

*****ATTACHMENTS*****



REPORT OF BILLING

FEBRUARY 2021

	<u>2021</u>	<u>2020</u>	<u>Increase or (Decrease)</u>
<u>Quarterly Metered*</u>			
(Dist III - south of Union Ave)			
Residential	214,816.66	190,101.34	24,715.32
Multi-Family	25,350.55	22,136.07	3,214.48
Commercial	27,654.34	28,876.63	(1,222.29)
Industrial	17,191.68	14,124.53	3,067.15
Public	<u>6,773.20</u>	<u>8,218.80</u>	<u>(1,445.60)</u>
Subtotal	291,786.43	263,457.37	28,329.06

* Billing for scheduled district only for the three preceding months usage.

Public Fire Protection	67,512.19	67,541.26	(29.07)
Monthly Metered	<u>337,075.11</u>	<u>315,463.43</u>	<u>21,611.68</u>
Sheboygan Net	696,373.73	646,462.06	49,911.67
Sheboygan Falls	44717.30	41191.60	3,525.70
Kohler	<u>27588.90</u>	<u>23794.32</u>	<u>3,794.58</u>
Total	768,679.93	711,447.98	57,231.95

Total accumulative billing for 2021 is \$1,480,281.72. An increase of \$128,461.91 from 2020 accounted for as follows:

	<u>2021-Total Year to Date</u>
Sheboygan	112,532.72
Sheboygan Falls	10,469.07
Kohler	<u>5,460.12</u>
	128,461.91

Total bills mailed February, 2021: 6,629

Residential	6,045	Multi-Family	6
Multi-Family	91	Commercial	21
Commercial	318	Industrial	65
Industrial	47	Public	9
Public	<u>27</u>		
Quarterly	6,528	Monthly	101



RETURN ON RATE BASE

March 31, 2021

	MARCH 2021	MARCH 2020
<u>Add 2 YR Average</u>		
Utility Plant Balance	\$ 66,498,383	\$ 63,753,700
Materials and Supplies Inventory	\$ 269,309	\$ 254,636
<u>Less 2 YR Average</u>		
Reserve for Depreciation	\$ 22,543,533	\$ 21,051,740
Customer Adv for Const	\$ -	\$ -
Average Rate Base	<u>\$ 44,224,159</u>	<u>\$ 42,956,595</u>
Net Operating Income YTD	\$ (16,079)	\$ 165,580
Net Operating Income As a Percent of Average Net Rate Base	<u><u>-0.04%</u></u>	<u><u>0.39%</u></u>

Rate base is calculated using the two year average balance in the following accounts:

Utility Plant Balance - includes all capital assets less any contributed capital assets.

Materials and Supplies Inventory - includes all materials and supplies on hand and in inventory.

Reserve for Depreciation - includes depreciation on capital assets less any contributed capital assets.



CASH RESERVE

March 31, 2021

Ending balance on report for January 31.2021	<u>9,713,140.37</u>
Plus: Receipts	513,767.71
Misc Receipts (includes stop loss reimbursements)	2,451.52
Direct Pay Receipts	314,463.51
Money Market/CDARs Investment Interest	1,603.66
Online Payments in Transit	1,425.39
Minus:	
Disbursements - vendors and payroll	(702,968.79)
Bank Service Fees Credit	(766.76)
Health & Dental Claims/Adm Costs	(71,311.59)
NSF Checks & Customer Refunds	(5,033.23)
PSN Deposit Fees	(3,035.36)
Reallocate Sewer/Garbage - payments	4,863.69
Reallocate Sewer/Garbage - monthly	(518.95)
Online Payments in Transit Jan	(8,725.35)
Payroll WRS & SC in Transit	(22,131.18)
Automated Credit Card Payments	(2,339.20)
Postage	(4,000.00)
Utility Water Payments	(3,168.26)
Ending Balance March 31, 2021	<u>\$ 9,727,717.18</u>

Note: The above amount includes:

Bond Reserve Fund	688,823.56
CD Investment Account - Matured 3/4/21 transferred to MM	-
Money Market Investment	3,977,113.63
Health Insurance Restricted Reserve	380,000.00
BAN Funds for Construction	2,019,245.28
Total	<u>\$ 7,065,182.47</u>

General Unrestricted Operating Cash	2,662,534.71
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STATEMENT OF NET POSITION
MARCH 31, 2021 AND 2020

<u>Assets and Other Debits Utility Plant</u>	<u>Year to Date 2021</u>	<u>Year to Date 2020</u>	<u>Liabilities and Other Credits</u>	<u>Year to Date 2021</u>	<u>Year to Date 2020</u>
Utility Plant	76,071,720	72,799,161	<u>Proprietary Capital</u>		
Depreciation- Utility Plant	25,151,325	23,465,174	Capital Paid by Municipal	1,640,701	1,640,701
Net Utility Plant	<u>\$ 50,920,395</u>	<u>\$ 49,333,987</u>	Unapprop. Earned Surplus	45,036,449	44,783,913
			Total Proprietary Capital	<u>\$ 46,677,150</u>	<u>\$ 46,424,614</u>
<u>Other Property and Investments</u>			Bonds, Loans & Advances	13,659,038	11,589,426
Appropriated Funds	2,019,245	-	Total Long Term Debt	<u>\$ 13,659,038</u>	<u>\$ 11,589,426</u>
Bond Redemption Fund	688,824	706,627			
Net Pension Asset ¹	411,147	-	<u>Current & Accrued Liabilities</u>		
Deferred Outflow - Pension & OPEB ¹	1,038,866	1,262,190	Accounts Payable	481	-
Total Other Prop & Investment	<u>\$ 4,158,082</u>	<u>\$ 1,968,817</u>	Accrued Liabilities	1,058,314	1,010,337
			Total Current & Accrued Liab.	<u>\$ 1,058,795</u>	<u>\$ 1,010,337</u>
<u>Current and Accrued Assets</u>			<u>Deferred Credits</u>		
Cash & Investments	7,020,398	8,324,686	Bond Premium	211,995	256,355
Accounts Receivable	1,341,621	1,322,332	Pre 2003 Depr on Contributed Assets	69,071	94,205
LSL Loan Receivable ³	79,404	-	Other Deferred Credits ³	0	0
Grant Receivable - Restricted ²	0	14,397		<u>\$ 281,067</u>	<u>\$ 350,560</u>
Materials & Supplies Inventory	270,596	268,022	<u>Operating Reserves</u>		
Prepaid Expenses	47,047	32,778	Net Pension & OPEB Liability ¹	324,886	275,425
Total Current & Accrued Assets	<u>\$ 8,759,067</u>	<u>\$ 9,962,215</u>	Deferred Inflow - Pension & OPEB ¹	1,260,697	1,103,698
			Accrued Vac & Sick Leave	575,911	510,959
Total Assets and Debits	<u>\$ 63,837,543</u>	<u>\$ 61,265,018</u>	Total Operating Reserve	<u>\$ 2,161,494</u>	<u>\$ 1,890,082</u>
			Total Liab & Other Credits	<u>\$ 63,837,543</u>	<u>\$ 61,265,018</u>

¹ See full audited Financial Statements for disclosures and details regarding pensions and OPEB.

² Grants Receivable - Restricted pertains to the Lead Water Service Lateral Replacement Program funded by the DNR.

³ Receivable related to the new SWU LSL loan program.



STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
MARCH 31, 2021 AND 2020

	2021		2020		Incr (Decr) YTD	% Incr/Decr YTD
	MONTH	YTD	MONTH	YTD		
Sales Revenue ¹	\$ 728,732	\$ 1,851,859	\$ 655,722	\$ 1,688,175	\$ 163,683	9.70%
Other Water Revenue	\$ 1,009	\$ 11,097	\$ 4,838	\$ 11,144	\$ (46)	-0.42%
Total Operating Revenues	\$ 729,742	\$ 1,862,956	\$ 660,561	\$ 1,699,319	\$ 163,637	9.63%
Operating Expenses ²	254,563	1,005,581	206,477	708,427	297,154	41.95%
Maintenance Expenses ³	71,039	182,371	51,919	152,811	29,559	19.34%
Depreciation Expenses	129,969	407,888	126,563	396,776	11,112	2.80%
Taxes	108,038	283,196	102,609	275,725	7,470	2.71%
Total Operating Expenses	\$ 563,608	\$ 1,879,034	\$ 487,567	\$ 1,533,739	\$ 345,295	22.51%
Utility Operating Income	\$ 166,134	\$ (16,078)	\$ 172,994	\$ 165,580	\$ (181,658)	-109.71%
Other Income & Expense						
Non-operating Grant Revenue	-	-	2,500	10,000	(10,000)	
Non-Operating Grant Expenses	-	-	(2,500)	(10,000)	10,000	
Bond Premium	2,989	8,967	2,739	8,218	749	
Interest Earned on Investments	1,677	6,059	4,302	14,578	(8,519)	
Contributions	-	-	-	-	-	
Other Expense	-	-	-	-	-	
Misc Amortization	2,094	6,283	2,094	6,283	-	
Bond Interest Expense	(27,359)	(82,168)	(26,214)	(79,241)	(2,926)	
Change in Net Position	\$ 145,535	\$ (76,937)	\$ 155,915	\$ 115,418	\$ (192,354)	

¹ The increase in Sales Revenue is due to a rate increase that was implemented October 1, 2020.

² The increase in Operating Expense is due to an increase in medical claims in early 2021.

³ The increase in maintenance expense is due to an increase in water main and meter maintenance in early 2021.



APPROVAL OF VOUCHERS
March 31, 2021

<u>Total Of The General Vouchers</u>	<u>\$ 548,571.52</u>
<u>Gross Payroll</u>	<u>\$ 164,049.64</u>
<u>Net Payroll</u>	<u>\$ 99,563.25</u>

