



OFFICIAL NOTICE AND AGENDA

Notice is hereby given that the City of Stoughton Utilities Committee will hold a regular meeting on the date and at the time and location given below.

Meeting of: **CITY OF STOUGHTON UTILITIES COMMITTEE**
Date/Time: Monday, May 15, 2017 at 5:30 p.m.
Location: Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office
600 South Fourth Street, Stoughton, Wisconsin
Members: Mayor Donna Olson, Alderperson Matt Bartlett, Alderperson Michael Engelberger,
Alderperson Pat O'Connor, Citizen Member David Erdman, Citizen Member John
Kallas, Citizen Member Alan Staats

AGENDA:

CALL TO ORDER

CONSENT AGENDA

(All items are considered routine and will be enacted upon by one motion. There will be no separate discussion of these items unless a Stoughton Utilities Committee member so requests, in which event the item will be removed from the consent agenda and be considered on the regular agenda.)

- a. Stoughton Utilities Payments Due List Report
- b. Draft Minutes of the April 17, 2017 Regular Utilities Committee Meeting
- c. Stoughton Utilities March 2017 Financial Summary
- d. Stoughton Utilities April 2017 Activities Report
- e. Utilities Committee Annual Calendar
- f. Communications

ORGANIZATIONAL BUSINESS

1. Election of the Utilities Committee Chairperson and Vice-Chairperson (**Action**)
2. Election of the Utilities Committee Liaison and Alternate Liaison to the Stoughton Common Council (**Action**)
3. Selection of the Utilities Committee meeting date and time (**Action**)

OLD BUSINESS

4. Status of the Utilities Committee recommendation(s) to the Stoughton Common Council (**Discussion**)

NEW BUSINESS

5. Stoughton Utilities 2016 audit reports and management letter (**Action**)
6. Proposed electric and water tax-stabilization dividends (**Action**)
7. Anticipated 2017 fund transfers to the City of Stoughton (**Discussion**)
8. Declarations of Official Intent 2017-3 through 2017-5 (**Action**)
9. Electrical infrastructure improvements adjacent to riverfront redevelopment area (**Discussion**)
10. Utilities Committee future agenda item(s) (**Discussion**)

ADJOURNMENT

Notices Sent To:

Stoughton Utilities Committee Members
Stoughton Utilities Director Robert P. Kardasz, P.E.
Stoughton Utilities Assistant Director Brian Hoops
Stoughton Utilities Finance Manager Jamin Friedl, CPA
Jodi Dobson, CPA – Baker Tilly Virchow Krause, LLP
Bethany Ryers, CPA – Baker Tilly Virchow Krause, LLP

cc: Stoughton City Attorney Matthew Dregne
Stoughton City Clerk Lana Kropf
Stoughton Common Council Members
Stoughton Finance & Economic Development Director Tammy LaBorde, MPA, ICMA-CM
Stoughton Leadership Team
Stoughton Utilities Operations Superintendent Sean Grady
Stoughton Utilities Wastewater System Supervisor Brian Erickson
Unified Newspaper Group - Stoughton Courier Hub

ATTENTION COMMITTEE MEMBERS: Two-thirds of members are needed for a quorum. The committee may only conduct business when a quorum is present. If you are unable to attend the meeting, please contact Robert Kardasz or Brian Hoops via telephone at (608) 877-7423 or (608) 877-7412 respectively, or via email at RKardasz@stoughtonutilities.com or BHoops@stoughtonutilities.com.

It is possible that members of, and possibly a quorum of members of other committees of the Common Council of the City of Stoughton may be in attendance at this meeting to gather information. No action will be taken by any such group(s) at this meeting other than the Stoughton Utilities Committee consisting of the members listed above. An expanded meeting may constitute a quorum of the Common Council.

Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For information or to request such assistance, please contact Stoughton Utilities at (608) 873-3379.

Current and past Stoughton Utilities Committee documents, including meeting notices, meeting packets, and meeting minutes, are available for public download at <http://stoughtonutilities.com/uc>.

