
Accrued sick leave	59,658	19,318	1,965	77,011	-
Total	<u>\$ 2,668,576</u>	<u>\$ 19,318</u>	<u>\$ 219,172</u>	<u>\$ 2,468,722</u>	<u>\$ 220,187</u>

Long-Term Obligations Summary - Sewer

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

	<u>1/1/25 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/25 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 15,323,921	\$ -	\$ 460,838	\$ 14,863,083	\$ 472,665
Accrued sick leave	150,974	20,535	11,504	160,005	-
Total	<u>\$ 15,474,895</u>	<u>\$ 20,535</u>	<u>\$ 472,342</u>	<u>\$ 15,023,088</u>	<u>\$ 472,665</u>

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

	<u>1/1/24 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 15,773,228	\$ -	\$ 449,307	\$ 15,323,921	\$ 460,838
Accrued sick leave	156,647	19,521	25,194	150,974	-
Total	<u>\$ 15,929,875</u>	<u>\$ 19,521</u>	<u>\$ 474,501</u>	<u>\$ 15,474,895</u>	<u>\$ 460,838</u>

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

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

Richland Center Utilities

Notes to Financial Statements
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Debt Coverage - Electric

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 10,805,141	\$ 10,030,525
Investment income	112,718	109,379
Income (loss) from merchandising and jobbing	24,164	24,486
Less operation and maintenance expenses	<u>(9,731,797)</u>	<u>(8,934,579)</u>
Net defined earnings	<u>\$ 1,210,226</u>	<u>\$ 1,229,811</u>
Minimum required earnings per resolution: Subsequent annual debt service	\$ 317,124	\$ 315,074
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum required earnings	<u>\$ 396,405</u>	<u>\$ 393,843</u>
Actual debt coverage	<u>3.82</u>	<u>3.90</u>

Debt Coverage - Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 1,906,271	\$ 1,841,461
Investment income	89,820	96,892
Income (loss) from merchandising and jobbing	2,658	-
Less operation and maintenance expenses	<u>(766,777)</u>	<u>(708,929)</u>
Net defined earnings	<u>\$ 1,231,972</u>	<u>\$ 1,229,424</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 248,731	\$ 248,751
Coverage factor	<u>1.10</u>	<u>1.10</u>
Minimum required earnings	<u>\$ 273,604</u>	<u>\$ 273,626</u>
Actual debt coverage	<u>4.95</u>	<u>4.94</u>

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Debt Coverage - Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 3,408,560	\$ 2,686,732
Investment income	191,512	187,925
Income (loss) from merchandising and jobbing	710	-
Less operation and maintenance expenses	<u>(1,366,809)</u>	<u>(1,349,261)</u>
Net defined earnings	<u>\$ 2,233,973</u>	<u>\$ 1,525,396</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 840,420	\$ 840,536
Coverage factor	<u>1.10</u>	<u>1.10</u>
Minimum required earnings	<u>\$ 924,462</u>	<u>\$ 924,590</u>
Actual debt coverage	<u>2.66</u>	<u>1.81</u>

7. Net Position

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

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

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

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

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.

Richland Center Utilities

Notes to Financial Statements
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The following calculation supports the electric total net investment in capital assets:

	<u>2025</u>	<u>2024</u>
Plant in service	\$ 21,988,459	\$ 21,318,541
Accumulated depreciation	(16,606,140)	(15,861,835)
Construction work in progress	-	9,055
Subtotal	<u>5,382,319</u>	<u>5,465,761</u>
Less capital related debt:		
Current portion of capital related long-term debt	305,000	295,000
Long-term portion of capital related long-term debt	305,000	610,000
Unamortized loss on advance refunding	(13,396)	(20,094)
Loans payable	<u>420,000</u>	<u>468,000</u>
Subtotal	<u>1,016,604</u>	<u>1,352,906</u>
Total net investment in capital assets	<u>\$ 4,365,715</u>	<u>\$ 4,112,855</u>