BOARD OF WATER COMMISSIONERS

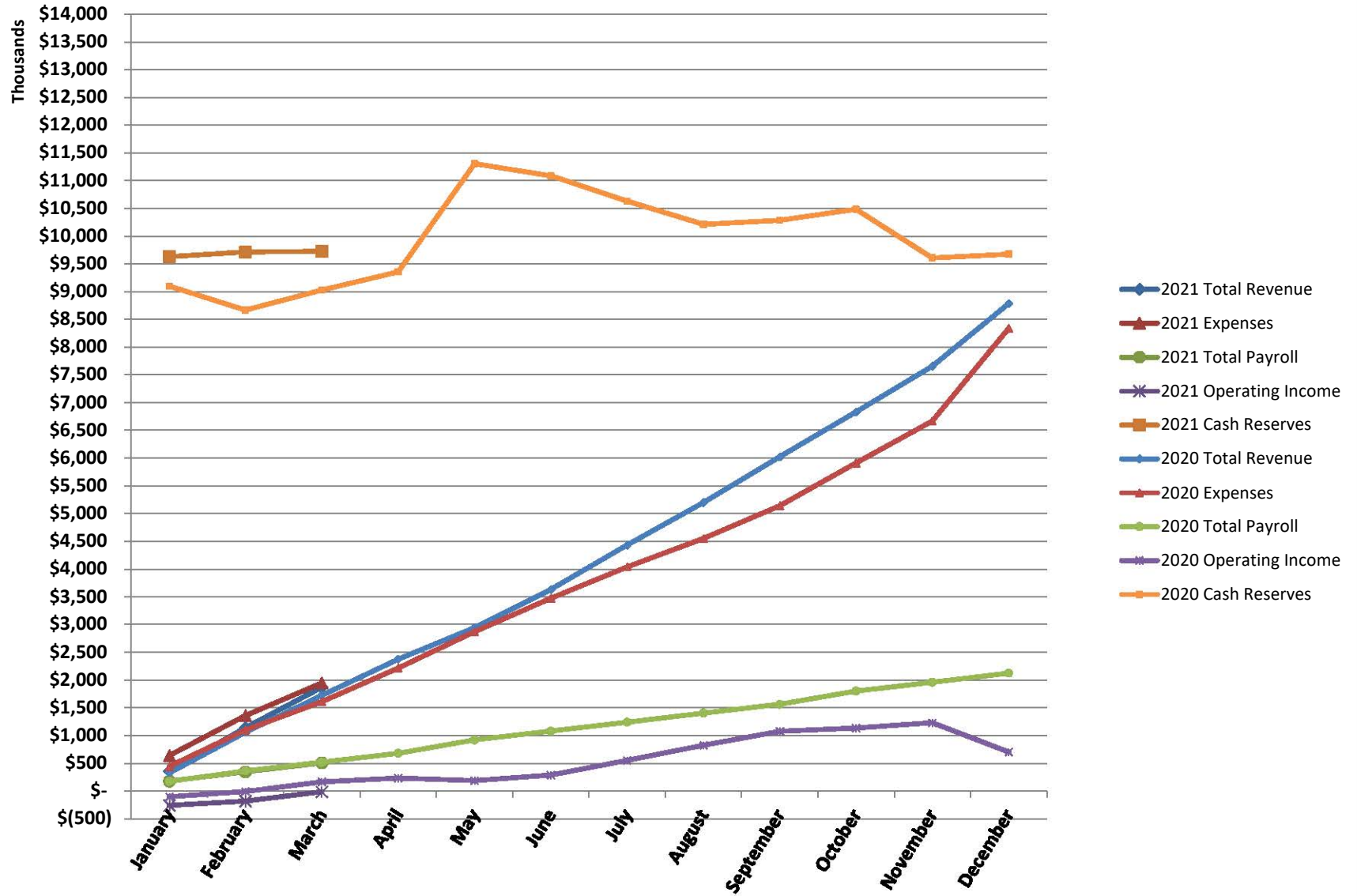
PRESIDENT

SECRETARY

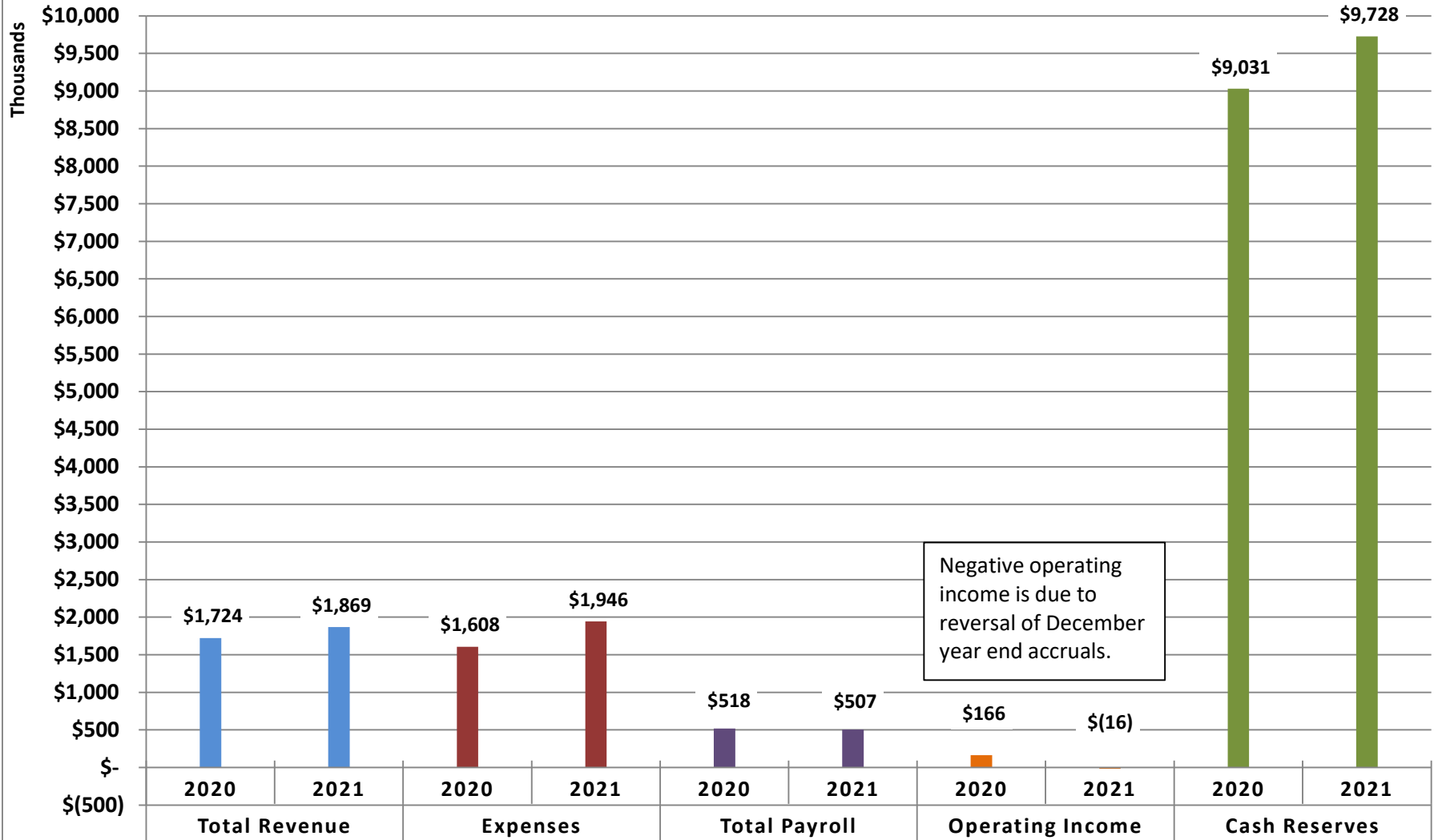
MEMBER

SUPERINTENDENT

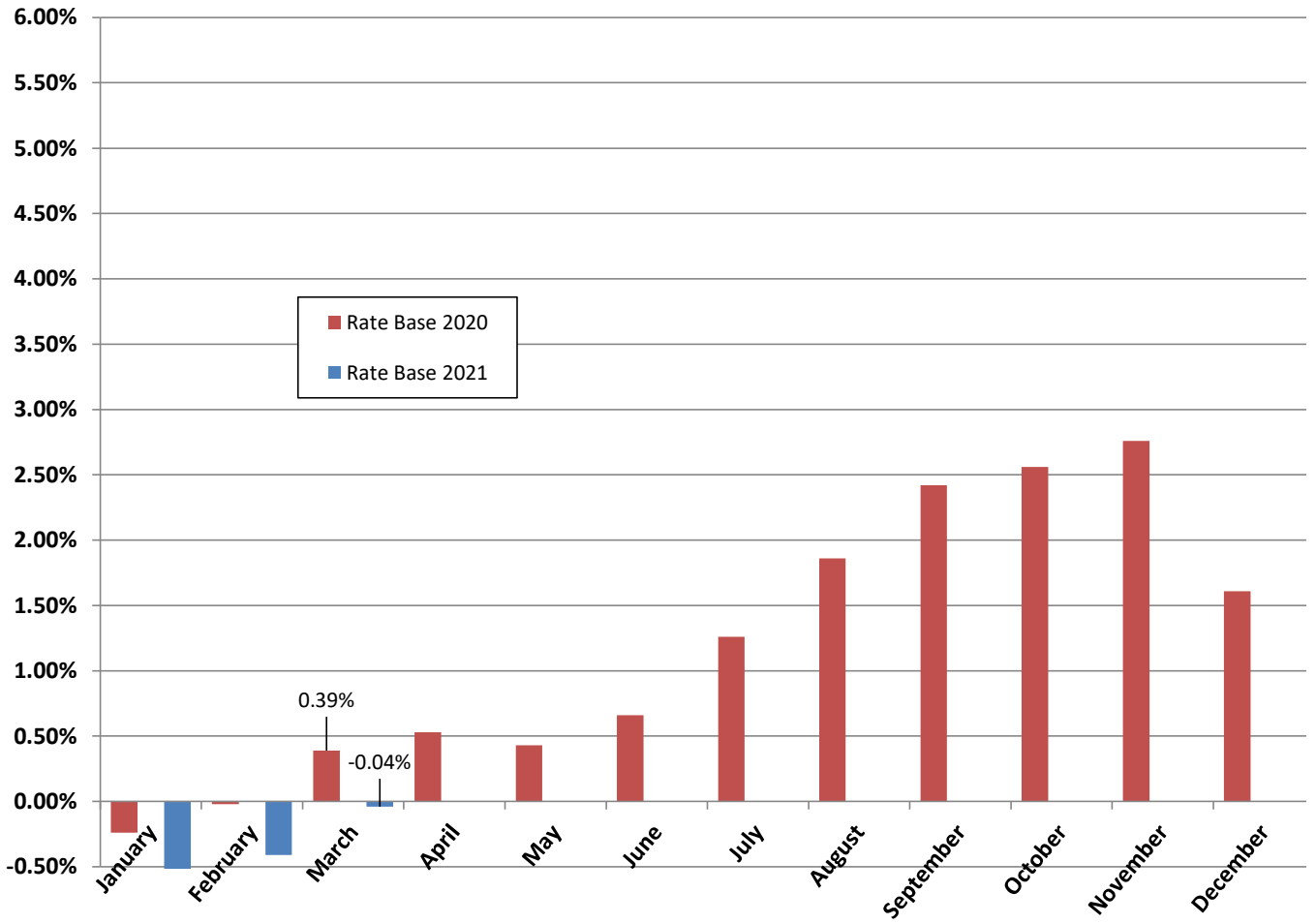
SHEBOYGAN WATER UTILITY MARCH 2021 MONTHLY FINANCIAL TREND



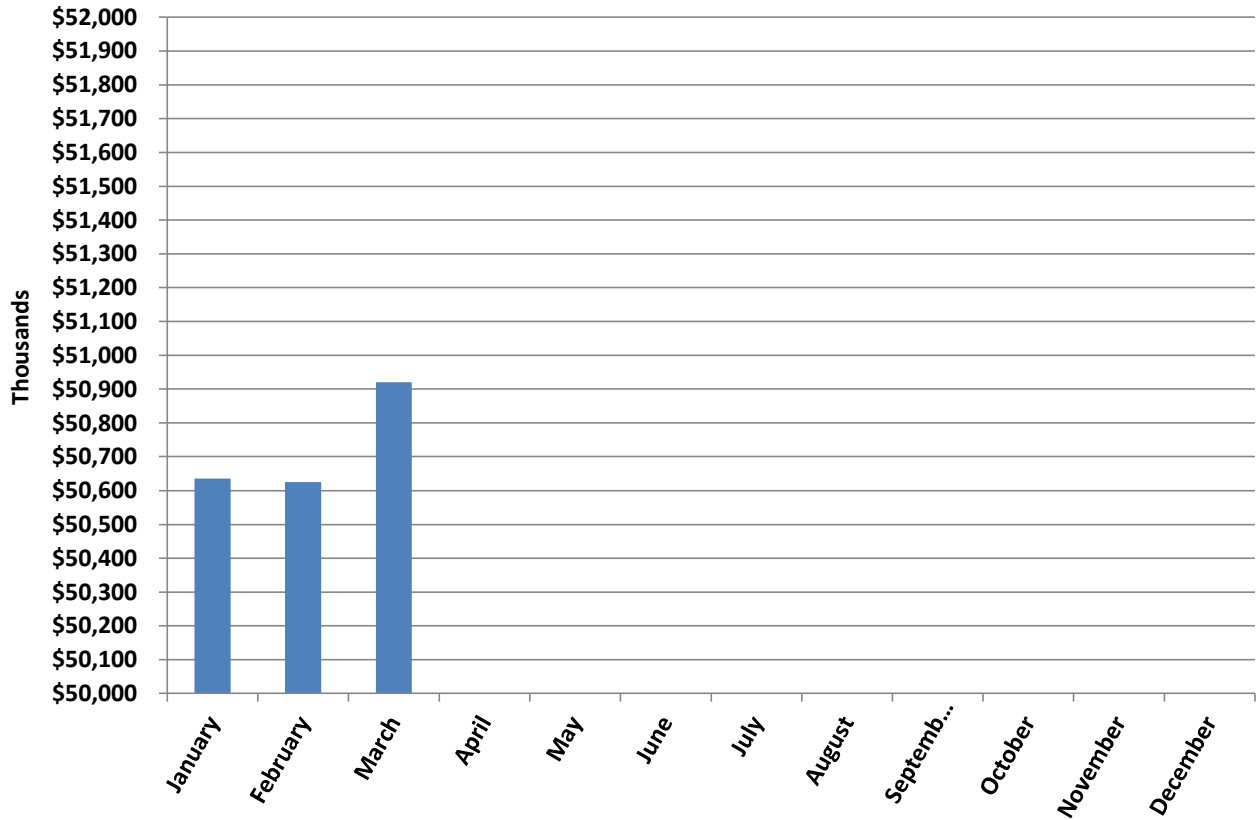
SHEBOYGAN WATER UTILITY MARCH 2021 YTD FINANCIAL POSITION



SHEBOYGAN WATER UTILITY MARCH 2021 RETURN ON RATE BASE



SHEBOYGAN WATER UTILITY MARCH 2021 UTILITY PLANT BALANCE



March 2021

OPERATIONS' DEPARTMENT MONTHLY REPORT

PUMPAGE	HIGH LIFT		LOW LIFT		2021 VS 2020
	2020	2021	2020	2021	
Total in MG	344.545	368.300	346.655	368.518	HL 6.89%
Daily Average (MG)	11.114	11.903	11.182	11.888	
Max. Day (MG)	13.092	13.954	13.319	13.867	2020 VS 2019
					HL
Gal/KwH	1,185	1,194	5,297	5,047	-2.77%
ELECTRICAL COSTS					
	2020		2021		
A. Pumping:	KwH	\$	KwH	\$	
High Lift	290,691	\$20,737.37	305,456	\$22,289.32	
Low Lift	65,441	\$4,668.44	72,615	\$5,298.76	
Wash Pump 1	2,100	\$149.81	2,800	\$204.32	
Georgia St. Bstr.	55,500	\$4,840.49	49,800	\$4,521.58	
Wilgus Ave. Bstr.	3,400	\$414.83	3,100	\$381.44	
EE Pit / Bstr.	5,504	\$640.71	6,397	\$740.18	
Erie Ave. Bstr.	15,200	\$2,110.85	12,400	\$1,901.06	
Sub Total	437,836	\$33,562.50	452,568	\$35,336.66	\$/KwH 1.9%
B. Treat./Fiscal/Misc.	KwH	\$	KwH	\$	
Office & Maint. Bldg.	6,451	\$754.50	4,026	\$364.07	
Filter Plant / Pump Station / 2nd Service	58,368	\$4,674.21	58,329	\$4,866.53	
Sub Total	64,819	\$5,428.71	62,355	\$5,230.60	\$/KwH 0.2%
C. Distribution:	KwH	\$	KwH	\$	
Taylor Hill Tank	2,515	\$307.11	2,495	\$304.69	
Kohler Meter Pit	0	\$0.00	0	\$0.00	
EE Tower	2,037	\$252.59	943	\$127.39	
Washington (PRV) Pit	1,234	\$168.83	1,423	\$192.33	
Sub Total	5,786	\$728.53	4,861	\$624.41	\$/KwH 1.4%
Total Electrical Costs	508,441	\$39,719.74	519,784	\$41,191.67	
Electrical Cost / MG		\$115.28		\$111.63	
NATURAL GAS COSTS					
	2020		2021		
	CCF Used	Cost	CCF Used	Cost	
Production Facility	1,806	\$900.82			
South Basin	2,971	\$1,507.12	2,477	\$1,361.11	
Georgia St. Bstr.	110	\$82.46			
Erie Ave. Bstr.	266	\$158.09	270	\$179.44	
Wilgus Ave. Bstr.	30	\$30.84			
Office & Maint. Bldg.	1,115	\$567.07	950	\$519.37	\$/CCF 8.1%
Total Natural Gas Costs	6,298	\$3,246.40	3,697	\$2,059.92	
Natural Gas Cost / MG		\$9.42		\$5.58	
CHEMICAL COSTS					
	2020		2021		
	Lbs. Used	Cost	Lbs. Used	Cost	
Alum	68,177	\$9,647.05	70,862	\$10,026.97	0.0%
Carbon	0	\$0.00	0	\$0.00	#DIV/0!
Chlorine	6,269	\$5,128.04	6,572	\$4,534.68	-15.6%
Fluoride	2,055	\$1,808.40	1,731	\$1,881.60	23.5%
KMnO4	0	\$0.00	0	\$0.00	#DIV/0!
Cationic Polymer	57	\$87.73	1,208	\$1,872.40	0.7%
Liquid Phosphate	2,460	\$3,124.20	2,789	\$3,687.06	4.1%
Total Chemical Costs		\$19,795.42		\$22,002.71	11.2%
Chemical Cost / MG		\$57.45		\$59.63	
Grand Total		\$62,761.56		\$65,254.30	3.97%
Total Cost / MG		\$182.16		\$176.85	-2.92%

YTD HL 2021 vs 2020	-0.58%	YTD HL HIGH DAY PUMPAGE	13.954	April 25, 2021
YTD HL 2021 vs 2019	-5.15%	YTD HL LOW DAY PUMPAGE	7.251	January 1, 2021

NOTE:

Treatment Plant: In February, Alliant Energy bill amount is less than normal due to meter reading: 19 days instead of 28 days. In March, Alliant Energy bill is more than normal due to additional 10 days of electrical service not part of February 2021 electrical billings.

	YTD HL Ave Day
2021	11.752
2020	11.693
2019	12.384

COMPARATIVE SUMMARY OF PLANT OPERATIONS

March 2020

vs

March 2021

Pumping Record

High Lift

Low Lift

	2020	2021	Diff.		2020	2021	Diff.
Tot. Water in MG	344.545	368.300	6.89%	Tot. Water in MG	346.655	368.518	6.31%
Daily Average	11.114	11.903	7.10%	Daily Average	11.182	11.888	6.31%
Maximum Day	13.092	13.954	6.58%	Maximum Day	13.319	13.867	4.11%
Minimum Day	8.855	7.925	-10.50%	Minimum Day	9.310	8.158	-12.37%
By Natural Gas	0.000	4.298	#DIV/0!	By Natural Gas	0.000	2.019	#DIV/0!
Power in KWH	291,788	305,456	4.68%	Power in KWH	65,441	72,615	10.96%
Gals. per KWH	1,185	1,194	0.75%	Gals. per KWH	5,297	5,047	-4.72%
Power \$ / KWH	\$0.07134	\$0.07297	2.29%	Power \$ / KWH	----	----	----
Power \$ / MG	\$60.19	\$60.41	\$0.22	Power \$ / MG	\$13.47	\$14.38	\$0.91
Tot. Power \$/MG	\$116.44	\$112.24	(\$4.20)	Tot. Power \$/MG	----	----	----

Treatment Chem.

Lbs. Used

Cost

Total Lbs.	2020	2021	Diff.	Total Cost	2020	2021	Diff.
Alum	68,177	70,862	3.94%	Alum	\$9,647.05	\$10,026.97	\$379.92
Carbon			#DIV/0!	Carbon	\$0.00	\$0.00	\$0.00
Chlorine	6,269	6,572	4.83%	Chlorine	\$5,128.04	\$4,534.68	(\$593.36)
KMnO4	0	0	#DIV/0!	KMnO4	\$0.00	\$0.00	\$0.00
Polymer	57	1,208	2019.30%	Polymer	\$87.73	\$1,872.40	\$1,784.67
Liquid Phosphate	2,460	2,789	13.37%	Liquid Phosphate	\$3,124.20	\$3,687.06	\$562.86
Lb/ MG:				Cost / MG:			
Alum	196.7	192.3	-2.23%	Alum	\$27.83	\$27.21	(\$0.62)
Carbon	0.0	0.0	#DIV/0!	Carbon	#DIV/0!	#DIV/0!	#DIV/0!
Chlorine	18.1	17.8	-1.39%	Chlorine	\$14.79	\$12.31	(\$2.49)
KMnO4	0.0	0.0	#DIV/0!	KMnO4	#DIV/0!	#DIV/0!	#DIV/0!
Liquid Phosphate	7.1	7.6	6.65%	Liquid Phosphate	\$9.01	\$10.01	\$0.99
Fluoride:	2020	2021		Fluoride:	2020	2021	
Total Lbs.	2,055	1,731	-15.77%	Cost	\$1,808.40	\$1,881.60	\$73.20
mg/l applied as F	0.70	0.67		Cost/MG	\$5.26	\$5.11	(\$0.15)
Av. Res. Plt. Tap	0.81	0.70					

Water Quality:

Raw

TAP

	2020	2021		2020	2021	
Turbidity	13.70	13.10		Turbidity	0.029	0.028
pH	8.26	8.25		pH	7.53	7.59
Alkalinity	117.4	114.8		Alkalinity	104.8	102.7
MF (E-Coli)	3.6	2.1		Plate Count	0.00	0.00
Temperature	36.1	37.6		Colilert	0	0
Wash-H2O % /LL	1.86	1.85		Temp.	36.7	38.9
Av. Flt. Run/hrs	163.1	141.3		Cl Res.	0.81	0.86
Av. ROF / MG	1.27	1.35				

Natural Gas:

	2020	2021		2020	2021	Diff.
Nat. Gas Heating	4,717	1,893	Plant & South Basin	\$2,378.01	#DIV/0!	#DIV/0!
Nat. Gas Pumping	60	585		\$29.93	#DIV/0!	#DIV/0!

	CCF	Cost	Natural Gas Cost	Natural Gas CCF
#3 Gas Pump	201.5	#DIV/0!	\$1,361.11	2,477
#4 Gas Pump	166.5	#DIV/0!		
#7 Gas Pump	92.5	#DIV/0!		
Electric Generator	124.0	#DIV/0!		
Pumping totals	584.5	#DIV/0!		

March 2021

		4/1/2021	3/1/2021	
Elapsed Time:				
% Run	No. 6 Pump	60,619.0	60,214.6	404.4
54.4%	Wash Pump Meter	5,125.10	5,106.82	18.28
2.46%	No. 7 Pump	704.9	701.2	3.7
0.5%	No. 8 Pump	59,475.3	59,475.3	0.0
0.0%	No. 9 Pump	9,544.0	8,806.0	738.0
99.2%	Wash Pump 2	727	720	7
0.9%	No. 1 Prime Pump	1,028.0	1,027.7	0.3
	No. 2 Prime Pump	1,091.1	1,090.3	0.8

		4/1/2021	3/1/2021	
Wattour Meters:				
Kw/Hr run	Wash Pump 1	1204.1	1200.1	2,800
153.2	No. 9 Pump	4905.33	4862.14	43,187
58.5	No. 8 Pump	6808.0	6808.0	0
#DIV/0!	No. 6 Pump	8839.3	8734.2	29,428
72.8	Wash Pump 2	74,808.7	74,122.8	823
117.6	No. 1 Pump	7836.406	7831.052	5,354
538.1	No. 2 Pump	4579.970	4555.406	24,564
239.1	No. 3 Pump	8776.867	8690.692	86,175
289.4	No. 4 Pump			0
#DIV/0!	No. 5 Pump	7,652.729	7,463.366	189,363
480.1				
	Garage (MWatt/Hrs.)	1,028.42	1,026.39	2,030

Power Co. (Step #3)	30,954	30,587	440,400
Left Meter - OUTSIDE			
Volume Used:			
Nat. Gas (Correct)	43,156,919	42,986,253	214,527

		4/1/2021	3/1/2021	
Elapsed Time:				
	Emer. Generator	941.7	935.5	6.2
Elapsed Time:				
% Run	No. 1 Pump	14,533.4	14,523.4	9.9
1.3%	No. 2 Pump	19,561.01	19,458.27	102.74
13.8%	No. 3 Elec. Pump	30,555.1	30,257.3	297.7
40.0%	No. 3 Nat. Gas Pump	487.9	481.4	6.5
0.9%	No. 4 Elec. Pump	0.00	0.00	0.0
0.0%	No. 4 Nat. Gas Pump	1,645.2	1,641.5	3.7
0.5%	No. 5. Pump	16,017.520	15,623.070	394,450
53.0%	UV Building Generator	90.3	88.3	2
0.3%				

		4/1/2021	3/1/2021	
SLUDGE No. 1 Hour Meter		0.0	0.0	0
SYSTEM No. 2 Mag Meter		9,711,400	9,467,450	243,950
Recycle Meter (Reset to zero each month)				243,950

Power Cost	\$0.0729706	Bill >>>>	\$41,155.44
	0.43555	KWH >>>>	564,000
Init. Chg.	\$32,136.27		
	\$	KWH	
Kohler Pit			Low L. KWH
Horizon	\$222.60	1,688	L.L. Cost \$
Taylor	\$304.69	2,495	High L. KWH
ALT. 72 Park	\$522.66	1,200	H.L. Cost \$
Geo. Ave.	\$4,521.58	49,800	
Wilgus Ave.	\$381.44	3,100	Total Cost
EE Pit	\$740.18	6,397	\$27,588.08
EE Tower	\$127.39	943	
Washington	\$192.33	1,423	Plant Costs
Office	\$364.07	4,026	\$4,866.53
Erie Ave.	\$1,901.06	12,400	
Total	\$41,414.27	523,872	