Date: Tuesday, May 02, 2017
 Time: 08:44AM
 User: SGUNSOLUS

Stoughton Utilities
Check Register Summary - Standard

Page: 1 of 5
 Report: 03699W.rpt
 Company: 7430

Period: - As of: 5/2/2017

| Check Nbr | Type | Date | Amount Paid | Vendor ID / Name | Description |
|----------------------|------|-----------|-------------|--|--|
| Company: 7430 | | | | | |
| 001400 | EP | 4/12/2017 | 46,800.14 | 516 WELLS FARGO BANK | VO for check batch: 307516 |
| 001401 | HC | 4/30/2017 | 865,698.53 | 009 WPPI | WPPI-Renewable energy/WPPI-Buy Back Solar Credit/WPPI-Shared Savings/WPPI-Large power/WPPI-Support/WPPI-Support/WPPI-Support |
| 001402 | HC | 4/30/2017 | 1,109.44 | 002 Employee Benefits Corp - Ach | EBC - Apr Ach/EBC - Apr Ach/EBC - Apr Ach/EBC - Apr Ach |
| 001403 | HC | 4/30/2017 | 137.43 | 856 GORDON FLESCH COMPANY, INC. | Gordon Flech- Apr Ach/Gordon Flech- Apr Ach/Gordon Flech- Apr Ach/Gordon Flech- Apr Ach |
| 001404 | HC | 4/30/2017 | 1,502.84 | 001 Delta Dental - Ach | Delta Dental-Apr Ach/Delta Dental-Apr Ach/Delta Dental-Apr Ach |
| 001405 | HC | 4/30/2017 | 4,265.83 | 003 Alliant Energy - Ach | Alliant Energy - Apr Ach/Alliant Energy - Apr Ach/Alliant Energy - Apr Ach/Alliant Energy - Apr Ach/Alliant Energy - Apr Ach/Alliant Energy - Apr Ach/Alliant Energy - Apr Ach |
| 001406 | HC | 4/30/2017 | 30.52 | 421 FIRST DATA CHARGES | First Data-Apr Ach/First Data-Apr Ach/First Data-Apr Ach/First Data-Apr Ach |
| 001407 | HC | 4/30/2017 | 473.35 | 007 TDS Metrocom - Ach | TDS Metrocom - Apr Ach/TDS Metrocom - Apr Ach/TDS Metrocom - Apr Ach/TDS Metrocom - Apr Ach |
| 001408 | HC | 4/30/2017 | 156.71 | 952 AT&T | AT&T-Apr Ach/AT&T-Apr Ach/AT&T-Apr Ach |
| 001409 | HC | 4/30/2017 | 415.90 | 547 Charter Communications-Ach | Charter - Apr Ach/Charter - Apr Ach/Charter - Apr Ach/Charter - Apr Ach |
| 001410 | HC | 4/30/2017 | 590.40 | 004 Us Cellular - Ach | Us Cellular - Apr Ach/Us Cellular - Apr Ach/Us Cellular - Apr Ach |
| 001411 | HC | 4/30/2017 | 7,144.65 | 008 Payroll State Taxes - Ach | State Taxes - Apr Ach/State Taxes - Apr Ach |
| 001412 | HC | 4/30/2017 | 5,380.00 | 014 A T C Company - Ach | A T C Co - Apr Ach |
| 001413 | HC | 4/30/2017 | 16,106.73 | 010 WI Dept. of Revenue Taxpayment-Ach | Dept of Rev-Apr Ach/Dept of Rev-Apr Ach |
| 001414 | HC | 4/30/2017 | 37,955.67 | 025 Payroll Federal Taxes- Ach | Federal Taxes-Apr Ach/Federal Taxes-Apr Ach/Federal Taxes-Apr Ach/Federal Taxes-Apr Ach |