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

	<u>2025</u>	<u>2024</u>
Plant in service	\$ 19,233,716	\$ 19,048,995
Accumulated depreciation	(7,150,427)	(6,748,738)
Construction work in progress	<u>33,392</u>	<u>94,878</u>
Subtotal	<u>12,116,681</u>	<u>12,395,135</u>
Less capital related debt:		
Current portion of capital related long-term debt	223,208	220,187
Long-term portion of capital related long-term debt	<u>1,948,317</u>	<u>2,171,524</u>
Subtotal	<u>2,171,525</u>	<u>2,391,711</u>
Total net investment in capital assets	<u>\$ 9,945,156</u>	<u>\$ 10,003,424</u>

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

	<u>2025</u>	<u>2024</u>
Plant in service	\$ 43,740,221	\$ 43,471,769
Accumulated depreciation	(14,651,011)	(13,314,323)
Construction work in progress	<u>12,976</u>	<u>12,976</u>
Subtotal	<u>29,102,186</u>	<u>30,170,422</u>
Less capital related debt:		
Current portion of capital related long-term debt	472,665	460,838
Long-term portion of capital related long-term debt	<u>14,390,418</u>	<u>14,863,083</u>
Subtotal	<u>14,863,083</u>	<u>15,323,921</u>
Total net investment in capital assets	<u>\$ 14,239,103</u>	<u>\$ 14,846,501</u>

Richland Center Utilities

Notes to Financial Statements
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8. Employees Retirement System

General Information About the Pension Plan

Plan Description

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

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

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Postretirement Adjustments

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

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

Contributions

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

The WRS recognized \$96,898 and \$93,559 in contributions from the Utilities during the current and prior reporting periods, respectively.

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

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

Richland Center Utilities

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

At December 31, 2025, the Utilities reported a liability (asset) of \$114,326 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the City of Richland Center's proportion was .02057322%, which was a decrease of .00014319% from its proportion measured as of December 31, 2023.

At December 31, 2024, the Utilities reported a liability (asset) of \$111,318 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the City of Richland Center's proportion was .02071641%, which was an increase of .00001860% from its proportion measured as of December 31, 2022.

For the years ended December 31, 2025 and 2024, the Utilities recognized pension expense (revenue) of \$43,909 and \$3,401, respectively.

At December 31, 2025, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Richland Center Electric Utility		Richland Center Water Utility		Richland Center Sewer Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 225,311	\$ 162,673	\$ 61,453	\$ 46,716	\$ 118,898	\$ 107,021
Changes in assumption	21,149	-	5,414	-	11,348	-
Net differences between project and actual earnings on pension plan	-	5,456	7,321	-	44,586	-
Changes in proportion between employer contributions and proportionate share of contributions	352	640	100	239	182	375
Employer contributions subsequent to the measurement date	51,351	-	16,227	-	29,320	-
Total	\$ 298,163	\$ 168,769	\$ 90,515	\$ 46,955	\$ 204,334	\$ 107,396

Richland Center Utilities

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

	Richland Center Electric Utility		Richland Center Water Utility		Richland Center Sewer Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,675	\$ 273,613	\$ 73,597	\$ 88,345	\$ 139,346	\$ 177,114
Changes in assumption	26,869	-	7,561	-	14,962	-
Net differences between project and actual earnings on pension plan	88,851	-	42,710	-	104,170	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	518	215	162	80	287	107
Employer contributions subsequent to the measurement date	46,615	-	17,492	-	29,452	-
Total	\$ 420,528	\$ 273,828	\$ 141,522	\$ 88,425	\$ 288,217	\$ 177,221

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Richland Center Electric Utility	Richland Center Water Utility	Richland Center Sewer Utility
2026	\$ 23,484	\$ 8,225	\$ 20,347
2027	80,956	28,353	70,142
2028	(20,117)	(7,045)	(17,429)
2029	(6,280)	(2,200)	(5,442)
2030	-	-	-
Thereafter	-	-	-
Total	\$ 78,043	\$ 27,333	\$ 67,618

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Actuarial Assumptions

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

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

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns¹ as of the Measurement Date December 31, 2024

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	38 %	7.0 %	4.3 %
Public Fixed Income	27	6.1	3.4
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Private Equity/Debt	20	9.5	6.7
Leverage ³	(12)	3.7	1.1
Total Core Fund ³	100	7.5	4.8
Variable Fund Asset			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

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

² New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.6%.