SUMMARY

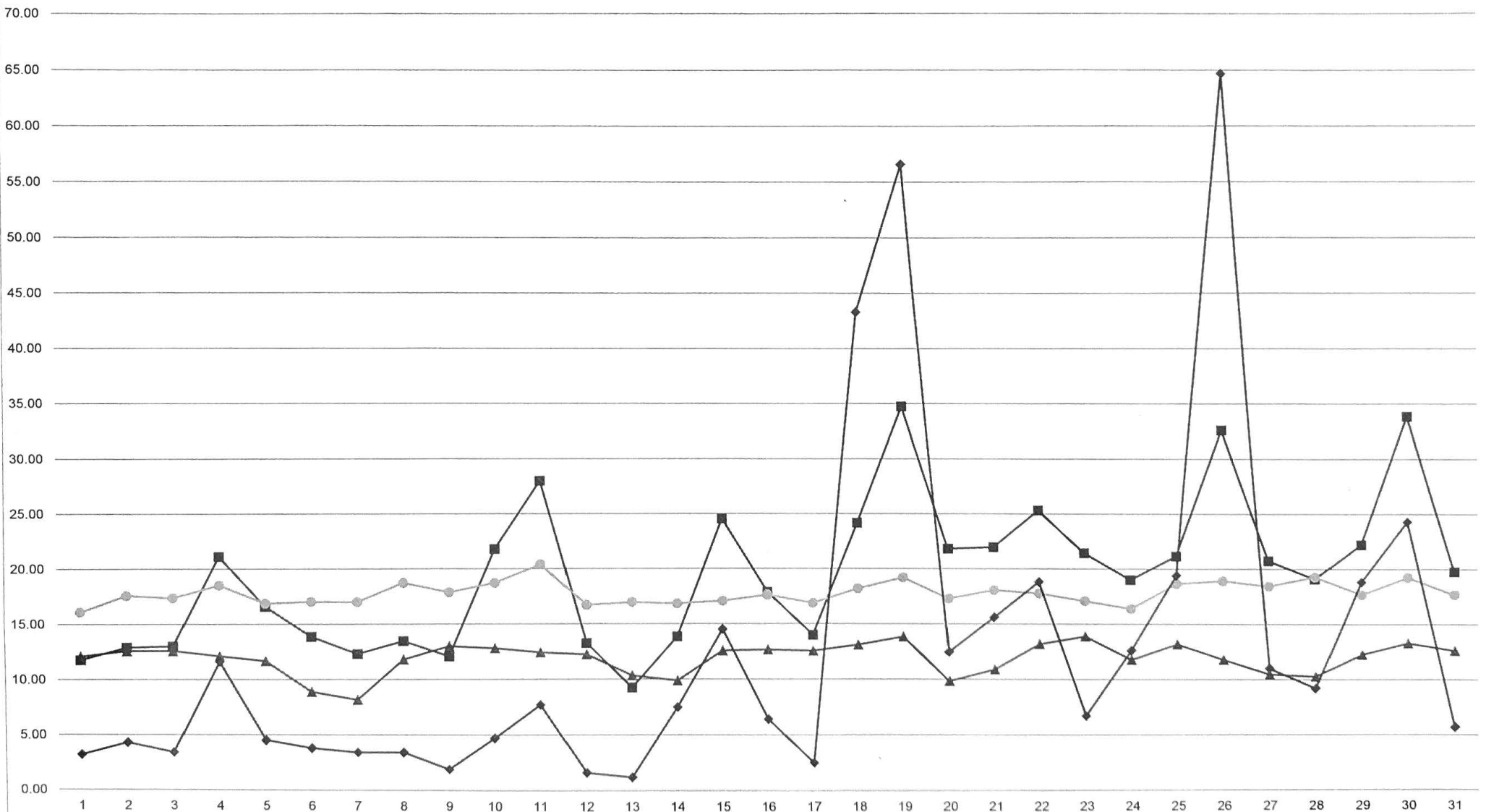
	HIGH LIFT		LOW LIFT	
	2020	2021	2020	2021
Tot. Pump	344.545	368.991	346.655	368.518
Daily Ave.	11.114	11.903	11.182	11.888
Max. Day	13.092	13.954	13.319	13.867
Min. Day	8.855	7.925	9.310	8.158
By Nat. Gas	0.000	4.298	0.000	2.019
Power KWH	291,788	305,456	65,441	72,615
Gals/KWH	1185	1194	5297	5047
Cost/KWH	\$0.07134	\$0.07297	*****	*****
Cost/MG	\$60.19	\$60.41	\$13.47	\$14.38
Tot. Cost/MG	\$116.44	\$112.24	*****	*****

HIGH LIFT DELIVERY		QUARTERLY REPORT		2021	
I. FIRST QUARTER		Jan - Feb - Mar			
		GALLONS	COST \$	\$/MG	
	2020	1,061,714,000	\$217,156.22	\$204.53	
	2021	1,055,591,000	\$181,125.65	\$171.59	
	Percent Difference	-0.58%	-16.59%	-16.11%	
II. SECOND QUARTER		Apr - May - Jun			
		GALLONS	COST \$	\$/MG	
	2020	893,284,000	\$192,754.83	\$215.78	
	2021	0	\$0.00	#DIV/0!	
	Percent Difference	-100.00%	-100.00%	#DIV/0!	
III. THIRD QUARTER		Jul - Aug - Sep			
		GALLONS	COST \$	\$/MG	
	2020	1,243,023,000	\$202,724.19	\$163.09	
	2021	0	\$0.00	#DIV/0!	
	Percent Difference	-100.00%	-100.00%	#DIV/0!	
IV. FOURTH QUARTER		Oct - Nov - Dec			
		GALLONS	COST \$	\$/MG	
	2020	1,048,003,000	\$204,391.07	\$195.03	
	2021	0	\$0.00	#DIV/0!	
	Percent Difference	-100.00%	-100.00%	#DIV/0!	
YEAR TO DATE : 2021					
		GALLONS	COST \$	\$/MG	
ELECTRICITY CHEMICALS NATURAL GAS	2020	4,246,024,000	\$817,026.31	\$192.42	
	2021	1,055,591,000	\$181,125.65	\$171.59	
	Percent Difference	-75.14%	-77.83%	-10.83%	
YEAR TO DATE : 2021					
		GALLONS	COST \$		
SLUDGE DISPOSAL to WWTP	2020	4,763,025	\$33,411.14		
	2021	857,739	\$9,237.78		
	Percent Difference	-81.99%	-72.35%		
STORM WATER CHARGES	2021	NA	\$0.00		
HIGH LIFT SYSTEM DELIVERY :					
	Maximum Pumpage Day	13,954,000	April 25, 2021		
	Minimum Pumpage Day	7,251,000	January 1, 2021		

	MG	\$	\$/MG
2020	4,246,024,000	\$817,026.31	\$192.42
2021	1,055,591,000	\$181,125.65	\$171.59

NOTE: Monthly sludge disposal costs do not reflect the current actual monthly sludge discharge total to date.
 Filtrate discharges from Spring/Fall sludge disposal operations are included in treatment plant sludge disposal costs.
 Spring/Fall basin sludge/residual solids volumes and disposal costs are contract work.
 Sludge disposal costs are not included in \$/MG.

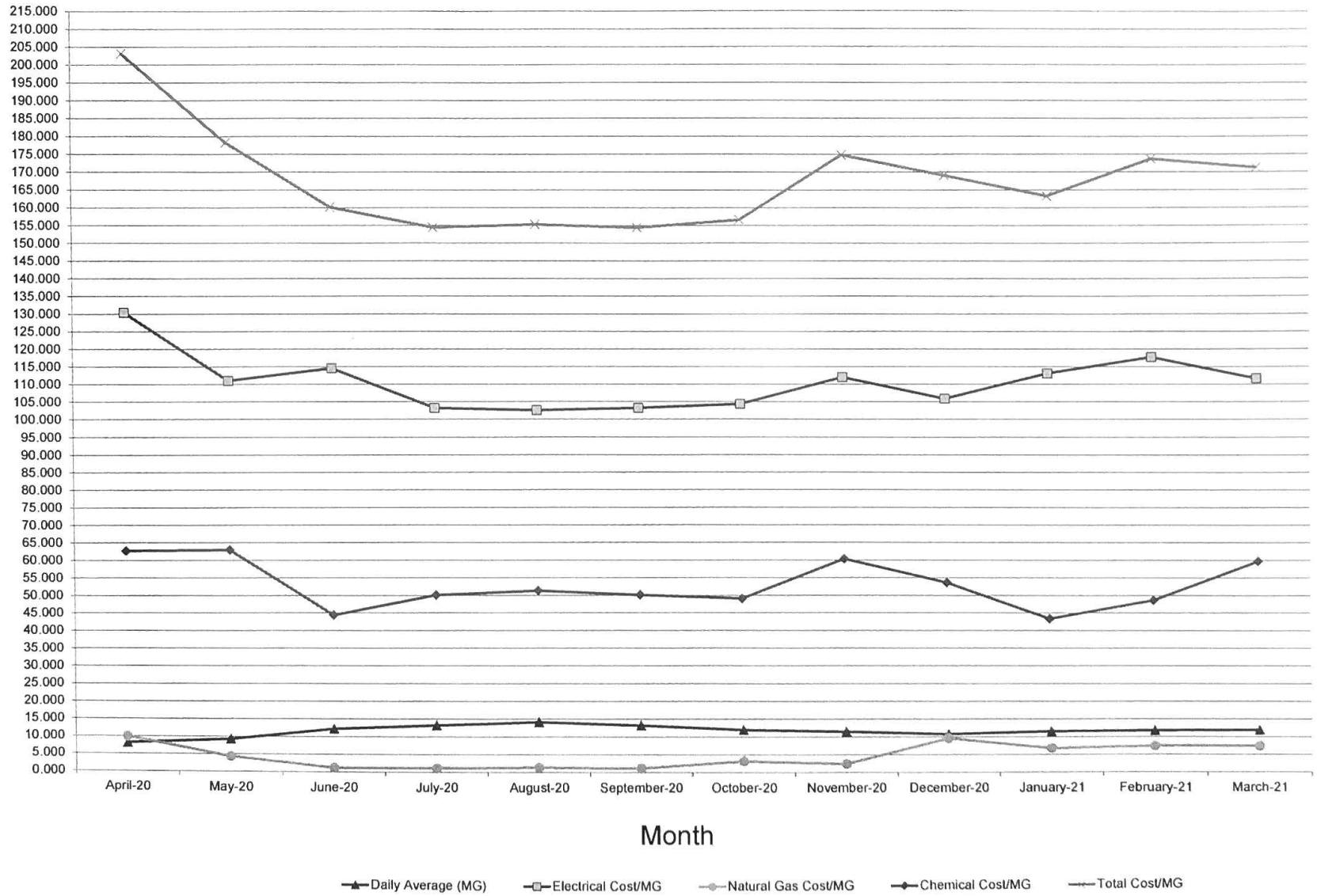
March 2021: Sheboygan Water Utility Plant Operations Summary



Scaling
Alum(X.10)

▲ Flow (MGD) ■ Alum (lbs/MG) ● CL2 (lbs/MG) ◆ Raw Turbidity (NTU's)

Plant Operations: Expense Report



Filter Plant Maintenance Completed For March 2021

Subject	StartDate	EndDate	Description
South Basin Bulk Area	1-Mar-21		Install new blower fan and motor on heater assembly.
Bulk Alum Tank	1-Mar-21		Drain East/West bulk alum tank.
East/West Alum Tank	1-Mar-21		Begin steam cleaning East/West alum bulk tank.
Monday Meeting	1-Mar-21		Topics include alum feed issue, raw water improvement project, winter work, sampling, operations 4wd truck, etc.
Fuel in Truck 21	2-Mar-21		Fill pressure washer, gas tank, and water heater with fuel.
East/West Alum Bulk Tank	2-Mar-21		Continue cleaning the inside of East/West alum bulk tank.
Ortho Feed Pump	2-Mar-21		Remove tube roller assembly, clean pins, and lubricate applicable locations.
Garbage	3-Mar-21		Remove garbage and metal scrap from filter plant.
Alum Bulk Tank	3-Mar-21		Re-inspect East/West bulk tank, install cover, and ensure South tank fill valves are closed.
Communication Wiring Access Covers	3-Mar-21		Re-install all communication wiring covers within the pipe gallery.
Menards	3-Mar-21		Menards for filter plant maintenance items
Alum fill verified	3-Mar-21		Filled cleaned tank with alum, verified no leaks, closed open conduit boxes
south basin turbidity meter	3-Mar-21		New lazer turbidity meter installed and trouble shooting for reading on SCADA
Trash and card board	4-Mar-21		Removed filter plant trash and card board
Reference Check	4-Mar-21		Enter reference check numbers.
Maintenance Shop	4-Mar-21		Continue cleaning and organizing the maintenance shop/cart/carbon room.
UVT% Check and Cal.	4-Mar-21		Check UVT% and calibrate meter, 98.0%.
UV Reference Check	4-Mar-21		Perform UV reference check on East train.
Horizon Ave.	4-Mar-21		Calibrate hypo meter, check grounds, sweep floor, etc.
Taylor Hill x 2	4-Mar-21		Check reagents, check grounds, check heaters, and repair Falls comm. fault.
Georgia Ave.	4-Mar-21		Change reagents, grease motors, check grounds, etc.
Erie link up	5-Mar-21		Link up with specht electric at Erie pump station
South basin floc lube	5-Mar-21		Lubed south basin floc idler wheels and flight drive
West basin floc lube	5-Mar-21		Lubed west basin floc drive in pipe gallery
Filter Hall NTU	5-Mar-21		Fabricate 2 filter hall NTU meter manifolds, filters 8 + 9.
EE Pit	5-Mar-21		Diagnose and remove blower motor for inop condition.
NTU Manifold	8-Mar-21		Continue fabricating hall NTU meter manifolds.
Filter Hall Floor	8-Mar-21		Clean filter hall, maintenance shop, and hypo feed floors.
South Bathroom and Maintenance Shop	8-Mar-21		Clean floors, toilets, counters, etc.
Raw Water NTU Meter	8-Mar-21		Clean drain valve on NTU meter and install copper drain tubes.
Dan on vacation	8-Mar-21	8-Mar-21	Dan on vacation
Menards	9-Mar-21		Menards for filter plant maintenance items
Trillings	9-Mar-21		Trillings parts run for filter plant maintenance items
Honold and Lapage	9-Mar-21		Honold parts run for EE pit replacement blower motor
Raw NTU meter funnel	9-Mar-21		New funnel sweated on raw NTU meter
Filter 6-8-9 manifolds	9-Mar-21		New pipe manifolds installed on filters 6-8-9
Filter 10-11 manifolds	9-Mar-21		Fabrication on manifolds for filter 10 and 11 NTU meters
ACME armature	10-Mar-21		ACME armature for coordination of installing #2 motor at Erie and bring back #3 motor for repairs
NTU Plumbing Filters 10/11	10-Mar-21		Install new NTU meter manifolds.
printing shop 8th street	10-Mar-21		Picked up prints from printing shop on 8th street
NTU Manifold	10-Mar-21		Finish fabricating new NTU meter manifolds.
Closed suction well valve	10-Mar-21		Closed valve on suction well cross over pipe
Cooridate install Erie motor	10-Mar-21		Coordinated with crew to install motor at Erie pump station
Maintenance Shop	10-Mar-21		Clean maintenance shop, return tools, and disassemble old manifolds.
SCADA PLC and South NTU	11-Mar-21		Continue diagnosing south basin NTU meter inaccuracy; faulty wire and SCADA programming issue.
Erie Ave.	11-Mar-21		Meet Specht electric for reconnect on 2 and disconnect of pump 3.
Erie Ave.	11-Mar-21		Install motor 2 on pedestal, check alignment, and shim corners where required. Next, remove motor 3 and transport to Acme.
Truck 6	11-Mar-21		Wash outside, check tire pressure, clean undercarriage, and vacuum interior floor.
Maintenance Shop, Hall, and Garbages	12-Mar-21		Clean maintenance shop, organize supplies, sweep hall floor, and throw garbage away.
Menards	12-Mar-21		Purchase hardware and supplies for wiring EE blower assembly.
EE Pit Blower	12-Mar-21		Install new EE pit blower motor and shroud assembly.
EE Pit	12-Mar-21		Apply bleach to EE tower pit walls.
South Bathroom Light	15-Mar-21		Install new south bathroom bulb.

March 2021

South Basin Vent	15-Mar-21		Check south basin vent fan operation.
Bleach Pipe Gallery	15-Mar-21		Apply bleach to pipe gallery walls.
Monday Meeting	15-Mar-21		Topics include raw water project, alum bulk tank cleaning, pressure washer acquisition, time off, etc.
East/West Alum Bulk Tank	16-Mar-21		Begin cleaning the East/West alum bulk storage tank.
Filter 11 Surface Sweeps	16-Mar-21		Drain filter down and clean surface sweep injector.
Filter 11 Surface Sweep Issue	16-Mar-21		Swap table valve assembly, install new solenoid, and isolate valve actuator; hydraulic actuator needs to be disassembled.
2" Alum T-Pipe	17-Mar-21		Disassemble and repair 2" alum t-pipe.
East/West Alum Bulk Tank	17-Mar-21		Finish cleaning East/West bulk tank, clean floor, open manifold, equalize, and check for leaks.
Raw Water Improvement Meeting	17-Mar-21		Discuss 60% project design.
Dan on vacation	18-Mar-21	22-Mar-21	Dan on vacation
Sump Pump	18-Mar-21		Clean sump pump and hose used during alum bulk tank cleaning.
Pipe Gallery	18-Mar-21		Continue cleaning floors, label sump lines, etc.
South Basin Bulk Area	18-Mar-21		Clean up tools, roll up hoses, and squeegee floor.
Email, Time sheet, and Vendor	18-Mar-21		Return emails, setup new timesheets, and contact vendors.
Josh Vacation	19-Mar-21		Josh on vacation.
Lights	22-Mar-21		Change strobing led bulbs.
Hypo Meter	22-Mar-21		Install hypo meter for south basin effluent.
Monday Meeting	22-Mar-21		Topics include raw water project, hypo meter at horizon, vacation coverage, west basin floc repair, and Georgia doghouse actuator 110v run.
Horizon Ave.	22-Mar-21		Remove hypo meter and install reagent style unit from south basin effluent stream.
Filter plant cleaning	23-Mar-21		Filter plant cleaning
Georgia wiring dog house	24-Mar-21		Installed conduit and wire for power to new actuator in dog house
Erie motor work	24-Mar-21		Installed refurbished #3 motor and removed #1 motor for refurbish work
South HYPO pump tube	24-Mar-21		Replaced south HYPO pump tube
Clear well vent screen	24-Mar-21		Checked clear well screen on vent tubes, all were good
HYPO bulk tank room Cleaning	24-Mar-21		Cleaned valves and lines in HYPO bulk tank room
Alum day tank cleaning	24-Mar-21		Cleaned around alum day tank, washed down area and wiped piping down
Primer on safety rail	25-Mar-21		Primer applied to safety rail for #11 filter stand in pipe gallery
Josh operating 1st shift	25-Mar-21	25-Mar-21	Josh covering 1st shift operations
Cleaned alum area	25-Mar-21		Cleaned alum day tank area and pumps
Dichlorination working	25-Mar-21		Verified dichlorination station is working with SCADA with manual and remote
Vendors and purchases	25-Mar-21		Coordinated with Mulcahy Shaw and swan turbidity meter issues, ACME armature for Erie motor pumps and FLIPSE order
Alum wiring	25-Mar-21		Coordinated plan for alum wiring to chem feed panel
Josh Vacation	26-Mar-21	26-Mar-21	Josh on vacation.
Raw turbidity meter	26-Mar-21		Removed raw turbidity meter for turn in and repair, installed temporary raw meter
Filter plant supplies	26-Mar-21		Distributed filter plant supplies and stocked them
Erie pump station	26-Mar-21		Erie pump station motor 3 install working good
Wilgus pump station	26-Mar-21		Checked wilgus pump station and collected water sample
Trillings parts run	26-Mar-21		Trillings parts run for filter plant maintenance items
Monday Meeting	29-Mar-21		Coverage, raw water improvement update, SCADA wiring, basin cleaning, vacation, etc.
Changed alum hoses	30-Mar-21		Changed alum hoses on east, west, and south alum chemical feed pumps
Cleaning maintenance shop	30-Mar-21		Cleaning maintenance shop for plant inspection
HYPO rooms cleaning	30-Mar-21		Cleaning in HYPO day tank and bulk tank areas
UV reference sensor check	30-Mar-21		EAST UV reference sensor check and UVT calibration
Labeled pumps	30-Mar-21		Labeled alum and Hypo pumps
Garbage and Cardboard	30-Mar-21		Removed garbage and trash from cardboard area
Cleaned south foyer	30-Mar-21		Cleaned south foyer area
Erie pump station	31-Mar-21		Checked Erie pump station for maintenance and cleaning
Georgia pump station	31-Mar-21		Checked Georgia pump station for maintenance and cleaning
Horizon tower	31-Mar-21		Checked horizon tower for maintenance and cleaning
Polymer Feed Room	31-Mar-21		Clean polymer feed room.
Rapid Mix Room	31-Mar-21		Clean off piping and floor.
South Basin Hypo Meter	31-Mar-21		Calibrate south basin hypo meter.

CUSTOMER RELATIONS & FISCAL SUMMARY

UTILITY BILLS

Mailed
5980

Emailed
2097



PAYMENT TRANSACTIONS

Electronic 4,141

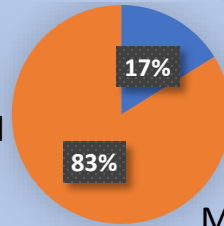
Cash & Check 3,067

#

7,208

Total Number of
Payments Processed

8
Payments Returned
Not Honorable



■ Auto-Pay
■ One Time

COLLECTIONS

District 2 **Suspended Disco Program
due to PSC rule regarding pandemic*

\$ 1,012,236

Billed

\$217,412

Outstanding After
Due Date

1097

Past Due
Letters Mailed

0

Properties
Disconnected

\$65,440

Outstanding At
Month End

	March 2020	March 2021
Payment Window	335	317
Drop Box Payments	381	318
Electronic Payments	3451	4141
Cash/Check Payments	2528	2432
Total Payments	6695	7208

CUSTOMER SERVICE

	March 2020	March 2021
Answered Calls	1398	1108
Account Transfers	211	228
Property Data Requests	30	90

PSC COMPLAINTS

0 PSC Complaint(s) Filed

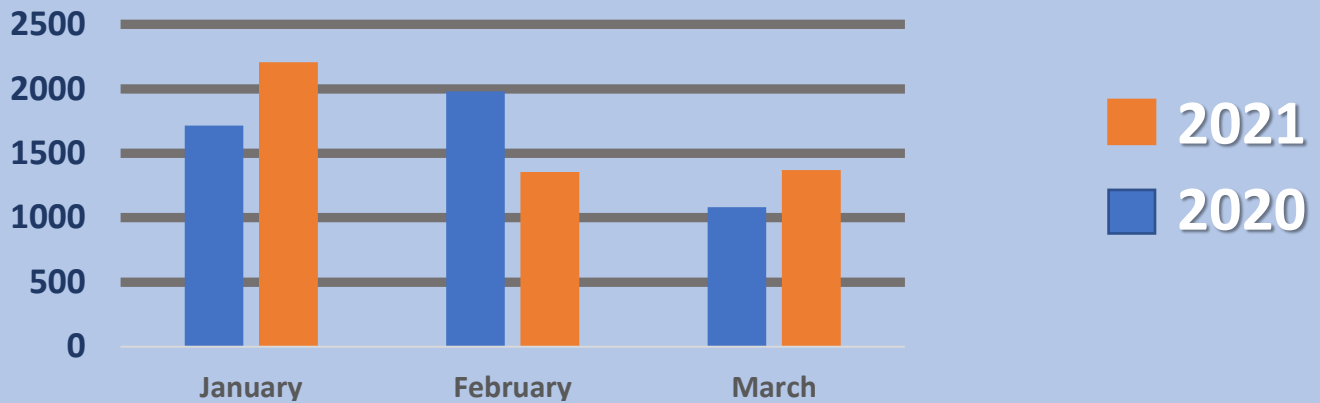
ACCOUNTS PAYABLE

174 Invoices Paid

MARCH
2021

CUSTOMER RELATIONS & FISCAL SUMMARY

SERVICE TECH MILES DRIVEN



CROSS CONNECTION INSPECTIONS



6

Inspections

1

Facilities with Compliance Issues

LEAK ALLOWANCE

2

Customer Requests

52

CCF Allowed @ Reduced Rate



SERVICE LEAKS

0

New Reported Leaks

1

Leaks Fixed

1

Active Leak(s) Month End

METERS

31

Meters

Installed/Replaced

10

Meters Tested



MARCH
2021

CUSTOMER RELATIONS & FISCAL SUMMARY

FACEBOOK PAGE



6 March New Followers

684 Total Followers

WEBSITE VISITORS

2,818



2020 Visits in March: 2,667

Top Page Viewed: Pay Your Bill

MOST IMPRESSIONABLE FACEBOOK POSTS

Sheboygan Water Utility
★ Favorites · March 16 at 12:48 PM · 🌐

🚧💧 Main Break #2 of the Day 💧🚧

Distribution Techs are responding another main break. The second break of the day occurred in S. 19th Street. Please use caution when driving in this area.

A water shutdown will be required to make the repair... See More

Get More Likes, Comments and Shares
When you boost this post, you'll show it to more people.

689	18
People Reached	Engagements

[Boost Post](#)

Sheboygan Water Utility
★ Favorites · March 1 · 🌐

🚧💧 Main Break 💧🚧

Distribution Techs are responding to a main break in N. 25th St, south of North Ave.

A water shutdown will be required to make the repair. ... See More

Get More Likes, Comments and Shares
When you boost this post, you'll show it to more people.

733	17
People Reached	Engagements

[Boost Post](#)

MARCH
2021

CUSTOMER RELATIONS & FISCAL SUMMARY

ADDITIONAL CR/F ACTIVITIES FEBRUARY

- ◆ The moratorium on disconnections was extended by the PSC to April 15, 2021. The Utility plans to resume the Disconnection Program after the April 15 date.
- ◆ Late Payment Charges will continue to be waived until April 15, 2021 per Board approval and as allowed by PSC.
- ◆ The USS continue to rotate their schedule in the office on teams of two.
- ◆ Service Techs continue meter change outs and testing for commercial and industrial accounts.
- ◆ The residential radio read (Orion) installation program is on hold due to the pandemic. We have approximately 1,100 Orions to install to complete the program.
- ◆ Staff is working on a conversion to a new payment processor/online account access vendor: InvoiceCloud.
- ◆ Residential Meter Replacement Program will resume by April 30, 2021.

MARCH
2021

MONTHLY CONSTRUCTION-MAINTENANCE DEPARTMENT REPORT

March 2021

Distribution System Maintenance:

- Repaired seven water main breaks throughout the city.
- Salvaged parts and rebuilt retired hydrants.
- Continued working on a new trailer to be used on all concrete repair and replacement jobs.
- Aided Operations in pump motor removal and installation at EAPS.
- Hydrant repair at Creekside Court.
- Annual valve turning.
- Saw cut and made temporary repairs to water main break service holes.
- Hauled in fill to replenish stock.

Water Quality:

- Completed Spring seasonal dead-end hydrant flushing.

Taps:

- Four 1" taps for the Bell Avenue lead service replacement project. Four lead services were removed from system.
- 1" tap at 1321 New York Avenue. Lead Service was removed from the system.

Building/Grounds Maintenance:

- General shop maintenance and cleaning.
- Helped repair fence behind Filter Plant.

Equipment Maintenance:

- Performed routine maintenance and repairs on construction equipment and vehicle fleet.

Distribution System -- March 2021

Street Valves and Hydrant Valves Installed (including water main projects and others)

Location	Date Installed	Size ("), Jt	Installed By	Type
----------	----------------	--------------	--------------	------

Total Valves Installed = 0

Street Valves and Hydrant Valves Removed

Location	Installed	Abandoned	Type
----------	-----------	-----------	------

Total Valves Removed = 0

Street Valves and Hydrant Valves Abandoned

Location	Installed	Abandoned
----------	-----------	-----------

Total Valves Abandoned = 0

Street Valves and Hydrant Valves Maintained

Location	Maintained	Size	By
----------	------------	------	----

Total Valves Maintained = 0

Hydrants Installed (including water main projects and others)

Location	Installed	Tr Size	Valve
----------	-----------	---------	-------

Total Hydrants Installed = 0

Hydrants Removed (including water main projects and others)

Location	Installed	Removed	Hyd Valve?
----------	-----------	---------	------------

Total Hydrants Removed = 0

Hydrants Abandoned (including water main projects and others)

Location	Installed	Abandoned	Tr Size	Hyd Valve?
----------	-----------	-----------	---------	------------

Total Hydrants Abandoned = 0

Hydrants Maintained/Moved (including water main projects and others)

Location	Installed	Maintained
----------	-----------	------------

Total Hydrants Maintained/Moved = 0

Water Main Breaks

Location	Date	Size
2621 N. 25th St	3/1/2021	6"
Washington Ave ~120' west of South Business Drive	3/2/2021	12"
1447 S. 17th St @ Clara Ave	3/15/2021	6"
825 S. 19th St	3/16/2021	6"
825 S. 19th St	3/16/2021	6"
838 S. 19th St	3/17/2021	6"
3618 Lower Falls Road	3/30/2021	12"

Number of Water Main Breaks=7

SUMMARY

Number of feet of 4 inch water main installed	0.0	water main
Number of feet of 6 inch hydrant lead installed	0.0	
Number of feet of 6 inch water main installed	0.0	
Number of feet of 8 inch water main installed	0.0	
Number of feet of 12 inch water main installed	0.0	
Number of feet of 16 inch water main installed	0.0	
Number of feet of 20 inch water main installed	0.0	
Number of feet of 24 inch water main installed	0.0	
Number of feet of water main abandoned or removed	0	hydrants
Number of water main breaks repaired	7	
Number of hydrants installed	0	
Number of hydrants removed or abandoned	0	valves
Number of hydrants maintained or moved	0	
Number of street valves installed	0	
Number of hydrant valves installed	0	
Number of street valves removed or abandoned	0	
Number of hydrant valves removed or abandoned	0	
Number of valves maintained	87	
Number of water connections installed	6	

CITY OF SHEBOYGAN

Resolution/Ordinance No. _____

**Resolution Authorizing Execution of the Department of Natural Resources
Principal Forgiven Financial Assistance Agreement**

WHEREAS, the City of Sheboygan (the “Municipality“) wishes to undertake a project to replace private lead service lines identified as DNR No. 4901-08 (the “Project”); and

WHEREAS, the Municipality has applied to the Safe Drinking Water Loan Program (the “SDWLP”) for financial assistance in the form of a loan made by the SDWLP to the Municipality of which all the principal will be forgiven at the time that loan disbursements are made to the Municipality, pursuant to the DNR Financial Assistance Agreement; and

WHEREAS, the SDWLP has determined that it can provide a loan with principal forgiveness in an amount up to \$285,000 that it has identified as being eligible for SDWLP funding;

NOW, THEREFORE, the City Mayor and City Clerk are authorized by and on behalf of the Municipality to execute the Principal Forgiven Financial Assistance Agreement that contains the terms and conditions of the SDWLP award for the Project. The Principal Forgiven Financial Assistance Agreement is incorporated herein by this reference.

Passed: _____

Approved: _____

Michael Vandersteen, Mayor

Attest: _____
Meredith DeBruin, City Clerk

**Sheboygan Water Utility
An Enterprise Fund of the City of
Sheboygan, Wisconsin**

Financial Statements and
Supplementary Information

December 31, 2020 and 2019

Sheboygan Water Utility

An Enterprise Fund of the City of Sheboygan, Wisconsin

Table of Contents

December 31, 2020 and 2019

	<u>Page</u>
Independent Auditors' Report	1
Required Supplementary Information	
Management's Discussion and Analysis	3
Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	14
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability (Asset), Wisconsin Retirement System	46
Schedule of Changes in the Total OPEB Liability and Related Ratios - Health Insurance	47
Schedule of Proportionate Share of Net OPEB Liability - Wisconsin Life Insurance Plan	48
Notes to Required Supplementary Information	49

Independent Auditors' Report

To the Utility Commission of
Sheboygan Water Utility

Report on the Financial Statements

We have audited the accompanying financial statements of Sheboygan Water Utility, an enterprise fund of the City of Sheboygan, Wisconsin, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sheboygan Water Utility's preparation and fair presentation of the financial statements 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 Sheboygan Water Utility's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sheboygan Water Utility as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Sheboygan Water Utility enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Sheboygan, Wisconsin, as of December 31, 2020 and 2019 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

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, 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.

Baker Tilly US, LLP

Madison, Wisconsin
March 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sheboygan Water Utility

Unaudited Management's Discussion and Analysis

As of and for the Years Ended December 31, 2020 and 2019

The purpose of this section is to provide users with an objective, easy to read overview of the financial activities of the Sheboygan Water Utility for the years ended December 31, 2020 and 2019. This section should be read in conjunction with the financial statements and the accompanying notes that follow.

Financial Highlights

- The utility's operating income decreased from \$2,275,479 in 2019 to \$1,888,505 in 2020.
- The utility's total cash position increased from \$9,425,935 in 2019 to \$9,678,420 in 2020.
- The utility's unrestricted cash and investment position decreased from \$8,183,173 in 2019 to \$5,680,697 in 2020.
- The utility's total net position increased by \$419,758 in 2020 to \$46,829,445 from \$46,409,687 in 2019.
- The utility's total assets increased by \$2,311,347 in 2020 to \$63,326,140 from \$61,014,793 in 2019. Total liabilities increased \$1,058,976 to \$16,274,864 in 2020 from \$15,215,888 in 2019.

Financial Statements

The financial statements report information of the utility using accounting methods similar to those used by private sector companies. The statements offer both short and long term information regarding the activities of the utility. The Statements of Net Position include the utility's assets (investments), deferred outflows of resources, liabilities (obligations to creditors) and deferred inflow of resources. These statements provide information to assess the liquidity and financial flexibility of the utility.

The Statements of Revenues, Expenses and Changes in Net Position will measure the success of the utility's operations for the past year. All of the current year's revenues and expenses are included in this statement and will show if the utility has recovered all of its costs through user fees.

Cash receipts, cash payments, net changes in cash resulting from investing and financing activities are shown in the Statements of Cash Flows. This will also answer questions regarding where the cash came from, what was the cash used for, and what was the change in cash balance.

Financial Analysis of the Utility

The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position will assist in answering the question of how the past year's activities have affected the financial position of the utility. The Statements of Net Position will show the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Over a period of time this can assist in determining if the financial position is improving or deteriorating.

2020

The Statement of Net Position showed that total net position increased \$419,758, an increase of 0.9%. Total assets increased \$2,311,347 or 3.8%. The increase is due to an increase in restricted funds for construction. The utility saw a 2.3% increase in net capital assets of \$1,161,104. Capital additions were financed with operating income and revenue bonds. Restricted net position increased to \$894,234 due to the increase in net pension asset.

Sheboygan Water Utility

Unaudited Management's Discussion and Analysis

As of and for the Years Ended December 31, 2020 and 2019

2019

The Statement of Net Position showed that total net position increased \$2,462,947, an increase of 5.6%. The increase was due to an increase in plant assets. Total assets increased \$1,811,650 or 3.1%. The utility saw a 10.2% increase in net capital assets of \$4,557,760. Capital additions were financed with operating income and revenue bonds. Restricted net position decreased to \$481,598 due to the decrease in bond amount reserved for construction, and net pension asset.

STATEMENTS OF NET POSITION As of December 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Unrestricted current and other assets	\$ 8,506,618	\$ 10,142,482	\$ 10,153,487
Restricted assets	4,028,870	1,242,762	2,062,375
Capital assets	<u>50,790,652</u>	<u>49,629,548</u>	<u>46,987,281</u>
Total Assets	<u>63,326,140</u>	<u>61,014,792</u>	<u>59,203,143</u>
Deferred outflows related to pensions	<u>1,038,866</u>	<u>1,262,190</u>	<u>729,101</u>
Current liabilities payable			
from unrestricted assets	1,514,738	2,098,510	1,509,908
Liabilities payable from restricted assets	1,091,308	1,066,793	1,033,625
Non-current liabilities	<u>13,668,818</u>	<u>12,050,584</u>	<u>12,675,948</u>
Total Liabilities	<u>16,274,864</u>	<u>15,215,887</u>	<u>15,219,481</u>
Deferred inflows related to pensions	<u>1,260,697</u>	<u>651,408</u>	<u>766,023</u>
Net investment in capital assets	40,122,886	38,634,349	35,473,732
Restricted net position	894,234	481,598	807,602
Unrestricted net position	<u>5,812,325</u>	<u>7,293,740</u>	<u>7,665,406</u>
Total Net Position	<u>\$ 46,829,445</u>	<u>\$ 46,409,687</u>	<u>\$ 43,946,740</u>

Sheboygan Water Utility

Unaudited Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019

The following Statements of Revenues, Expenditures and Changes in Net Position helps to further explain the nature of the increase in net position during 2020 and 2019.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Year Ended December 31, 2020, 2019 and 2018

	2020	2019	2018
Operating revenues	\$ 8,695,191	\$ 8,902,438	\$ 9,308,950
Non-operating revenues	124,728	337,471	365,797
Total Revenues	<u>8,819,919</u>	<u>9,239,909</u>	<u>9,674,747</u>
Operating & maintenance expenses	6,806,686	6,626,959	5,712,580
Non-operating expenses	414,914	566,958	717,103
Total Expenses	<u>7,221,600</u>	<u>7,193,917</u>	<u>6,429,683</u>
Income before transfers	1,598,319	2,045,992	3,245,064
Capital contributions	-	1,541,118	-
Interfund transfers (tax equivalent)	<u>(1,178,561)</u>	<u>(1,124,163)</u>	<u>(1,126,774)</u>
Change in Net Position	419,758	2,462,947	2,118,290
Beginning Net Position	46,409,687	43,946,740	42,093,392
Cumulative effect of a change in accounting principle	<u>-</u>	<u>-</u>	<u>(264,942)</u>
Ending Total Net Position	<u>\$ 46,829,445</u>	<u>\$ 46,409,687</u>	<u>\$ 43,946,740</u>

2020

The Statement of Revenues, Expenses and Changes in Net Position shows operating revenues have decreased \$207,247 from \$8,902,438 in 2019, to \$8,695,191 in 2020. Water usage decreased in 2020, mainly among industrial customers, due to the COVID-19 pandemic. Operating and maintenance expenses increased by \$179,727, due to costs related to bond anticipation note financing for the Raw Water Improvement Project, rate study, and completion of the water system capacity and master planning studies. In 2020, non-operating revenues decreased by \$212,743 due to a decrease in interest on investments and grant revenue. Non-operating expenses decreased \$152,044, due to a decrease in funding for the Lead Water Service Lateral Replacement Program.

2019

The Statement of Revenues, Expenses and Changes in Net Position shows operating revenues have decreased \$406,512 from 2018, to \$8,902,438 in 2019. Water usage decreased in 2019 due to unusual seasonal wet weather and customer conservation. Operating and maintenance expenses increased by \$914,379, mainly due to an increase in health care costs and painting of the EE water tower. In 2019, non-operating revenues and expenses decreased by \$165,789 and \$287,608, respectively, due to a decrease in funding for the Lead Water Service Lateral Replacement Program, as well as a decrease in interest expense and bond issue costs. The City of Sheboygan contributed capital assets of \$1,541,118 to the Sheboygan Water Utility, including water main, hydrants and valves at the SouthPointe Enterprise Campus.

Sheboygan Water Utility

Unaudited Management's Discussion and Analysis

As of and for the Years Ended December 31, 2020 and 2019

Capital Assets and Debt Administration

Capital Assets (see Note 4.)

At the end of 2020 the water utility had \$74.47 million in invested property, plant and equipment in service, an increase of \$2,126,892 over 2019. Due to the COVID-19 pandemic, most large capital projects were postponed to 2021. The utility was able to complete a rooftop solar project at Park Avenue, install a clearwell slide gate, update and remodel the meter shop, and add a thermo scientific lab refrigerator. Water main replacement projects continued in 2020. The utility installed 8.3' of 4" water main at S. 10th Street and Illinois Avenue; 242.07' of 6" water main at various locations; 975.5' of 8" water main at various locations; 5157.14' of 12" water main at various locations; and 44' of 16" water main at various locations. The largest water main projects in 2020 were located at Geele Avenue, Illinois Avenue, Saemann Avenue, Maryland Avenue, and Niagara Avenue. In addition, 24 hydrants were installed at these and other various locations in the City.