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

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

**Asset Allocation Targets and Expected Returns¹ as of the Measurement Date
December 31, 2023**

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

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

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

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Single Discount Rate

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

Sensitivity of the 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 current discount rate, 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 1-percentage-point lower or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2025 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Electric's proportionate share of the net position liability (asset)	\$ 534,377	\$ 56,962	\$ (282,228)
Water's proportionate share of the net position liability (asset)	200,522	21,375	(105,904)
Sewer's proportionate share of the net position liability (asset)	337,627	35,989	(178,316)

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Electric's proportionate share of the net position liability (asset)	\$ 545,701	\$ 56,455	\$ (285,885)
Water's proportionate share of the net position liability (asset)	175,351	18,154	(91,864)
Sewer's proportionate share of the net position liability (asset)	354,869	36,709	(185,911)

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Pension Plan Fiduciary Net Position

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

9. Commitments and Contingencies

Long-Term Contracts - WPPI Energy

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$221 million as of December 31, 2025.

Claims and Judgments

From time to time, the Utilities are party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Utilities' legal counsel 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.

10. Risk Management

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

Richland Center Utilities

Notes to Financial Statements
December 31, 2025 and 2024

11. Significant Customers

Electric Utility

The Utility has two significant customers who were responsible for 29% and 30% of operating revenues in 2025 and 2024, respectively.

Water Utility

The Utility has one significant customer who was responsible for 24% and 30% of operating revenues in 2025 and 2024, respectively.

Sewer Utility

The Utility has one significant customer who was responsible for 20% and 15% of operating revenues in 2025 and 2024, respectively.

12. Subsequent Events

The Utilities evaluated subsequent events through May 27, 2026, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Richland Center Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System Year Ended December 31, 2025

The required supplementary information presented below represents the proportionate information for the enterprise fund included in this report.

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/16	0.01906 %	\$ 113,696	\$ 968,294	11.74 %	98.20 %
12/31/17	0.01923 %	58,402	1,071,636	5.45 %	99.12 %
12/31/18	0.01957 %	(210,492)	1,086,985	-19.36 %	102.93 %
12/31/19	0.02022 %	260,416	1,125,621	23.14 %	96.45 %
12/31/20	0.02049 %	(239,113)	1,241,607	24.13 %	102.96 %
12/31/21	0.02074 %	(473,572)	1,273,185	43.38 %	105.26 %
12/31/22	0.02067 %	(587,363)	1,257,176	56.25 %	106.02 %
12/31/23	0.02698 %	365,501	1,285,103	28.44 %	95.72 %
12/31/24	0.02072 %	111,318	1,309,186	8.50 %	98.85 %
12/31/25	0.02057 %	114,326	1,355,917	8.43 %	98.85 %

Schedule of Employer Contributions - Wisconsin Retirement System Year Ended December 31, 2025

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/16	\$ 70,728	\$ 70,728	\$ -	\$ 1,071,636	6.60 %
12/31/17	73,915	73,915	-	1,086,985	6.80 %
12/31/18	75,421	75,421	-	1,125,686	6.70 %
12/31/19	79,568	79,568	-	1,241,607	6.41 %
12/31/20	85,940	85,940	-	1,273,185	6.75 %
12/31/21	82,345	82,345	-	1,257,176	6.55 %
12/31/22	83,531	83,531	-	1,285,103	6.50 %
12/31/23	89,024	89,024	-	1,309,186	6.80 %
12/31/24	93,559	93,559	-	1,355,917	6.90 %
12/31/25	96,898	96,898	-	1,394,396	6.90 %

See notes to the required supplementary information

Richland Center Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2025

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

Changes of Assumptions.