At the end of 2019 the water utility had \$72.35 million in invested property, plant and equipment in service, an increase of \$6,073,109 over 2018. Large projects included an elevated water tower at Horizon Drive; Georgia Avenue pump station upgrades and generator replacement; unit heater replacement in the plant; Wilgus Avenue booster station roof replacement; security system upgrades; and meter reading system upgrades. The utility also installed 71' of 4" water main at various locations; 113.4' of 6" water main at various locations; 314.8' of 8" water main at various locations; 3910.6' of 12" water main at various locations; and 2,902.6' of 16" water main at various locations. The largest water main projects in 2019 were located at North Avenue from N. 15th Street to N. 21st Street, and at Niagara Avenue. In addition, 21 hydrants were installed at these and other various locations in the City. The City of Sheboygan contributed capital assets of \$1,541,118 to the Sheboygan Water Utility, including water main, hydrants and valves at the SouthPointe Enterprise Campus.

Debt (see Note 5.)

On December 31, 2020, the Sheboygan Water Utility had outstanding debt of \$13,524,996. This includes 2004 revenue bonds issued for a Safe Drinking Water Loan, balance of \$612,210, to be retired in 2023; on May 1, 2013, a \$3 million revenue bond was issued with a 3.5% interest rate, and a balance of \$2,155,000 to be retired on 2033; on May 1, 2015, a Safe Drinking Water Loan was issued with a balance of \$2,382,786 and interest rate of 1.65%, to be retired 2035; on April 20, 2016, refunding revenue bonds were issued with an interest rate of 2% and balance of \$1,170,000, to be retired 2025; and on March 1, 2018, refunding revenue bonds were issued with an interest rate of 3.5% and balance of \$4,105,000, to be retired 2033. These bond proceeds funded the construction of the two reservoirs at Erie Avenue and I-43, and the booster pump station completed in 2008. The 2013 revenue bond funded a backwash storage reservoir at Park Avenue, and funded various projects into 2015. The Safe Drinking Water Loan issued on May 1, 2015 funded a UV disinfection system at the treatment plant. The revenue bond issued on April 20, 2016 refunded the 2005 revenue bond issue. The revenue bond issued on March 1, 2018 refunded the 2007 revenue bond issue and funded the construction of an elevated storage tank at Horizon Drive. The utility issued a \$3,100,000 Bond Anticipation Note (BAN) on May 18, 2020 at 1.25% interest maturing on May 1, 2024 for interim financing of engineering and design costs for the Raw Water Improvement Project. The remaining balance on the \$302,000 debt for the Unfunded Retirement obligation is \$152,173.

Sheboygan Water Utility

Unaudited Management's Discussion and Analysis

As of and for the Years Ended December 31, 2020 and 2019

On December 31, 2019, the Sheboygan Water Utility had outstanding debt of \$11,437,252. This includes 2004 revenue bonds issued for a Safe Drinking Water Loan, balance of \$805,455, to be retired in 2023; on May 1, 2013, a \$3 million revenue bond was issued with a 3.5% interest rate, and a balance of \$2,290,000 to be retired on 2033; on May 1, 2015, a Safe Drinking Water Loan was issued with a balance of \$2,521,797 and interest rate of 1.65%, to be retired 2035; on April 20, 2016, refunding revenue bonds were issued with an interest rate of 2% and balance of \$1,400,000, to be retired 2025; and on March 1, 2018, refunding revenue bonds were issued with an interest rate of 3.5% and balance of \$4,420,000, to be retired 2033. These bond proceeds funded the construction of the two reservoirs at Erie Avenue and I-43, and the booster pump station completed in 2008. The 2013 revenue bond funded a backwash storage reservoir at Park Avenue, and funded various projects into 2015. The Safe Drinking Water Loan issued on May 1, 2015 funded a UV disinfection system at the treatment plant. The revenue bond issued on April 20, 2016 refunded the 2005 revenue bond issue. The revenue bond issued on March 1, 2018 refunded the 2007 revenue bond issue and funded the construction of an elevated storage tank at Horizon Drive. The remaining balance on the \$302,000 debt for the Unfunded Retirement obligation is \$169,252.

Economic Factors and Next Year's Budgets and Rates

In 2020, Sheboygan Water Utility was impacted by the COVID-19 pandemic in several ways. The Utility moved quickly to implement measures protecting core operations. Face coverings and other protective measures were put into place. The public pay window was closed while customers shifted to electronic and remote pay options. Departments were isolated from each other, and remote work was implemented for staff who were able to work from home. All office, plant, and field operations continued without interruption. Revenue was impacted by the COVID-19 pandemic. April and May had the largest decreases in water usage in 2020, mainly occurring in the manufacturing sector. Operating revenue decreased by \$207,247 in 2020. The Wisconsin Public Service Commission enacted a moratorium on disconnections and late fees for non-payment of water utility bills. Delinquent accounts receivable increased from \$107,224 at year end 2019 to \$378,955 at year end 2020 as customers struggled to pay water utility bills. As a precaution, the Utility delayed all non-essential capital projects, shifting them to 2021 and 2022, to offset the effect of reduced revenue.

Sheboygan Water Utility implemented a rate increase of 9.61% approved by the Public Service Commission of Wisconsin effective October 1, 2020 to provide for a 4.9% rate of return. The rate increase is designed to include necessary costs for required infrastructure improvements, decreasing residential sales due to conservation, and increasing operation and maintenance costs.

Sheboygan Water Utility implemented a Lead Service Lateral Replacement Program in 2020 approved by the Public Service Commission of Wisconsin on July 23, 2020. The Lead Service Lateral Replacement Program enables the utility to provide 50% grant funds and zero percent interest loans to property owners for replacement of lead service laterals.

Sheboygan Water Utility issued \$3,100,000 Bond Anticipation Notes (BAN) May 18, 2020 as interim financing to fund design and engineering costs related to the Raw Water Improvement Project. The BAN was issued at 1.25% interest maturing on May 1, 2024.

Sheboygan Water Utility will submit an application on June 30, 2021 for Safe Drinking Water Loan Program funds in the amount of \$38,000,000 from the Wisconsin Department of Natural Resources for the construction of the Raw Water Improvement Project. \$3,100,000 will be used to retire the BAN interim financing. If approved, this loan will close by June 30, 2022.

Sheboygan Water Utility has a total capital improvement budget of \$4,122,254 in 2021. Large projects include \$1,850,000 for design and engineering of the raw water improvement project; \$550,000 for east basin structural repairs; \$1,160,000 for water main replacement; \$90,000 for hydrant and valve replacement; and \$172,254 for meter and radio read unit replacement.

Sheboygan Water Utility

Unaudited Management's Discussion and Analysis
As of and for the Years Ended December 31, 2020 and 2019

Economic Factors and Next Year's Budgets and Rates

This financial report is designed to provide a general easy to read overview of the finances of the Sheboygan Water Utility and to provide an overview of plans for the future. If you have any questions about this report or would like to obtain additional information, please feel free to contact the Board of Water Commissioners at 72 Park Avenue Sheboygan, WI 53081-2958 or telephone (920) 459-3800, Opt. 2.

Sheboygan Water Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 5,680,697	\$ 8,183,173
Restricted assets:		
Redemption account	539,531	536,135
Customer accounts receivable	1,548,128	1,089,815
Other accounts receivable	-	16,897
Due from municipality	269,518	203,936
Materials and supplies	277,191	270,831
Prepayments	<u>76,495</u>	<u>32,414</u>
Total current assets	<u>8,391,560</u>	<u>10,333,201</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	688,824	706,627
Construction account	2,389,368	-
Net pension asset	411,147	-
Other assets:		
Health insurance reserve	380,000	-
Special assessments receivable	274,589	345,416
Capital assets:		
Plant in service	74,472,895	72,346,003
Accumulated depreciation	(24,691,820)	(23,025,459)
Construction work in progress	<u>1,009,577</u>	<u>309,005</u>
Total noncurrent assets	<u>54,934,580</u>	<u>50,681,592</u>
Total assets	<u>63,326,140</u>	<u>61,014,793</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	954,652	1,229,866
Deferred outflows related to other post employment benefits	<u>84,214</u>	<u>32,324</u>
Total deferred outflows of resources	<u>1,038,866</u>	<u>1,262,190</u>

See notes to financial statements

Sheboygan Water Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 79,746	\$ 788,431
Accrued wages	50,671	27,928
Accrued taxes due to municipality	1,215,296	1,160,483
Accrued interest	5,301	5,695
Accrued vacation leave	126,441	98,895
Current portion of accrued sick leave	19,152	22,073
Current portion of advance from municipality	18,131	17,079
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	1,034,864	1,012,256
Accrued interest	<u>56,444</u>	<u>54,537</u>
Total current liabilities	<u>2,606,046</u>	<u>3,187,377</u>
Noncurrent Liabilities		
Advance from municipality	134,042	152,173
Revenue bonds and BANS	12,490,132	10,424,996
Unamortized premium and discount	220,963	264,573
Accrued sick leave	498,795	459,054
Total other post employment benefits liability - health insurance	213,320	203,536
Net other post employment benefits liability - life insurance	111,566	71,889
Net pension liability	<u>-</u>	<u>452,290</u>
Total noncurrent liabilities	<u>13,668,818</u>	<u>12,028,511</u>
Total liabilities	<u>16,274,864</u>	<u>15,215,888</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	1,232,175	623,366
Deferred inflows related to other post employment benefits	<u>28,522</u>	<u>28,042</u>
Total deferred inflows of resources	<u>1,260,697</u>	<u>651,408</u>
Net Position		
Net investment in capital assets	40,122,885	38,634,351
Restricted for:		
Debt service	483,087	481,598
Pension	411,147	-
Unrestricted	<u>5,812,326</u>	<u>7,293,738</u>
Total net position	<u>\$ 46,829,445</u>	<u>\$ 46,409,687</u>

See notes to financial statements

Sheboygan Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of water	\$ 8,526,930	\$ 8,737,822
Other	<u>168,261</u>	<u>164,616</u>
Total operating revenues	<u>8,695,191</u>	<u>8,902,438</u>
Operating Expenses		
Operation and maintenance	5,169,308	5,093,790
Depreciation	<u>1,637,378</u>	<u>1,533,169</u>
Total operating expenses	<u>6,806,686</u>	<u>6,626,959</u>
Operating Income	<u>1,888,505</u>	<u>2,275,479</u>
Nonoperating Expenses		
Investment income	44,283	75,112
Grant revenue	45,825	92,024
Grant expense	(45,825)	(92,024)
Interest expense	(334,614)	(337,471)
Amortization of premium and discount	34,620	32,872
Bond issuance costs	<u>(34,475)</u>	<u>-</u>
Total nonoperating expenses	<u>(290,186)</u>	<u>(229,487)</u>
Income before contributions and transfers	1,598,319	2,045,992
Capital Contributions - Municipality	-	1,541,118
Transfers - Tax Equivalent	<u>(1,178,561)</u>	<u>(1,124,163)</u>
Change in net position	419,758	2,462,947
Net Position, Beginning	<u>46,409,687</u>	<u>43,946,740</u>
Net Position, Ending	<u>\$ 46,829,445</u>	<u>\$ 46,409,687</u>

See notes to financial statements

Sheboygan Water Utility

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 8,377,680	\$ 9,267,027
Paid to suppliers for goods and services	(3,879,046)	(2,849,761)
Paid to employees for operating payroll	<u>(1,720,376)</u>	<u>(1,640,509)</u>
Net cash flows from operating activities	<u>2,778,258</u>	<u>4,776,757</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(1,123,748)	(1,121,786)
Collections of assessments for customer owned laterals	70,827	103,911
Debt retired for pension liability	(17,079)	(16,138)
Interest paid for pension liability	(7,193)	(7,601)
Nonoperating grant revenue	45,825	92,024
Nonoperating grant expense	<u>(45,825)</u>	<u>(92,024)</u>
Net cash flows from noncapital financing activities	<u>(1,077,193)</u>	<u>(1,041,614)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(3,211,234)	(2,741,718)
Debt retired	(1,012,256)	(974,829)
Interest paid	(325,908)	(334,452)
Proceeds from debt issue, net of discount paid	3,091,010	-
Debt issuance costs	<u>(34,475)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(1,492,863)</u>	<u>(4,050,999)</u>
Cash Flows From Investing Activities		
Interest income	<u>44,283</u>	<u>75,112</u>
Net change in cash and cash equivalents	252,485	(240,744)
Cash and Cash Equivalents, Beginning	<u>9,425,935</u>	<u>9,666,679</u>
Cash and Cash Equivalents, Ending	<u>\$ 9,678,420</u>	<u>\$ 9,425,935</u>
Noncash Capital and Related Financing Activities		
Amortization of premium and discount	<u>\$ 34,620</u>	<u>\$ 32,872</u>
Construction related accounts payable	<u>\$ 17,833</u>	<u>\$ 205,869</u>
Capital contributions received by municipality	<u>\$ -</u>	<u>\$ 1,541,118</u>

See notes to financial statements

Sheboygan Water Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 1,888,505	\$ 2,275,479
Noncash items in operating income:		
Depreciation	1,637,378	1,533,169
Depreciation charged to clearing and other utilities	224,716	236,879
Customer accounts receivable	(458,313)	128,941
Other accounts receivable	16,897	8,217
Due from municipality	(65,582)	(570)
Materials and supplies	(6,360)	(37,351)
Prepayments	(44,081)	(358)
Pension related deferrals and liabilities	20,586	169,292
Accounts payable	(520,648)	473,154
Accrued vacation and sick leave	87,109	(8,510)
Other postemployment retirement benefit deferrals and liabilities	(1,949)	(1,585)
	<u>\$ 2,778,258</u>	<u>\$ 4,776,757</u>
Net cash flows from operating activities		
	<u>\$ 2,778,258</u>	<u>\$ 4,776,757</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 5,680,697	\$ 8,183,173
Redemption account	539,531	536,135
Reserve account	688,824	706,627
Construction account	2,389,368	-
Health Insurance Reserve	<u>380,000</u>	<u>-</u>
	<u>\$ 9,678,420</u>	<u>\$ 9,425,935</u>
Cash and cash equivalents		
	<u>\$ 9,678,420</u>	<u>\$ 9,425,935</u>

See notes to financial statements

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

The Utility is a separate enterprise fund of the City of Sheboygan (municipality). The Utility is managed by a utility commission. The Utility provides water service to properties within the municipality. The utility also provides wholesale service to the City of Sheboygan Falls and Village of Kohler.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The accounting records of the utility are maintained in accordance with Uniform System of Account prescribed by the PSCW.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Investment of utility funds is restricted by state statutes. Investments are limited to:

Time deposits in any credit union, bank, savings bank or trust company.

Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

Bonds or securities issued or guaranteed by the federal government.

The local government investment pool.

Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

Securities of an open end management investment company or investment trust, subject to various conditions and investment options.

Repurchase agreements with public depositories, with certain conditions.

The Utility has adopted an investment policy. The Utility, as part of the municipality, is covered under an investment policy adopted by the City of Sheboygan. Please refer to the City of Sheboygan's financial statements for information regarding the adopted investment policy. This policy does not address custodial credit risk associated with the City of Sheboygan's or the Utility's deposits or 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 values may have changed significantly after year end.

Receivables/Payables

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

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

Materials and Supplies

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

Restricted Assets

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Health Insurance Reserve

The Utility has elected to internally designate \$380,000 cash for the purposes of use towards funding future health insurance obligations. These funds are not legally restricted and could be used for other purposes if the need arose. Use of the funds is at the board's discretion.

Special Assessments Receivable

This account represents the balances of special assessments levied against property owners for infrastructure improvements. The balances are receivable over various time periods with interest accrued annually. Infrastructure improvements are primarily customer owned lateral that have been installed and financed by the Utility.

Capital Assets

Capital assets are generally defined by the Utility as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

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

	<u>Years</u>
Water Plant	
Source of supply	50
Pumping	28 - 42
Water treatment	30 - 40
Transmission and distribution	45 - 100
General	4 - 45

Pensions

For purposes of measuring the total pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Postemployment Benefits Other Than Pensions (OPEB)

Health Insurance

For purposes of measuring the total OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by utility OPEB Plan. For this purpose, the utility OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Life Insurance

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

Deferred Outflow of Resources

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

Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the Utility.

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.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Revenues and Expenses

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

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The Utility does accrue revenues beyond billing dates. Unbilled revenue of \$353,143 and \$329,580 were accrued as of December 31, 2020 and 2019, respectively.

Current water rates were approved by the PSCW effective October 1, 2020.

Capital Contributions

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

Interfund Transfers

Transfers include the payment in lieu of taxes to the municipality.

Effect of New Accounting Standards on Current Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

2. Deposits and Investments

	Carrying Value as of December 31,		Risks
	2020	2019	
Deposit	\$ 8,629,157	\$ 7,020,056	Custodial Credit
Certificates of Deposits	1,048,513	2,405,129	Custodial Credit
Petty Cash	750	750	
Total	<u>\$ 9,678,420</u>	<u>\$ 9,425,935</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 noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

In addition, the Utility has line of credit agreements held for collateral in the amount of \$20,000,000 in at December 31, 2020 and securities held for collateral of \$9,676,847 at December 31, 2020.

Custodial Credit Risk

Deposits

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

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

3. Restricted Assets

Restricted Accounts

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

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report debt proceeds restricted for use in construction.

Net Pension Asset

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Restricted Net Position

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

	<u>2020</u>	<u>2019</u>
Restricted Assets		
Bond redemption account	\$ 539,531	\$ 536,135
Reserve account	688,824	706,627
Construction account	2,389,368	-
Net pension asset	411,147	-
	<u>4,028,870</u>	<u>1,242,762</u>
Total restricted assets		
Less restricted assets not funded by revenues		
Reserve from borrowing	(688,824)	(706,627)
Construction account	(2,389,368)	-
	<u>(3,078,192)</u>	<u>(706,627)</u>
Total restricted assets not funded by revenues		
Current Liabilities Payable From Restricted Assets	<u>(56,444)</u>	<u>(54,537)</u>
Total restricted net position as calculated	<u>\$ 894,234</u>	<u>\$ 481,598</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Debt service	\$ 483,087	\$ 481,598
Pension	411,147	-
	<u>\$ 894,234</u>	<u>\$ 481,598</u>
Total restricted net position		

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

4. Changes in Capital Assets

A summary of changes in Water capital assets for 2020 follows:

	<u>Balance</u> <u>1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/20</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 375,238	\$ -	\$ -	\$ 375,238
Capital assets being depreciated:				
Source of supply	627,615	-	-	627,615
Pumping	6,273,784	78,739	-	6,352,523
Water treatment	13,395,887	88,312	-	13,484,199
Transmission and distribution	48,857,718	2,008,391	108,182	50,757,927
General	<u>2,815,761</u>	<u>147,183</u>	<u>87,551</u>	<u>2,875,393</u>
Total capital assets being depreciated	<u>71,970,765</u>	<u>2,322,625</u>	<u>195,733</u>	<u>74,097,657</u>
Total capital assets	<u>72,346,003</u>	<u>2,322,625</u>	<u>195,733</u>	<u>74,472,895</u>
Less accumulated depreciation:				
Source of supply	(453,896)	(10,671)	-	(464,567)
Pumping	(3,350,858)	(217,402)	-	(3,568,260)
Water treatment	(5,421,115)	(491,796)	-	(5,912,911)
Transmission and distribution	(11,816,419)	(919,112)	108,182	(12,627,349)
General	<u>(1,983,171)</u>	<u>(223,113)</u>	<u>87,551</u>	<u>(2,118,733)</u>
Total accumulated depreciation	<u>(23,025,459)</u>	<u>(1,862,094)</u>	<u>195,733</u>	<u>(24,691,820)</u>
Construction in progress	<u>309,005</u>	<u>3,342,543</u>	<u>2,641,971</u>	<u>1,009,577</u>
Net capital assets	<u>\$ 49,629,549</u>			<u>\$ 50,790,652</u>

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

A summary of changes in Water capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated:				
Land and land rights	\$ 374,689	\$ 549	\$ -	\$ 375,238
Capital assets being depreciated:				
Source of supply	627,615	-	-	627,615
Pumping	5,724,164	612,735	63,115	6,273,784
Water treatment	13,402,207	12,970	19,290	13,395,887
Transmission and distribution	43,490,109	5,421,685	54,076	48,857,718
General	2,654,110	279,868	118,217	2,815,761
Total capital assets being depreciated	<u>65,898,205</u>	<u>6,327,258</u>	<u>254,698</u>	<u>71,970,765</u>
Total capital assets	<u>66,272,894</u>	<u>6,327,807</u>	<u>254,698</u>	<u>72,346,003</u>
Less accumulated depreciation:				
Source of supply	(443,227)	(10,669)	-	(453,896)
Pumping	(3,209,881)	(204,092)	63,115	(3,350,858)
Water treatment	(4,950,085)	(490,320)	19,290	(5,421,115)
Transmission and distribution	(11,019,119)	(851,376)	54,076	(11,816,419)
General	(1,887,798)	(213,590)	118,217	(1,983,171)
Total accumulated depreciation	<u>(21,510,110)</u>	<u>(1,770,047)</u>	<u>254,698</u>	<u>(23,025,459)</u>
Construction in progress	<u>2,224,497</u>	<u>2,372,713</u>	<u>4,288,205</u>	<u>309,005</u>
Net capital assets	<u>\$ 46,987,281</u>			<u>\$ 49,629,549</u>

5. Long-Term Obligations

Revenue Debt - Water

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/20
3/10/04	Plant Expansion	5/1/23	2.75 %	\$ 3,152,000	\$ 612,210 *
4/3/13	Plant Expansion	5/1/33	2.00	3,000,000	2,155,000
5/13/15	UV Disinfecting Project	5/1/35	1.65	2,990,520	2,382,786 *
4/20/16	Revenue Refunding	4/20/25	1.00	2,115,000	1,170,000
5/1/18	Revenue Refunding	5/1/33	3.00	4,705,000	4,105,000

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31,	Bonds		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2021	\$ 695,000	\$ 228,594	\$ 339,864	\$ 52,256	\$ 1,315,714
2022	715,000	207,994	347,656	44,370	1,315,020
2023	735,000	185,969	355,637	36,292	1,312,898
2024	735,000	163,234	148,415	30,981	1,077,630
2025	750,000	140,269	150,864	28,512	1,069,645
2026-2030	2,405,000	410,725	792,492	104,074	3,712,291
2031-2035	1,395,000	68,550	860,068	35,941	2,359,559
Total	<u>\$ 7,430,000</u>	<u>\$ 1,405,335</u>	<u>\$ 2,994,996</u>	<u>\$ 332,426</u>	<u>\$ 12,162,757</u>

All Utility revenues net of specified operating expenses net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2020 and 2019 were \$1,362,436 and \$1,333,019, respectively. Total customer net revenues as defined for the same periods were \$3,570,166 and \$3,883,760. Annual principal and interest payments are expected to require 23 percent of net revenues on average.

Advances from Other Funds of the Municipality

Other funds of the municipality have advanced the following to the Utility:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/20
1/30/08	Unfunded retirement obligation	3/15/27	2 %	\$ 302,304	\$ 152,173

Advances from other funds of the municipality debt service requirements to maturity follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 18,131	\$ 6,696	\$ 24,827
2022	19,219	7,046	26,265
2023	20,372	7,152	27,524
2024	21,579	4,534	26,113
2025	22,890	3,644	26,534
2026-2027	49,982	3,914	53,896
Total	<u>\$ 152,173</u>	<u>\$ 32,986</u>	<u>\$ 185,159</u>

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Other Long-Term Debt

Other long-term debt issued by the Utility is as follows:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/20</u>
5/18/20	Revenue BAN	5/1/24	1.25 %	\$ 3,100,000	\$ 3,100,000 *

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

Other long-term debt service requirements to maturity follows:

<u>Years ending December 31,;</u>	<u>Revenue BAN</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 38,750	\$ 38,750
2022	-	38,750	38,750
2023	-	38,750	38,750
2024	3,100,000	19,735	3,119,735
Total	<u>\$ 3,100,000</u>	<u>\$ 135,985</u>	<u>\$ 3,235,985</u>

Long-Term Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2020 is as follows:

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 11,437,252	\$ -	\$ 1,012,256	\$ 10,424,996	\$ 1,034,864
Advance from municipality	169,252	-	17,079	152,173	18,131
Other long-term debt	-	3,100,000	-	3,100,000	-
Accrued sick leave	481,127	55,972	19,152	517,947	19,152
Unamortized premium	264,573	-	43,610	220,963	-
Net pension liability	452,290	-	452,290	-	-
Total other post employment benefits liability - health insurance	203,536	9,784	-	213,320	-
Net other post employment benefits liability - life insurance	71,889	39,677	-	111,566	-
Total	<u>\$ 13,079,919</u>	<u>\$ 3,205,433</u>	<u>\$ 1,544,387</u>	<u>\$ 14,740,965</u>	<u>\$ 1,072,147</u>

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Long-term obligation activity for the year ended December 31, 2019 is as follows:

	<u>1/1/19</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 12,412,080	\$ -	\$ 974,828	\$ 11,437,252	\$ 1,012,256
Advance from municipality	185,391	-	16,139	169,252	17,079
Accrued sick leave	472,610	30,590	22,073	481,127	22,073
Unamortized premium	297,445	-	32,872	264,573	-
Net pension liability	-	452,290	-	452,290	-
Total other post employment benefits liability - health insurance	209,720	-	6,184	203,536	-
Net other post employment benefits liability - life insurance	<u>89,668</u>	<u>-</u>	<u>17,779</u>	<u>71,889</u>	<u>-</u>
Total	<u>\$ 13,666,914</u>	<u>\$ 482,880</u>	<u>\$ 1,069,875</u>	<u>\$ 13,079,919</u>	<u>\$ 1,051,408</u>

Bond Covenant Disclosures

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

Insurance

The Utility is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. Reductions in coverage compared to the prior year are a result of cost saving measures related to COVID-19.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

The Utility is covered under the following insurance policies at December 31, 2020:

Type	Coverage	Expiration
<i>Automotive Liability</i>		
General Liability	\$ 2,000,000	7/1/21
Automobile Liability	1,000,000	7/1/21
Contractors Equipment	646,095	7/1/21
<i>Crime - Theft/Forgery</i>		
Position Bond (Employee Dishonestly)	\$ 250,000	7/1/21
Forgery/Alteration	250,000	7/1/21
Extra Expense	10,000,000	7/1/21
Employee Benefits	2,000,000	7/1/21
Public Officials Liability	1,000,000	7/1/21
Theft of Money and Securities	25,000	7/1/21
<i>Property</i>		
Buildings	\$ 38,504,900	7/1/21
Flood	10,000,000	7/1/21
Earthquake	10,000,000	7/1/21

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.2 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 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 8,695,191	\$ 8,902,438
Investment income	44,283	75,112
Miscellaneous nonoperating income	45,825	92,024
Less miscellaneous nonoperating expense	(45,825)	(92,024)
Less operation and maintenance expenses	<u>(5,169,308)</u>	<u>(5,093,790)</u>
Net defined earnings	<u>\$ 3,570,166</u>	<u>\$ 3,883,760</u>
Minimum Required Earnings per Resolution:		
Annual debt service - principal	\$ 1,012,256	\$ 974,828
Annual debt service - interest	<u>325,908</u>	<u>334,452</u>
Subtotal	1,320,617	1,309,280
Coverage factor	<u>1.20</u>	<u>1.20</u>
Minimum required earnings	<u>\$ 1,584,740</u>	<u>\$ 1,571,136</u>
Actual debt coverage	<u>2.70</u>	<u>2.97</u>

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Number of Customers and Billed Volumes - Water

The Utility has the following number of customers and billed volumes for 2020 and 2019:

	Customers		Sales (000 gals)	
	2020	2019	2020	2019
Residential	17,054	16,946	750,506	729,541
Multifamily residential	296	294	122,186	114,901
Commercial	1,304	1,310	212,468	238,290
Industrial	155	156	2,141,580	2,423,883
Public authority	120	122	44,884	48,443
Interdepartmental	2	2	615,187	613,334
Total	<u>18,931</u>	<u>18,830</u>	<u>3,886,811</u>	<u>4,168,392</u>

6. Net Position

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

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

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

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

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Construction in Progress	\$ 1,009,577	\$ 309,005
Plant in Service	74,472,895	72,346,003
Accumulated Depreciation	<u>(24,691,820)</u>	<u>(23,025,459)</u>
Subtotal	<u>50,790,652</u>	<u>49,629,549</u>
Less capital related debt		
Current portion of capital related long-term debt funded with borrowing	1,034,864	1,012,256
Unamortized debt premium	12,490,132	10,424,996
	<u>220,963</u>	<u>264,573</u>
Subtotal	<u>13,745,959</u>	<u>11,701,825</u>
Add unspent debt proceeds		
Construction funds	2,389,368	
Reserve from borrowing	<u>688,824</u>	<u>706,627</u>
Subtotal	<u>3,078,192</u>	<u>706,627</u>
Total net investment in capital assets	<u>\$ 40,122,885</u>	<u>\$ 38,634,351</u>

7. 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, and 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 Comprehensive Annual Financial Report, which can be bound at <http://etf.wi.gov/publications/cafr.htm>.

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

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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 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 \$138,123 and \$129,368 in contributions from the Utility during the current and prior reporting periods, respectively.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Contribution rates as of December 31, 2020 and December 31, 2019 are:

	2020		2019	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.55 %	6.55 %	6.7 %	6.7 %
Protective with Social Security	6.55 %	10.55 %	6.7 %	10.7 %
Protective without Social Security	6.55 %	14.95 %	6.7 %	14.9 %

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

At December 31, 2020, the Utility reported a liability (asset) of \$(411,147) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability (asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Utility's proportion was .01275088 percent, which was an increase of 0.00003784 percent from its proportion measured as of December 31, 2018.

At December 31, 2019, the Utility reported a liability (asset) of \$452,290 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability (asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Utility's proportion was .01271304 percent, which was a decrease of 0.00000311 percent from its proportion measured as of December 31, 2017.

For the years ended December 31, 2020 and 2019, the Utility recognized pension expense of \$20,586 and \$169,292, respectively.

At December 31, 2020, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 780,451	\$ (390,563)
Changes in assumption	32,039	-
Net differences between project and actual earnings on pension plan	-	(840,530)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,577	(1,082)
Employer contributions subsequent to the measurement date	<u>140,585</u>	<u>-</u>
Total	<u>\$ 954,652</u>	<u>\$ (1,232,175)</u>

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

At December 31, 2019, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 352,265	\$ (622,679)
Changes in assumption	76,240	-
Net differences between project and actual earnings on pension plan	660,538	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,700	(687)
Employer contributions subsequent to the measurement date	<u>138,123</u>	<u>-</u>
Total	<u>\$ 1,229,866</u>	<u>\$ (623,366)</u>

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

	<u>2020</u>
Year ended December 31,	
2021	\$ (124,122)
2022	(92,406)
2023	14,795
2024	(216,375)
2025	-
Thereafter	<u>-</u>
Total	<u>\$ (418,108)</u>

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>2020</u>	<u>2019</u>
Actuarial valuation date	December 31, 2018	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.0%	7.0%
Discount rate	7.0%	7.0%
Salary increases		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments *	1.9%	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The percentages listed above are the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected return on plan assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75 percent.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2019 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.1 %	5.5 %
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5 percent.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate: A single discount rate of 7.00 percent was used to measure the total pension liability as of December 31, 2020 and December 31, 2019. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent and 3.71 percent, in 2020 and 2019 respectively. (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, 2019. 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 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

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

The sensitivity analysis as of December 31, 2020 follows:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Utility's proportionate share of the net position liability (asset)	\$ 1,058,776	\$ (411,147)	\$ (1,510,083)

The sensitivity analysis as of December 31, 2019 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Utility's proportionate share of the net position liability (asset)	\$ 1,797,448	\$ 452,290	\$ (547,939)

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>.

8. Other Postemployment Benefits

General Information About the OPEB Plan

Plan description: The Utility's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Utility. RBP is a single-employer defined benefit OPEB plan administered by the Utility. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Utility Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Total OPEB Liability

At December 31, 2020, the Utility's total OPEB liability of \$213,320 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date. At December 31, 2019, the Utility's total OPEB liability of \$203,536 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2020</u>	<u>2019</u>
Inflation	The assumed salary inflation of 3.0% per year is added to merit increases to get the total assumed increase in salary.	The assumed salary inflation of 3.0% per year is added to merit increases to get the total assumed increase in salary.
Salary increases	6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

The discount rate was based on all years of projected payments discounted at a municipal bond rate of 2.75%.

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period 2015-17.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2018	\$ 209,720
Changes for the year:	
Service cost	10,894
Interest	7,203
Differences between expected and actual experience	(5,560)
Benefit payments	<u>(18,721)</u>
Net changes	<u>(6,184)</u>
Balances at December 31, 2019	\$ 203,536
Changes for the year:	
Service cost	10,029
Interest	7,886
Differences between expected and actual experience	4,395
Changes in assumptions or other inputs	10,279
Benefit payments	<u>(22,805)</u>
Net changes	<u>9,784</u>
Balances at December 31, 2020	<u>\$ 213,320</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Utility, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

As of December 31, 2020:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(1.75%)	(2.75%)	(3.75%)
Total OPEB liability	\$ 225,940	\$ 213,320	\$ 201,254

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

As of December 31, 2019:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	(3.0%)	(4.0%)	(5.0%)
Total OPEB liability	\$ 214,792	\$ 203,536	\$ 192,855

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Utility, as well as what the Utility's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

As of December 31, 2020:

	<u>1% Decrease (5.5% Decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</u>	<u>1% Increase (7.5% Decreasing to 6.0%)</u>
Total OPEB liability	\$ 194,682	\$ 213,320	\$ 235,334

As of December 31, 2019:

	<u>1% Decrease (6.5% Decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)</u>	<u>1% Increase (8.5% Decreasing to 6.0%)</u>
Total OPEB liability	\$ 188,721	\$ 203,536	\$ 223,178

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 and 2019, the Utility recognized OPEB expense of \$(8,919) and \$(13,146), respectively. At December 31, 2020 and 2019, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,955	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	9,251	(4,448)	-	(5,004)
Employer contributions subsequent to the measurement date	27,746	-	22,805	-
Total	\$ 40,952	\$ (4,448)	\$ 22,805	\$ (5,004)

Deferred outflows related to OPEB resulting from the employer's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2021	\$ 912
2022	912
2023	912
2024	912
2025	912
Thereafter	4,198

Local Retiree Life Insurance Fund (LRLIF)

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

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

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

Contribution rates for the plan year reported as of December 31, 2020 and 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

<u>Life Insurance Member Contribution Rates For the Plan Year</u>	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

The LRLIF recognized \$474 and \$537 in contributions from the employer during the current and prior reporting periods, respectively.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2020, the Utility reported a liability of \$111,566 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net OPEB liability was based on the Utility's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the Utility's proportion was 0.00026200 percent, which was an decrease of 0.00001660 percent from its proportion measured as of December 31, 2018.

At December 31, 2019, the Utility reported a liability of \$71,889 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net OPEB liability was based on the Utility's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Utility's proportion was 0.00027860 percent, which was an decrease of 0.00001940 percent from its proportion measured as of December 31, 2017.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

For the year ended December 31, 2020 and 2019, the Utility recognized OPEB expense of \$4,662 and \$4,711, respectively.

At December 31, 2020 and 2019, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,998)	\$ -	\$ (3,647)
Net differences between projected and actual earnings on OPEB plan investments	2,105	-	1,718	-
Changes in assumptions	41,157	(12,272)	6,859	(15,583)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(6,804)	-	(3,808)
Employer contributions subsequent to the measurement date	-	-	942	-
Total	<u>\$ 43,262</u>	<u>\$ (24,074)</u>	<u>\$ 9,519</u>	<u>\$ (23,038)</u>

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

Year Ended December 31:	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ 3,209
2022	3,209
2023	2,982
2024	2,748
2025	2,141
Thereafter	4,899

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Actuarial assumptions: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2020</u>	<u>2019</u>
Actuarial Valuation Date:	January 1, 2019	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2019	December 31, 2018
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.74%	4.10%
Long-Term Expected Rate of Return:	4.25%	5.00%
Discount Rate:	2.87%	4.22%
Salary Increases:		
Inflation	3.00%	3.00%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	45	2.90
U.S. Mortgages	Barclays MBS	50	1.53
Inflation			2.20
Long-Term Expected Rate of Return			4.25

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2018

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40	2.69
U.S. Long Credit Bonds	Barclays Long Credit	4	3.01
U.S. Mortgages	Barclays MBS	54	2.25
U.S. Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.30
Long-Term Expected Rate of Return			5.00

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Single discount rate: A single discount rate was used to measure the total OPEB liability (2.87 percent for 2020 and 4.22 percent for 2019). The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the Utility's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the Utility's proportionate share of the net OPEB liability calculated using the discount rate, as well as what the Utility's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

As of December 31, 2020:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
The Utility's proportionate share of the net OPEB liability	<u>\$ 154,054</u>	<u>\$ 111,566</u>	<u>\$ 79,241</u>

As of December 31, 2019:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
The Utility's proportionate share of the net OPEB liability	<u>\$ 102,267</u>	<u>\$ 71,889</u>	<u>\$ 48,460</u>

At December 31, 2020 and 2019, the Utility reported a payable to the OPEB plan of \$0, which represents contractually required contributions outstanding as of the end of the year.

9. Commitments and Contingencies

Claims and Judgments

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

Sheboygan Water Utility

Notes to Financial Statements
December 31, 2020 and 2019

Grants

The utility has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

10. Risk Management

The Utility is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. Reductions in coverage from 2019 were a result of cost saving measures related to COVID-19.

11. Significant Customers

Water Utility

The Utility has one significant customer who was responsible for 24% and 26% of operating revenues in 2020 and 2019, respectively.