	<u>2016 - 2018</u>	<u>2019 - 2021</u>	<u>2022 - 2024</u>	<u>2025</u>
Long-term expected rate of	7.2 %	7.0 %	6.8 %	6.8 %
Discount rate	7.2 %	7.0 %	6.8 %	6.8 %
Salary increases				
Seniority/Merit	0.2 % - 5.6 %	0.1 % - 5.6 %	0.1 % - 5.6 %	0.1 % - 5.7 %
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2020 Mortality Table	Wisconsin 2020 Mortality Table
Postretirement adjustments	2.10 %	1.90 %	1.70 %	1.70 %

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

SUPPLEMENTARY INFORMATION

ELECTRIC UTILITY

Richland Center Electric Utility

Electric Utility Plant

Year Ended December 31, 2025

	<u>Balance 1/1/25</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/25</u>
Steam Production				
Land and land rights	\$ 5,979	\$ -	\$ -	\$ 5,979
Transmission				
Land and land rights	13,768	-	-	13,768
Station equipment	13,389	-	-	13,389
Total transmission	27,157	-	-	27,157
Distribution				
Land and land rights	120,480	-	-	120,480
Structures and improvements	105,198	-	-	105,198
Station equipment	4,980,112	-	-	4,980,112
Poles, towers and fixtures	1,387,974	42,121	20,390	1,409,705
Overhead conductors and devices	2,024,948	4,762	14,116	2,015,594
Underground conduit	104,016	-	-	104,016
Underground conductors and devices	6,152,545	171,674	253	6,323,966
Line transformers	1,760,643	54,064	6,298	1,808,409
Services	340,978	947	-	341,925
Meters	719,667	426,205	87,953	1,057,919
Installation on customers' premises	217,767	409	-	218,176
Street lighting and signal systems	1,111,653	5,647	-	1,117,300
Total distribution	19,025,981	705,829	129,010	19,602,800
General				
Land and land rights	34,319	-	-	34,319
Structures and improvements	771,980	9,055	-	781,035
Office furniture and equipment	107,145	-	-	107,145
Computer equipment	173,945	2,135	-	176,080
Transportation equipment	923,596	47,065	-	970,661
Stores equipment	4,652	-	-	4,652
Tools, shop and garage equipment	31,115	5,089	-	36,204
Laboratory equipment	51,703	-	-	51,703
Power-operated equipment	78,391	29,755	-	108,146
Communication equipment	22,629	-	-	22,629
Fiber optic equipment	31,180	-	-	31,180
Miscellaneous equipment	23,899	-	-	23,899
Other tangible property	4,870	-	-	4,870
Total general	2,259,424	93,099	-	2,352,523
Total electric utility plant	<u>\$ 21,318,541</u>	<u>\$ 798,928</u>	<u>\$ 129,010</u>	<u>\$ 21,988,459</u>