12. Subsequent Events

The Utility evaluated subsequent events through March 31, 2021, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Sheboygan Water Utility

Schedule of Proportionate Share of the Net Pension Asset (Liability)

Wisconsin Retirement System

Year Ended December 31, 2020

(Unaudited)

WRS Fiscal Year End Date	Utility's Proportion of the Net Pension Liability (Asset)	Utility's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.01092910%	\$ (268,255)	\$ 1,844,785	14.54%	102.74%
12/31/15	0.01233200%	200,307	1,974,984	10.14%	98.20%
12/31/16	0.01295300%	106,815	1,892,944	5.64%	99.12%
12/31/17	0.01303701%	(387,084)	1,874,682	20.65%	102.93%
12/31/18	0.01271302%	452,290	1,930,859	23.42%	96.45%
12/31/19	0.01275088%	(411,147)	2,108,745	19.50%	102.96%

Schedule of Employer Contributions

Wisconsin Retirement System

Year Ended December 31, 2020

Utility's Fiscal Year End Date	Utility's Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 134,299	\$ 134,299	\$ -	\$ 1,973,928	6.80%
12/31/16	124,934	124,934	-	1,892,944	6.60%
12/31/17	127,478	127,478	-	1,874,682	6.80%
12/31/18	129,368	129,368	-	1,930,859	6.70%
12/31/19	138,123	138,123	-	2,108,745	6.55%
12/31/20	140,585	140,585	-	2,082,741	6.75%

See notes to required supplementary information

Sheboygan Water Utility

Schedule of Changes in the Total OPEB Liability and Related Ratios, Health Insurance

December 31, 2020

(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 10,029	\$ 10,894	\$ 10,894
Interest	7,886	7,203	7,184
Differences between expected and actual experience	4,395	-	-
Changes in assumptions	10,279	(5,560)	-
Benefit payments	<u>(22,805)</u>	<u>(18,721)</u>	<u>(16,356)</u>
Net Change in Total OPEB Liability	9,784	(6,184)	1,722
Total OPEB Liability, Beginning	<u>203,536</u>	<u>209,720</u>	<u>207,998</u>
Total OPEB Liability, Ending	<u>\$ 213,320</u>	<u>\$ 203,536</u>	<u>\$ 209,720</u>
Covered-employee payroll	\$ 1,986,982	\$ 1,874,682	\$ 1,877,409
Net OPEB liability as a percentage of covered-employee payroll	10.74%	10.86%	11.17%

Notes to Schedule:

The Utility implemented GASB Statements No. 75 in 2018.

Sheboygan Water Utility

Schedule of Employer's Proportionate Share of the Net OPEB Liability (Asset)

Wisconsin Life Insurance Plan

Year Ended December 31, 2020

(Unaudited)

ETF Fiscal Year Ending	Utility's Proportion of the Net OPEB Liability (Asset)	Utility's Proportionate Share of the Net OPEB Liability (Asset)	Utility Covered Payroll	Utility's Proportionate Share of the Net OPEB Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.02980410%	\$ 89,668	\$ 1,877,409	4.78%	44.81%
12/31/18	0.02878610%	71,889	1,874,682	3.83%	48.69%
12/31/19	0.02620030%	111,566	1,986,982	5.61%	37.58%

Schedule of Employer Contributions

Wisconsin Life Insurance Plan

Year Ended December 31, 2019

Utility's Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 937	\$ 937	\$ -	\$ 1,930,859	0.05%
12/31/19	942	942	-	2,108,745	0.04%
12/31/20	932	932	-	2,082,741	0.04%

See notes to required supplementary information

Sheboygan Water Utility

Notes to Required Supplementary Information
Year Ended December 31, 2020

Wisconsin Retirement System

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

Changes of assumptions.

	<u>2015 - 2018</u>	<u>2019-2020</u>
Long-term expected rate of return	7.2%	7.0%
Discount rate	7.2%	7.0%
Salary increases		
Inflation	3.2%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments	2.10%	1.90%

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.

Health Insurance

The data presented in the Schedule of Change in the Total OPEB Liability and Related Ratio was taken from the reports issued by the actuary.

Changes in benefit terms. There were no changes of benefit terms for the Utility.

Changes in Assumptions. There were no changes in assumptions.

Local Retiree Life Insurance Fund

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

Changes in Assumptions. There were no changes in assumptions.



Health Care Strategic Plan

Progress Update
April 19, 2021

Current State

- Financially strong utility with stable revenues and significant cash reserves.
- Historically very little employee turnover, but that is changing as retirements will require 1-2 new hires annually over the next 5 years.
- Health benefits are self-funded with very generous coverage levels going back to the organization's union history.
- Average employee pay, job stability and a favorable workplace culture/reputation are the primary other recruiting and retention positives.
- Healthcare costs are ~12% higher than public entity PPO plan benchmarks, with double digit cost increases the last 3 years after being mostly flat over the previous 5 years.
- Large claims exposure is increasing due to stop loss lasers, an older population and growing specialty care and drug costs.
- Single health premiums for employees are about average, while family premiums are much lower than market (*all rates doubled from 1/1/20 to 1/1/21*).
- Employees have been mostly silent in reaction to the most recent premium increases.
- The utility does little to directly promote or incentivize wellness or healthcare consumerism because past efforts have failed to engage employees.
- Buying healthcare and benefits administration services from a "local" provider is ideal and is appreciated by employees.
- An objective review of the health insurance and its influence on the utility's broader mission has not been performed in several years.

Future State

- The utility is achieving its mission of providing safe drinking water to the community at an economical price and has strong cash reserves on its balance sheet.
- The utility consistently attracts and retains a diverse group of employees in part because of the "high value" health care benefits that are offered.
- The health plan provides strong support for everyday employee well-being and solid financial protection when needed in catastrophic situations.
- Employees value their health care coverage because it is comprehensive, affordable and easy to understand/use.
- Plan participants understand health care's impact on the organization and what is expected of them as consumers.
- Health costs for the utility and employees at or near market averages with growth rates below inflation (*or flat*) for extended periods of time.
- The health plan is routinely reviewed to ensure it supports attraction and retention objectives, while keeping pace with the market and in terms of cost and coverage requirements.
- Health benefits have a "home grown/local" feel and provide high quality, accessible services to employees.
- The utility is proud to be recognized as a great place to work in the Sheboygan area.
- Benefits are compliant and administered efficiently.

KEY
STRATEGIC
THEMES

COMPETITIVE

DEFENSIBLE

***HOME
GROWN***

EASY TO USE

AFFORDABLE

SUSTAINABLE

***SERVICE
EXCELLENCE***

Financial Performance

Health costs for the utility and employees at or near market averages with growth rates below inflation (or flat) for extended periods of time.

Employee Satisfaction

Health care coverage is comprehensive, affordable and easy to understand/use.

Administrative Efficiency

Benefits are compliant and administered efficiently.

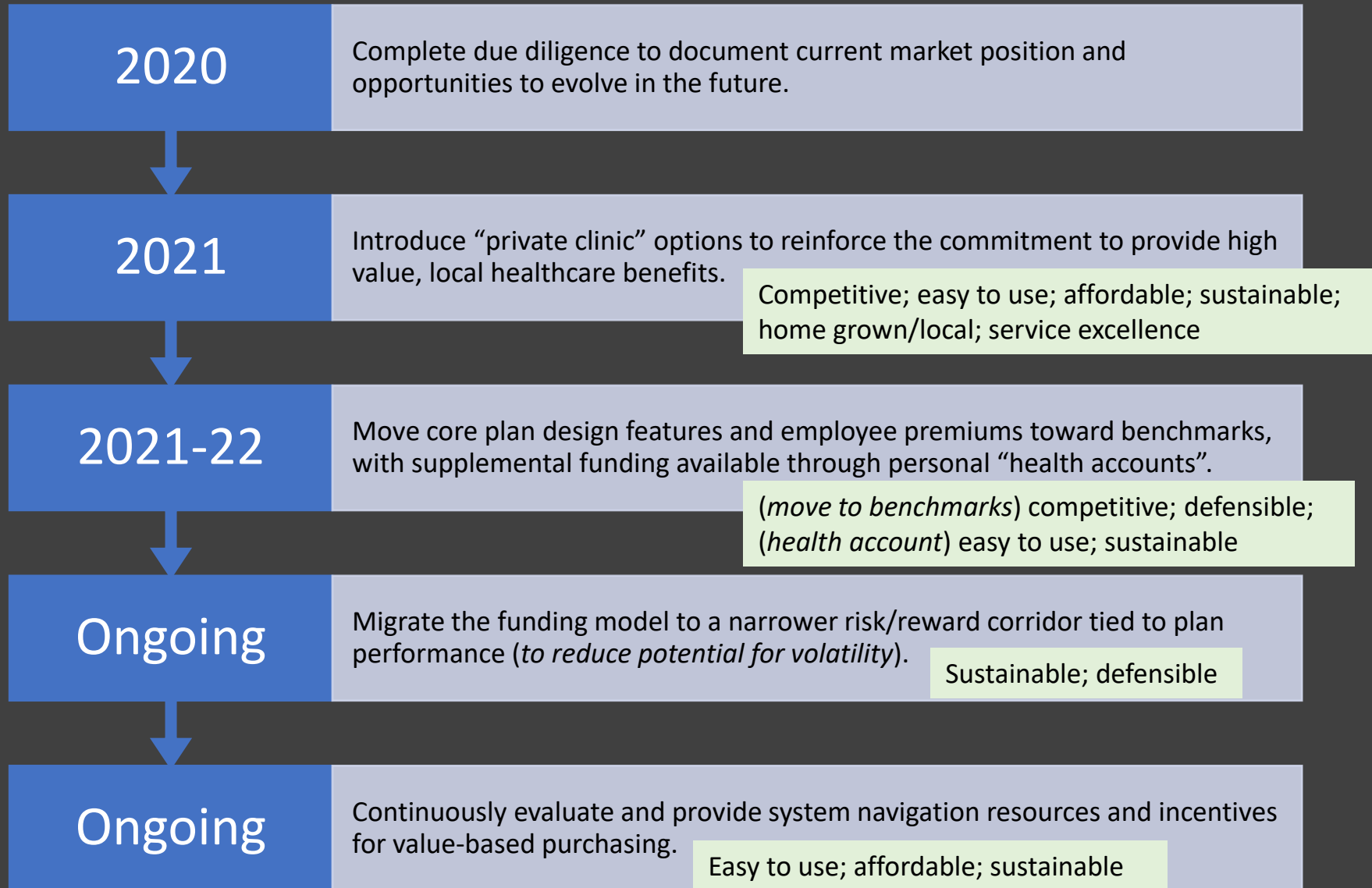
To remove waste and complexity from the benefit delivery system wherever possible.

Behavior Change

High engagement by employees around managing their own health and health care costs.

Leadership support for innovations that challenge the status quo.

Steps toward the future state



Private Clinic Survey – Key Findings

(26 of 30 employees responded)

Features that would drive interest

Percent who would consider a switch to the Private Clinic if it offered...

- Same day or next day appointment availability (77%)
- Unlimited office visits at no cost (73%)
- Availability of routine diagnostic lab testing at no cost (65%)
- Short waiting times for care (54%)
- Unlimited telehealth at no cost (50%)
- Providers treat adults and kids (50%)
- Local referral coordination when needed (50%)

Features that would limit interest

Percent who would NOT consider a switch to the Private Clinic if...

- Main provider is not a Medical Doctor/MD (35%)
- Location is not near one of the hospitals or other local health care resources (35%)
- Clinic is more than 15 minutes from home or work (27%)
- Clinic treats adults only / no kids (27%)
- Complex diagnostic testing is not available (27%)

Private Clinic Evaluation Process

- Education on Direct Primary Care Concepts
- Evaluation of Care Models, Services and Cost
- Provider Candidate Interviews
- **Decision Making and Contracting**
- **Consideration of Related Design Initiatives**
- **Introduction of Clinic Offering to Employees**
- **Employee Selection of Providers**

To: Joe Trueblood, Utility Superintendent
From: Dave McMillan, Distribution Supervisor
Subject: Engineering Services- Sheboygan River Crossing

The Water Utility has budgeted money for the design of a river crossing to be bored beneath the Sheboygan River to strengthen its distribution system. A large percentage of the Utility's water demand and largest customers are south of the Sheboygan River. Another river crossing will aid in the transmission of water to high demand areas of the system. Also, a few of the present river crossings are 100+ years old and are at the end of their useful life.

AECOM has submitted a proposal to aid with the design, topographical survey, geotechnical investigation, and construction related services. AECOM has expertise with these types of projects as well as a good understanding of our distribution system. I recommend we accept their proposal for design and construction services as this will be an important infrastructure upgrade for the Water Utility.



To: Joe Trueblood, Utility Superintendent
 From: Dave McMillan, Distribution Supervisor
 Subject: 2021 Water Main Parts and Valves

The Water Utility requested quotes for water main parts, and valves to complete the valve and hydrant replacements that correspond with City road resurfacing projects in 2021. We also need to replenish parts that were used to repair water main breaks this past winter. The Water Utility received quotes from Ferguson Waterworks, Core and Main, and ETNA Supply. The low quote came from Ferguson Waterworks at a total cost of \$33,156.65. See bid tabs below:

Bid Tabulation: RFQ 2021 Water Main Parts and Valves

Item No.	Description	Qty.	Ferguson Waterworks		Core and Main		ETNA Supply	
			Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	6" Ductile Iron Pipe, per linear ft.	100	\$16.95	\$1,695.00	\$16.25	\$1,625.00	\$19.00	\$1,900.00
2	6" MJ Plug	3	\$68.60	\$205.80	\$28.15	\$84.45	\$75.00	\$225.00
3	8" Cutting in Sleeve	1	\$768.93	\$768.93	\$795.00	\$795.00	\$815.00	\$815.00
4	6" MJ Compact Split Gland	6	\$12.78	\$76.68	\$16.00	\$96.00	\$13.70	\$82.20
5	6" Macro Sleeve	6	\$232.50	\$1,395.00	\$270.00	\$1,620.00	\$234.00	\$1,404.00
6	6" Alpha Sleeve	6	\$287.62	\$1,725.72	\$330.00	\$1,980.00	\$280.00	\$1,680.00
7	8" Socket Clamp	4	\$28.00	\$112.00	\$24.50	\$98.00	\$34.00	\$136.00
8	Valve Box - #36B Screw Type Bottom Section	40	\$69.12	\$2,764.80	\$70.00	\$2,800.00	\$65.00	\$2,600.00
9	Valve Box - #6 Base	20	\$64.00	\$1,280.00	\$65.25	\$1,305.00	\$61.00	\$1,220.00
10	20" Hymax Coupling	4	\$1,271.29	\$5,085.16	\$1,245.00	\$4,980.00	\$1,790.00	\$7,160.00
11	16" Hymax Coupling	4	\$1,000.61	\$4,002.44	\$1,000.00	\$4,000.00	\$965.00	\$3,860.00
12	Resilient Wedge Gate Valve - 6" MJ-MJ	3	\$627.76	\$1,883.28	\$625.00	\$1,875.00	\$555.00	\$1,665.00
13	Resilient Wedge Gate Valve - 8" MJ-MJ	3	\$999.04	\$2,997.12	\$995.00	\$2,985.00	\$877.00	\$2,631.00
14	Resilient Wedge Gate Valve - 10" MJ-MJ	2	\$1,557.36	\$3,114.72	\$1,550.00	\$3,100.00	\$1,367.00	\$2,734.00
15	20" Butterfly Valve MJxMJ	2	\$3,025.00	\$6,050.00	\$4,300.00	\$8,600.00	\$4,255.00	\$8,510.00
Total:				\$33,156.65	Total:	\$35,943.45	Total:	\$36,622.20

Date: April 4, 2021
To: Joe Trueblood, Utility Superintendent
From: Bill Swearingen, Operations Supervisor
Subject: Filter Turbidity Process Sensor Units

The filter turbidity units installed on the filters 1-11 (Filtertrak 660sc Laser Nephelometer) were installed in 2011/2012. These turbidity units monitor finished water turbidity and have done well, requiring minimal maintenance and give reliable performance. But we are informed that HACH no longer supports the sensor units and are now obsolete.

HACH offers a new process/sensor unit that is more precise/sensitive in measurement and compatible with our current controller units. The compatibility factor provides the utility with some cost savings, instead of switching to another manufacturer. Switching to another manufacturer would require a new sensor and controller unit and would be costly, estimating a 60% increase in pricing.

I would like to recommend replacing/upgrading to the HACH 5300 process/sensor units. I would also like to recommend the HACH Service Agreement that includes: onsite startup, PPM, Tech support/updates

<u>Items</u>	<u>Qty</u>	<u>Unit</u>	<u>Total</u>
HACH 5300 process/sensor (unit only, no controller)	11	\$2,314.20	\$25,456.20
WarrantyPlus Service Agreement	11	\$513.00	\$5,643.00
		Total Cost:	\$31,099.20

Bill Swearingen

Operations Supervisor
Sheboygan Water Utility
920-459-3812





Be Right™

Quotation

Quote Number: 100651466v1

Use quote number at time of order to ensure that you receive prices quoted

Hach
PO Box 608
Loveland, CO 80539-0608
Phone: (800) 227-4224
Email: quotes@hach.com
Website: www.hach.com

Quote Date: 30-Mar-2021

Quote Expiration: 29-May-2021

CITY OF SHEBOYGAN
WATER UTILITIES
72 PARK AVE
SHEBOYGAN, WI 53081-2958

Name: Andy Wellman
Phone: 920-459-3980
Email: andrewwellman@sheboyganwater.org

Customer Account Number : 063039

Sales Contact: Jason Jones Email: jason.jones@hach.com Phone: 608-381-2033

PRICING QUOTATION

Line	Part Number	Description	Qty	Net Unit Price	Extended Price
1	LXV445.99.12112	TU5300sc Low Range Laser Turbidimeter with RFID, EPA Version. Standard lead time 15 days.	11	2,314.20	25,456.20
2	WRTUPGTU53XX - 1 VISIT	WarrantyPlus Service Agreement includes one on-site start-up or preventative maintenance/calibration visit per year, all parts, labor, and travel for on-site repairs, unlimited technical support calls, and free firmware updates. Automatic Cleaning Module is not covered under this offering.	11	513.00	5,643.00
				Grand Total	\$ 31,099.20

TERMS OF SALE

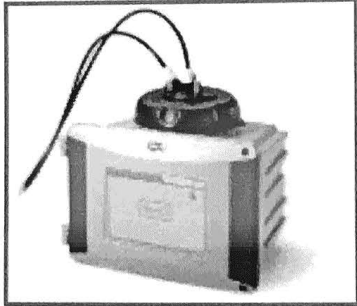
Freight: Ground Prepay and Add

FCA: Hach's facility

All purchases of Hach Company products and/or services are expressly and without limitation subject to Hach Company's Terms & Conditions of Sale ("Hach TCS"), incorporated herein by reference and published on Hach Company's website at www.hach.com/terms. Hach TCS are contained directly and/or by reference in Hach's offer, order acknowledgment, and invoice documents. The first of the following acts constitutes an acceptance of Hach's offer and not a counteroffer and creates a contract of sale "Contract" in accordance with the



Be Right™



TU5300sc Low Range Laser Turbidimeter with Flow Sensor and System Check, ISO Version

Product #:

LXV445.99.21122

The next standard in the evolution of turbidity

Compliant with ISO Method 7027-1 and perfect for conventional filtration and other low range turbidity measurements, the TU5300sc employs a patented optical design that sees more of your sample than any other turbidimeter, delivering the best low level precision and sensitivity while minimizing variability between measurements. For the first time you will be able to remove uncertainty of which measurement to trust between your lab and process instruments, thanks to identical 360° x 90° Detection Technology in any TU5 Series turbidimeter.

The TU5300sc Low Range Laser Turbidimeter dramatically reduces the time needed to get a turbidity measurement you can rely on. With a 10mL sample size, response time is over 15 times faster than a 1720E. A stable laser light source eliminates the need for annual lamp replacements. The turbidimeter's measurement surface area has been reduced by 98%, allowing you to save time cleaning.

All of this, along with the ability to measure to 0.002 FNU, gives you the next standard in the evolution of turbidity.

A flow meter is included with this turbidimeter that continuously measures flow through the instrument and displays the flow value on screen. Current flow can be output to SCADA via 4-20mA or digital communications.