Richland Center Electric Utility

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 2,144,656	\$ 1,933,144
Rural	-	21,199
Small commercial and industrial	2,161,314	1,997,777
Large commercial and industrial	6,339,013	5,813,405
Public street and highway lighting	98,064	93,764
Other sales to public authorities	-	78,147
Interdepartmental	-	7,239
Other	<u>(2,099)</u>	<u>(2,057)</u>
Total sales of electricity	<u>10,740,948</u>	<u>9,942,618</u>
Other operating revenues:		
Forfeited discounts	15,086	15,085
Rent from electric property	44,654	44,519
Other	<u>4,453</u>	<u>28,303</u>
Total operating revenues	<u>10,805,141</u>	<u>10,030,525</u>
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	<u>8,508,355</u>	<u>7,789,195</u>
Distribution:		
Line and station labor	59,488	91,774
Line and station supplies	26,101	34,208
Street lighting and signal system	3,933	6,585
Meter	-	3,413
Customer installation	59,623	30,448
Miscellaneous	25,071	52,187
Maintenance:		
Structures and equipment	178	318
Lines	320,179	225,727
Meters	<u>49,804</u>	<u>32,140</u>
Total distribution	<u>544,377</u>	<u>476,800</u>
Customer accounts:		
Meter reading	4,013	3,218
Accounting and collecting	149,730	101,660
Supplies	<u>62,553</u>	<u>52,031</u>
Total customer accounts	<u>216,296</u>	<u>156,909</u>
Administrative and general:		
Salaries	-	1,600
Office supplies	43,175	32,673
Outside services employed	102,610	79,052
Property insurance	16,853	54,277
Employee pensions and benefits	191,669	182,635
Miscellaneous	<u>33,234</u>	<u>92,613</u>
Total administrative and general	<u>387,541</u>	<u>442,850</u>

Richland Center Electric Utility

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

	<u>2025</u>	<u>2024</u>
Taxes	\$ 75,228	\$ 68,825
Total operation and maintenance	9,731,797	8,934,579
Depreciation	<u>715,129</u>	<u>699,006</u>
Total operating expenses	<u>10,446,926</u>	<u>9,633,585</u>
Operating income	<u>\$ 358,215</u>	<u>\$ 396,940</u>

Richland Center Electric Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2025 and 2024

	Electric	
	2025	2024
Utility Financed Plant in Service		
Beginning of year	\$ 20,791,609	\$ 20,331,999
End of year	<u>21,461,527</u>	<u>20,791,609</u>
Average	<u>21,126,568</u>	<u>20,561,804</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(15,334,902)	(14,580,317)
End of year	<u>(16,079,208)</u>	<u>(15,334,902)</u>
Average	<u>(15,707,055)</u>	<u>(14,957,610)</u>
Materials and Supplies		
Beginning of year	375,193	305,657
End of year	<u>353,218</u>	<u>375,193</u>
Average	<u>364,206</u>	<u>340,425</u>
Average net rate base	<u>\$ 5,783,719</u>	<u>\$ 5,944,619</u>
Operating income, regulatory basis	<u>\$ 93,509</u>	<u>\$ 107,768</u>
Rate of return (percent)	<u>1.62 %</u>	<u>1.81 %</u>
Authorized rate of return (percent)	<u>4.90 %</u>	<u>4.90 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

WATER UTILITY

Richland Center Water Utility

Water Utility Plant

Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
Source of Supply				
Wells and springs	\$ 2,122,138	\$ -	\$ -	\$ 2,122,138
Pumping				
Land and land rights	3,841	-	-	3,841
Structures and improvements	455,498	-	-	455,498
Electric pumping equipment	353,615	-	-	353,615
Other pumping equipment	21,813	-	-	21,813
Total pumping	834,767	-	-	834,767
Water Treatment				
Structures and improvements	6,896	-	-	6,896
Water treatment equipment	19,881	-	-	19,881
Total water treatment	26,777	-	-	26,777
Transmission and Distribution				
Land and land rights	209,356	-	-	209,356
Distribution reservoirs and standpipes	2,381,180	-	-	2,381,180
Transmission and distribution mains	8,561,591	4,506	-	8,566,097
Services	1,597,380	2,283	-	1,599,663
Meters	762,513	243,706	87,461	918,758
Hydrants	1,200,260	1,571	-	1,201,831
Other transmission and distribution plant	1,030	-	-	1,030
Total transmission and distribution	14,713,310	252,066	87,461	14,877,915
General				
Structures and improvements	465,694	-	-	465,694
Office furniture and equipment	55,896	-	-	55,896
Computer equipment	75,980	1,067	-	77,047
Transportation equipment	368,065	-	-	368,065
Tools, shop and garage equipment	62,450	7,339	-	69,789
Laboratory equipment	8,877	-	-	8,877
Power-operated equipment	203,894	-	-	203,894
Communication equipment	50,560	-	-	50,560
Miscellaneous equipment	60,587	11,710	-	72,297
Total general	1,352,003	20,116	-	1,372,119
Total water utility plant	\$ 19,048,995	\$ 272,182	\$ 87,461	\$ 19,233,716

Richland Center Water Utility

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Sales of water:		
Metered:		
Residential	\$ 428,675	\$ 418,938
Multifamily residential	51,105	51,673
Commercial	160,265	152,931
Industrial	676,835	627,860
Public authorities	24,102	27,605
Total metered sales	<u>1,340,982</u>	<u>1,279,007</u>
Private fire protection	36,236	35,901
Public fire protection	504,971	502,402
Total sales of water	<u>1,882,189</u>	<u>1,817,310</u>
Other operating revenues:		
Forfeited discounts	4,505	4,753
Miscellaneous service revenue	346	1,640
Other	19,231	17,758
Total operating revenues	<u>1,906,271</u>	<u>1,841,461</u>
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation labor	5,390	6,836
Fuel or power purchased for pumping	87,889	77,713
Operation supplies	6,547	6,987
Maintenance	36,600	17,241
Total pumping	<u>136,426</u>	<u>108,777</u>
Water treatment:		
Operation labor	31,407	6,836
Chemicals	11,779	8,331
Total water treatment	<u>43,186</u>	<u>15,167</u>
Transmission and distribution:		
Operation labor	138,167	187,860
Operation supplies	22,893	15,557
Maintenance:		
Distribution reservoirs and standpipes	3,532	5,408
Mains	29,269	22,550
Services	22,468	29,044
Meters	44,934	32,743
Hydrants	10,272	6,172
Total transmission and distribution	<u>271,535</u>	<u>299,334</u>
Customer accounts:		
Meter reading labor	902	1,254
Accounting and collecting labor	72,799	58,708
Supplies	28,973	18,313
Total customer accounts	<u>102,674</u>	<u>78,275</u>

Richland Center Water Utility

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

	<u>2025</u>	<u>2024</u>
Administrative and general:		
Office supplies	\$ 11,292	\$ 6,846
Outside services employed	33,594	32,011
Property insurance	10,403	27,953
Employee pensions and benefits	101,476	90,321
Miscellaneous	26,746	10,632
Transportation	11,402	8,733
Total administrative and general	<u>194,913</u>	<u>176,496</u>
Taxes	<u>18,043</u>	<u>21,070</u>
Total operation and maintenance	766,777	699,119
Depreciation	<u>462,704</u>	<u>455,877</u>
Total operating expenses	<u>1,229,481</u>	<u>1,154,996</u>
Operating income	<u>\$ 676,790</u>	<u>\$ 686,465</u>

Richland Center Water Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2025 and 2024

	<u>Water</u>	
	<u>2025</u>	<u>2024</u>
Utility Financed Plant in Service		
Beginning of year	\$ 16,600,711	\$ 18,623,837
End of year	<u>16,785,432</u>	<u>16,600,711</u>
Average	<u>16,693,072</u>	<u>17,612,274</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(5,462,293)	(5,082,213)
End of year	<u>(5,818,658)</u>	<u>(5,462,293)</u>
Average	<u>(5,640,476)</u>	<u>(5,272,253)</u>
Materials and Supplies		
Beginning of year	190,362	178,556
End of year	<u>183,948</u>	<u>190,362</u>
Average	<u>187,155</u>	<u>184,459</u>
Average net rate base	<u>\$ 11,239,751</u>	<u>\$ 12,524,480</u>
Operating income, regulatory basis	<u>\$ 487,844</u>	<u>\$ 479,083</u>
Rate of return (percent)	<u>4.34 %</u>	<u>3.83 %</u>
Authorized rate of return (percent)	<u>4.90 %</u>	<u>4.90 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