Ensure that your turbidimeter is always functioning properly with this TU5's System Check capability. With the ability to provide information on measurement status and vial cleanliness, you can have full confidence in your turbidity measurement.

Groundbreaking 360° x 90° Detection™ Technology

The TU5 Series employs a patented optical design that sees more of your sample than any other turbidimeter, delivering the best low level precision and sensitivity while minimizing variability from test to test.

Matching lab and online results

For the first time you will be able to remove the uncertainty of which measurement to trust, thanks to identical 360° x 90° Detection™ Technology in both instruments.

Everything about turbidity – faster

The TU5 Series dramatically reduces the time needed to get a turbidity measurement you can rely on, with 98% less online sample surface area to clean, sealed vials for calibration, and the elimination of the need for indexing and silicone oil in the lab. Not to mention, a smaller online sample volume means you will detect events almost immediately.

No surprises

Prognosys™ monitors your TU5 Series online instrument, proactively alerting you to maintenance needs before your measurement becomes questionable. And a Hach Service Agreement protects your investment and helps ensure that you stay in compliance and on budget.

Specifications

Accuracy:

±2% or 0.01 NTU from 0 - 40 NTU

Memorandum

Date: April 7, 2021
To: Joe Trueblood, Superintendent
From: Bill Swearingen, Operations Supervisor
Subject: Roof Replacement

In 2019, Craft Roofing conducted roof inspections on all Water Utility buildings including treatment plant, office/garage, and remote booster stations. Craft generated a Roof Management Report that includes a grade scale for roof life expectancy, but also within the report identifies deficiencies in roof areas that would need critical/emergency repairs and/or replacements. Critical and emergency repairs were completed in 2020. But there are two roof areas in need of replacement based on their inspection work:

1. Hypo bulk storage roof
 - Age: 21 years
 - Grade: **D** = 1 - 2 years of remaining working life
2. Meter shop roof (flat roof)
 - Age: unknown
 - Grade: **F** = 6 months - 1 year of remaining working life

I would like to recommend the roof replacement proposal submitted by Craft Roofing be approved. The proposal includes all labor, materials, and warranties.

2021 Budget Item: \$25,000.00
Roofing replacement A-10 (chlorine bulk storage)

	<u>Cost</u>
Hypo bulk storage roof replacement	\$17,760.00
Meter shop roof replacement (flat roof)	\$6,954.00
Total:	\$24,714.00

Sincerely,

Bill Swearingen

Operations Supervisor
Sheboygan Water Utility
920-459-3812



Crafts, Inc.
3403 Menasha Ave.
P.O. Box 190
Manitowoc, WI 54221-0190
Phone: (920) 682-7707
Fax: (920) 682-9753
www.craftsroofing.com



TO: Sheboygan Water Utility Plant
72A Park Avenue
Sheboygan, WI 53081
Attention: Bill

04/06/2021

Sheboygan Water Utility 2021 Re-Roof

JOB: PRJ #2011:Sheboygan Water Utility
ADDRESS:

Crafts, Inc. proposes to do the following work:

Furnish labor, material, and equipment to perform the following:

Re-Roof RA10

- Properly remove and dispose of existing stone and EPDM.
- Loose lay two layers 1.5" polyisocyanurate over existing insulation.
- 60 Mil. EPDM Ballasted single ply roof system in accordance with manufacturer's specifications.
- 60 Mil. EPDM flashings at all edges, penetrations, and curbs in accordance with manufacturer's specifications.
- 24ga pre-finished gravel stop roof trim in manufacturer's standard color pallet.
- Furnish roofing manufacturer's 20 year system warranty.
- Furnish sheetmetal manufacturer's 20 year finish warranty.

PRICE

\$17,760.00

Re-Roof RA12

- Properly remove and dispose of existing EPDM roof system.
- Mechanically attach 2 layers 2.6" polyisocyanurate over existing insulation.
- 60 Mil. EPDM adhered single ply roof system in accordance with manufacturer's specifications.
- 60 Mil. EPDM flashings at all edges, penetrations, and curbs in accordance with manufacturer's specifications.
- 24ga pre-finished roof trim including drip edge, gutter, and downspout in manufacturer's standard color pallet.
- Furnish roofing manufacturer's 10 year system warranty.
- Furnish sheetmetal manufacturer's 20 year finish warranty.

PRICE

\$6,954.00

Crafts, Inc.

3403 Menasha Ave.

P.O. Box 190

Manitowoc, WI 54221-0190

Phone: (920) 682-7707

Fax: (920) 682-9753

www.craftsroofing.com



Roofing and Sheetmetal Contractors
Industrial and Commercial

Clarifications:

-prices based on spring and early summer installation

-deduct \$750.00 from total price if roofs are performed together.

Crafts, Inc.
3403 Menasha Ave.
P.O. Box 190
Manitowoc, WI 54221-0190
Phone: (920) 682-7707
Fax: (920) 682-9753
www.craftsroofing.com



GENERAL CONDITIONS:

- Unless otherwise stated, work called for herein is to be performed during our regular working hours. Overtime rates will be charged for work outside of regular hours.
- Unless otherwise stated, this proposal is based on the assumption that the existing roof does not contain friable asbestos or any material containing asbestos and this proposal does not incorporate costs to handle or dispose of ACM (Asbestos Containing Materials).
- Crafts Inc. shall not be responsible for any damages or expenses resulting from project specifications not conforming to the requirements of the law, codes or other accreditation (such as LEED, IGBC or other programs).
- Crafts Inc. shall not be responsible for delays or defaults where occasioned by any causes of any kind beyond its control, including but not limited to: armed conflict or economic dislocation resulting therefrom; embargoes; shortages of labor, raw materials, production facilities or transportation; labor difficulties; civil disorders of any kind; action of civil or military authorities (including priorities and allocations); fires, floods or accidents.
- No credit or allowance shall be made for alterations, unless such credit or allowance has been agreed to in writing before such alterations are made.
- Unless otherwise stated in this proposal, the Material and Energy costs included in performing the work under this proposal are subject to increase if this proposal, within 30 days of proposal date, is not accepted in writing with full authority given to Crafts Inc. to make project purchases for the client, or when client's needs require either a delayed purchase or delayed client payment schedule which would delay material and energy purchases more than 60 days from proposal date.
- Crafts Inc. cannot be held accountable for delays and/or material price increases caused by energy and/or material availability allocation or shortages whether by manufacturers, other trades delays to projects due to availability allocation/shortages delaying their project work, or by governmental directives.
- Fuel and Freight Surcharges will be passed along to the client as an additional cost.
- Crafts Inc. Fleet Fuel Surcharges and Energy Surcharges in excess of 10% above the average costs per gallon for fuels needed at time of proposal of liquid fuels, and per pound/gallon/dekatherm for gases, will be passed on as an added client cost.

TERMS OF PAYMENT: NET 10 DAYS

1-1/2% interest per month will be charged on all accounts over 30 days.


Unless otherwise indicated this proposal is subject to written acceptance within 30 days of its date.

There are no representations, promises, warranties, agreements, or understandings not expressed herein.

ACCEPTED _____
Purchaser

Respectfully submitted,
Crafts Inc.

BY _____
Name



















BY  _____

Title

ACCEPTANCE DATE _____

Typical Roof Deficiencies

*refer to your roof map and table for actual observed deficiencies

<u>Deficiency/failures</u>	<u>Crafts Deficiency Definition</u>	<u>symbol/representation</u>
Blister/Delamination	<i>membrane separation from insulation</i>	
Tear/Split/Cracking	<i>membrane/system failure/ void in system</i>	
Loose Attachment (fastener/Plate)	<i>fastener & plate no longer attached to substrate</i>	
Aged Caulking	<i>dried/split caulking/normal aging</i>	
Ballast Distribution	<i>membrane exposed/light ballast</i>	
Tented/Bridged Flashing	<i>flashing pulling away from vertical substrate</i>	
Seam Failure	<i>Up-seam, fish mouth, void, lack of tape, etc.</i>	
Ponding	<i>low point in roof system allowing for water to remain for period over 24hr</i>	
Degraded Ballast	<i>splitting/cracking/sharding of stone</i>	
Sunk Insulation	<i>collapsing of rigid insulation</i>	
Wet Insulation	<i>water presence in insulation</i>	
Puncture/Hole	<i>hole in roof membrane</i>	
Degranulation	<i>granular lose</i>	
Improper Metal	<i>any metal trim allowing for potential water infiltration</i>	
Metal Degradation	<i>corrosion or finish failure of metal trim</i>	
Sediment on Roof	<i>dirt accumulation on roof</i>	
Clogged Drain	<i>drain not functioning properly due to obstruction</i>	
Vegetation	<i>organic material/growth on roof</i>	

Crafts Inc.
3403 Menasha Ave.
Manitowoc, WI 54220
P: 920-682-7707
F: 920-682-9753

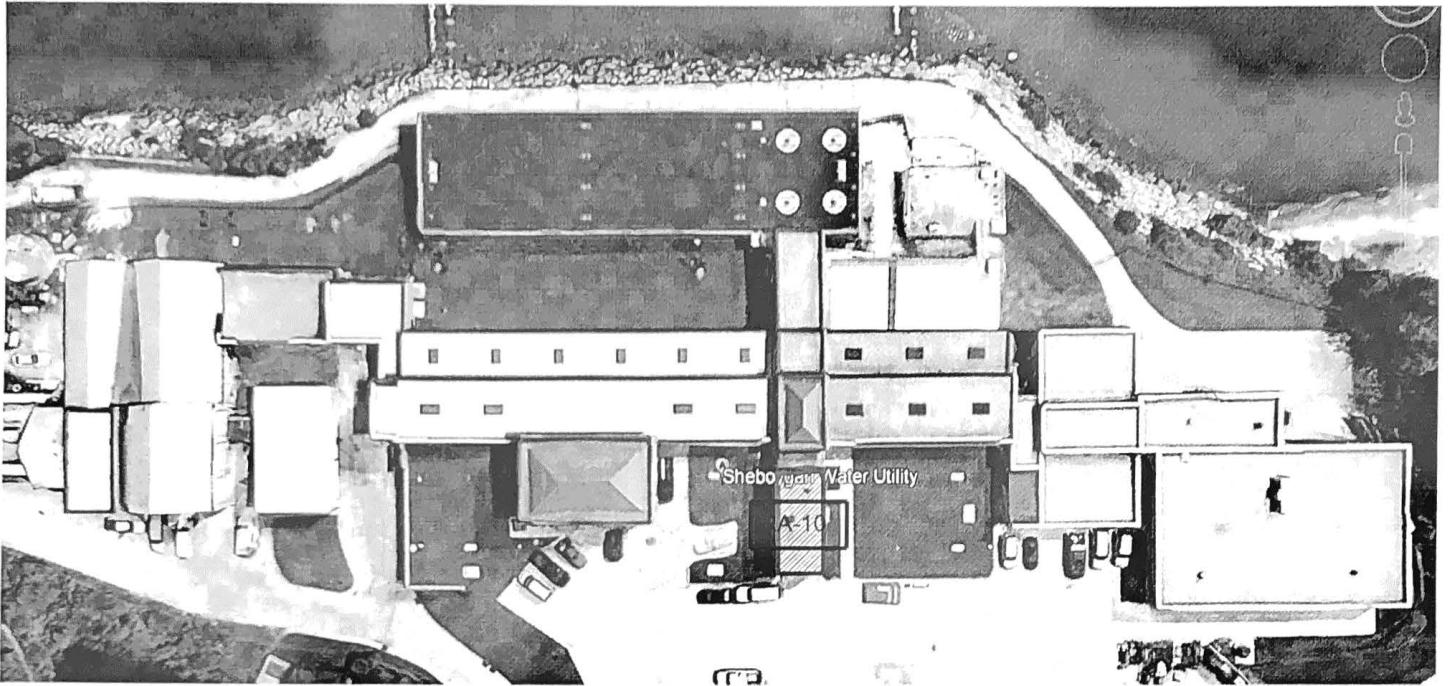
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Bid: RM Inspection
Sheboygan Water
Utility

Page: RA10

Section: Section 1



Roof Study and Analysis – Overview/Grading

Grading Scale - Roof Life Expectancy (Re-Roof)

A = 7 - 9 years of remaining working life
 B = 3 - 6 years of remaining working life
 C = 2 - 3 years of remaining working life
 D = 1 - 2 years of remaining working life
 F = 6 months - 1 year of remaining working life

Grading Scale - Roof Repairs

Emergency = Immediate repair required
Critical = Repairs needed asap
Maintenance = Repairs required to maintain performance

Roof Section	Number of Total Deficiencies	Emergency Repairs	Critical Repairs	Maint. Repairs	Overall Roof - Grade
10	2	1	0	1	D
*for pricing breakdown and budgets see final pages of report					

***Repair Budget/Costs Breakdown**

Roof Section				
	10			
Repair Category	Emergency	Critical	Maintenance	<u>COST \$</u>
<u>Repair List AS NEEDED</u>				
Bridged/Tented Flashings	141LF			\$1,846.00
Sump Drain			1EA	\$1,650
			Total	\$3,496.00

Crafts Inc.
3403 Menasha Ave.
Manitowoc, WI 54220
P: 920-682-7707
F: 920-682-9753

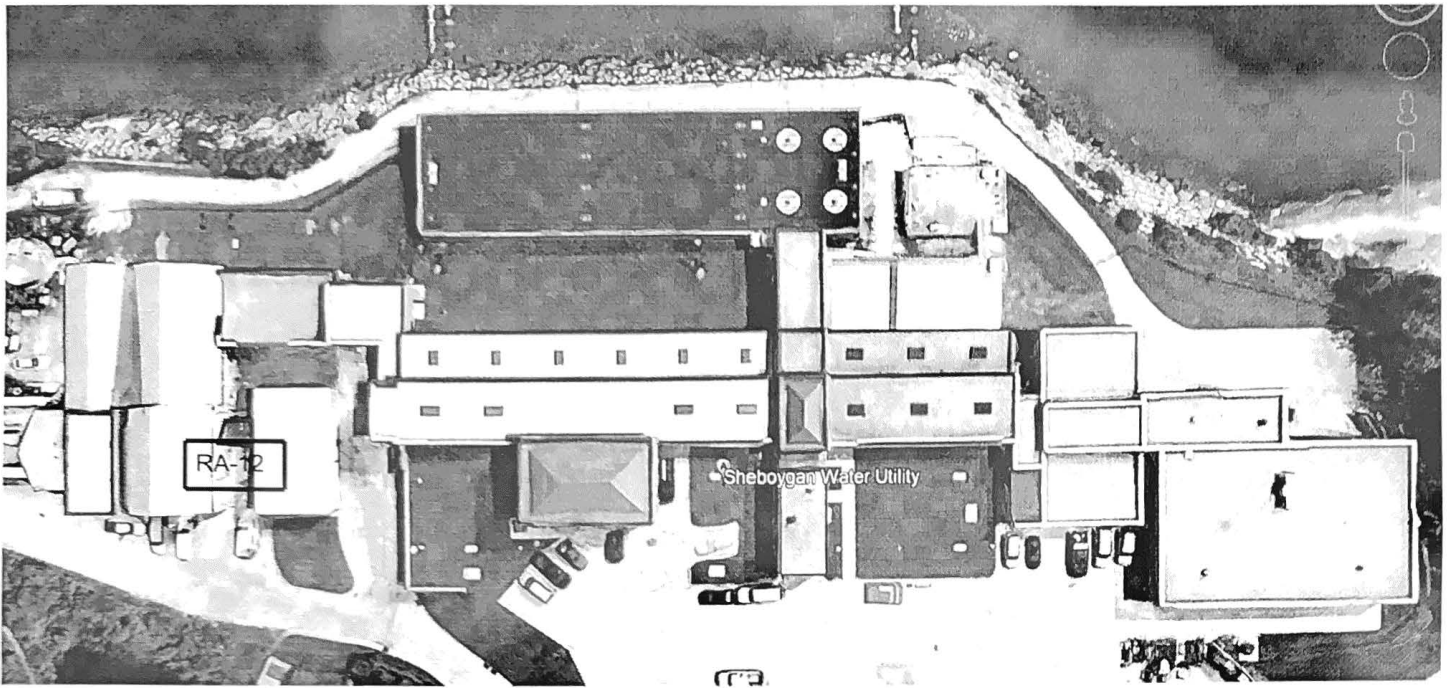
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Bid: RM Inspection
Sheboygan Water
Utility

Section: Section 1

Page: RA12



Roof Study and Analysis – Overview/Grading

Grading Scale - Roof Life Expectancy (Re-Roof)

A = 7 - 9 years of remaining working life
 B = 3 - 6 years of remaining working life
 C = 2 - 3 years of remaining working life
 D = 1 - 2 years of remaining working life
 F = 6 months - 1 year of remaining working life

Grading Scale - Roof Repairs

Emergency = Immediate repair required
Critical = Repairs needed asap
Maintenance = Repairs required to maintain performance

Roof Section	Number of Total Deficiencies	Emergency Repairs	Critical Repairs	Maint. Repairs	Overall Roof - Grade
12	2	2	0	0	F
*for pricing breakdown and budgets see final pages of report					

*Repair Budget/Costs Breakdown				
Roof Section	12			
Repair Category	Emergency	Critical	Maintenance	<u>COST \$</u>
<u>Repair List AS NEEDED</u>				
Termination Repair	31LF		18EA	\$950
Reiever/Counter Flashing	31F		94LF	\$3,500
			Total	\$4,450.00



February 26, 2021

Mr. Joe Trueblood
Superintendent
Sheboygan Water Utility
72 Park Avenue
Sheboygan, WI 53081

Re: Water Treatment Plant – Slope Stabilization Study

Dear Mr. Trueblood:

We greatly appreciate the opportunity to present this proposal to perform consulting services for you to perform the slope stabilization study in anticipation of a 2021 design to rehabilitate the aged retaining wall at the Water Treatment Plant.

Donohue understands that the existing retaining wall has reached the end of its useful life and the Water Utility is interested in a feasibility study to stabilize the slope on the west side of the plant drive toward the old Buffalo Pit and widen the plant drive leading the northern portion of the plant. This study includes an investigation to determine anticipated construction costs for two options: a new retaining wall and a rehabilitated retaining wall. The primary goal of the study is to determine the most cost effective solution. The study will be an update to the 2014 Retaining Wall Evaluation. Within both options, it will be determined what work the Water Utility staff can self-perform such as tree removal, soil movement, and soil addition.

Scope of Services

Slope Stabilization Study Elements

- Roadway widening (where drive slopes down, North of Administration Building)
- Alliant Energy coordination to determine ability to relocate aerial circuitry underground
- Security fencing along western portion of WTP
- Easements
- Review of the Raw Water Intake (RWI) project soil borings to ascertain if the shore well excavation will be suitable for slope stabilization
- Determine how the slope stabilization construction will interface with the RWI construction (prior to, in parallel, added to RWI scope, or subsequent)
- Review workshops – midpoint review and draft study report review
- Study report

Project Timing

It is anticipated that the study will be complete within 4 months of Notice to Proceed.

Compensation

Compensation for the work as defined in the Scope of Services of this proposal shall be in accordance with Donohue's standard chargeout rates in effect at the time the Services are performed. The total cost for these basic Services will not exceed the amounts below without prior written approval from the Water Utility.

Slope Stabilization Study _____ \$19,600

We look forward to collaborating on this project.

Sincerely,

A handwritten signature in blue ink that reads "Michael Stohl". The signature is written in a cursive, flowing style.

Michael Stohl, PE, Project Manager
920.803.7345