SEWER UTILITY

Richland Center Sewer Utility

Sewer Utility Plant

Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
Collecting System				
Land and land rights	\$ 493,039	\$ -	\$ -	\$ 493,039
Structures and improvements	763,745	-	-	763,745
Collecting mains	8,103,455	-	-	8,103,455
Force mains	5,917,024	294,388	27,004	6,184,408
Total collecting system	<u>15,277,263</u>	<u>294,388</u>	<u>27,004</u>	<u>15,544,647</u>
Collecting System Pumping				
Structures and improvements	1,249,545	-	-	1,249,545
Receiving wells	11,428	-	-	11,428
Electric pumping equipment	1,384,201	-	-	1,384,201
Total collecting system pumping	<u>2,645,174</u>	<u>-</u>	<u>-</u>	<u>2,645,174</u>
Treatment and Disposal				
Land and land rights	5,005	-	-	5,005
Structures and improvements	8,388,813	-	-	8,388,813
Preliminary treatment equipment	2,429,920	-	-	2,429,920
Primary treatment equipment	398,302	-	-	398,302
Secondary treatment equipment	3,168,439	-	-	3,168,439
Disinfecting equipment	271,067	-	-	271,067
Sludge treatment and disposal equipment	4,213,747	-	-	4,213,747
Total treatment and disposal	<u>18,875,293</u>	<u>-</u>	<u>-</u>	<u>18,875,293</u>
General				
Structures and improvements	2,319,495	-	-	2,319,495
Office furniture and equipment	44,295	-	-	44,295
Computer equipment	28,999	1,068	-	30,067
Transportation equipment	709,926	-	-	709,926
Communication equipment	1,758,769	-	-	1,758,769
Other general equipment	1,786,945	-	-	1,786,945
Laboratory equipment	25,610	-	-	25,610
Total general	<u>6,674,039</u>	<u>1,068</u>	<u>-</u>	<u>6,675,107</u>
Total sewer utility plant	<u>\$ 43,471,769</u>	<u>\$ 295,456</u>	<u>\$ 27,004</u>	<u>\$ 43,740,221</u>

Richland Center Sewer Utility

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

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 1,097,660	\$ 1,039,044
Commercial	1,116,280	856,002
Industrial	951,217	553,642
Public authorities	32,390	61,869
Total sewer revenues	<u>3,197,547</u>	<u>2,510,557</u>
Other operating revenues:		
Forfeited discounts	7,321	6,650
Miscellaneous	203,692	169,525
Total operating revenues	<u>3,408,560</u>	<u>2,686,732</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	328,224	340,737
Power and fuel for pumping	2,306	1,933
Utilities	109,814	86,899
Sludge conditioning chemicals	100,625	74,795
Other chemicals	35,367	23,514
Other operating supplies	95,430	85,407
Transportation	13,076	24,240
Total operation	<u>684,842</u>	<u>637,525</u>
Maintenance:		
Collection system	61,974	78,482
Meters	21,532	20,353
Pumping equipment	25,661	18,108
Treatment and disposal plant equipment	162,606	137,457
General plant structures and equipment	11,337	15,894
Total maintenance	<u>283,110</u>	<u>270,294</u>
Customer accounts:		
Accounting and collecting	77,452	54,681
Administrative and general:		
Salaries	416	-
Office supplies	11,249	9,259
Outside services employed	52,353	64,747
Insurance	32,239	69,067
Employees pensions and benefits	166,754	149,539
Regulatory commission	3,409	3,651
Miscellaneous	24,855	57,707
Total administrative and general	<u>291,275</u>	<u>353,970</u>
Taxes	30,130	32,791
Total operation and maintenance	1,366,809	1,349,261
Depreciation	<u>1,386,809</u>	<u>1,380,912</u>
Total operating expenses	<u>2,753,618</u>	<u>2,730,173</u>
Operating income (loss)	<u>\$ 654,942</u>	<u>\$ (43,441)</u>