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|-----------|------|-----------|-------------|-------------------------------------|--|
| 001415 | HC | 4/30/2017 | 12,014.44 | 020 Wells Fargo Bank-Ach | Client Analysis-Apr Ach/Client Analysis-Apr Ach/Client Analysis-Apr Ach/Client Analysis-Apr Ach |
| 024866 | VC | 4/26/2017 | -180.00 | 318 PITNEY-BOWES INC | Pitney Bowes-Supplies/Pitney Bowes-Supplies/Pitney Bowes-Supplies/Pitney Bowes-Supplies |
| 024867 | CK | 4/4/2017 | 1.80 | 058 BOARDMAN CLARK LLP | Boardman-Atc Holding status |
| 024868 | CK | 4/4/2017 | 176.77 | 133 WISCONSIN SCTF | WI SCTF-0005901500 sup |
| 024869 | CK | 4/4/2017 | 9,192.66 | 327 BORDER STATES ELECTRIC SUPPLY | Border States-Inventory/Border States-Supplies |
| 024870 | CK | 4/4/2017 | 398.36 | 358 KUNZ GLOVE CO., INC. | Kunz-Gloves |
| 024871 | CK | 4/4/2017 | 28,993.52 | 448 STRAND ASSOCIATES INC. | Strand-Nordic sewer & wa/Strand-W Sub Site Design/Strand-Discharge reviews/Strand-17 Utility const/Strand-17 Utility const |
| 024872 | CK | 4/4/2017 | 150.95 | 659 WISCONSIN DIV OF ENERGY EAP-UN | Wi Div-Customer Refund |
| 024873 | CK | 4/4/2017 | 5,442.96 | 781 DUNKIRK WATER POWER CO LLC | Dunkirk-March Dunkirk Dam |
| 024874 | CK | 4/13/2017 | 1,533.00 | 290 MID-WEST TREE & EXCAVATION, INC | Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching |
| 024875 | CK | 4/13/2017 | 40.00 | 405 ROSENBAUM CRUSHING & EXCAV. | Rosenbaum-Dump Fee/Rosenbaum-Dump Fee |
| 024876 | CK | 4/13/2017 | 1,284.64 | 451 INSIGHT FS | Insight-Fuel/Insight-Fuel/Insight-Fuel |
| 024877 | CK | 4/13/2017 | 997.50 | 166 INKWORKS, INC. | Inkworks-Supplies/Inkworks-annual wat report/Inkworks-Tree trimming/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies |
| 024878 | CK | 4/13/2017 | 16,629.20 | 691 ASPLUNDH TREE EXPERTS CO., INC. | Asplundh-Tree Trimming/Asplundh-Tree Trimming/Asplundh-Tree Trimming/Asplundh-Tree Trimming |
| 024879 | CK | 4/13/2017 | 10.00 | 756 ID-ACCESS | Id Access-Id tags |
| 024880 | CK | 4/13/2017 | 507.79 | 054 CHRISTOPHER MCGEE | C Mcgee-Customer Refund |
| 024881 | CK | 4/13/2017 | 1,371.00 | 084 HARVEST FARMS, LLC | Harvest Farms-Emb Cost Credits |

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|-----------|------|-----------|-------------|---|--|
| 024882 | CK | 4/13/2017 | 195.40 | 264 ODYSSEY DESIGN | Odyssey Design-Clothes/Odyssey Design-Clothes |
| 024883 | CK | 4/13/2017 | 6,578.08 | 362 UTILITY SERVICE CO., INC | Utility Svc-Qtr Ped tower |
| 024884 | CK | 4/13/2017 | 53,409.84 | 131 CITY OF STOUGHTON | City Stotn-Feb Delta Vision/City Stoton-Feb Delta Vision/City Stoton-Feb Delta Vision/City Stoton-Mar Delta vision/City Stoton-Mar Delta Vision/City Stoton-Mar Delta Vision/City Stoton-Apr Life Ins/City Stoton-Apr Life Ins/City Stoton-Apr Life Ins+ |
| 024885 | CK | 4/19/2017 | 19,012.42 | 131 CITY OF STOUGHTON | City Stoton-Apr Retirement/City Stoton-Apr Retirement/City Stoton-Apr Retirement |
| 024886 | CK | 4/19/2017 | 176.77 | 133 WISCONSIN SCTF | WI SCTF-Support |
| 024887 | CK | 4/19/2017 | 57.00 | 584 VINING SPARKS IBG, L.P. | Vining Sparks-Safekeeping |
| 024888 | CK | 4/19/2017 | 3,464.00 | 729 SHC SUGAR HILL CONSULTING, LLC | SHC Sugar Hill-Scada |
| 024889 | CK | 4/19/2017 | 5.40 | 865 BOARDMAN & CLARK LLP | Boardman-Professional svcs |
| 024890 | CK | 4/19/2017 | 144.12 | 574 DAVID UDO SCHMIDT OR MARY SCHMIDT POA | D Schmidt-Customer Refund/D Schmidt-Customer Refund/D Schmidt-Customer Refund |
| 024891 | CK | 4/19/2017 | 480.29 | 588 CHARISMA SPA & SALON | Charisma-Customer Refund |
| 024892 | CK | 4/19/2017 | 124.93 | 726 JAMES SLATTERY | J Slattery-Customer Refund |
| 024893 | CK | 4/19/2017 | 26.75 | 739 NICOLE JOHNSON | N Johnson-Customer Refund/N Johnson-Customer Refund/N Johnson-Customer Refund/N Johnson-Customer Refund |
| 024894 | CK | 4/19/2017 | 19.45 | 324 ELECTRICAL TESTING LAB., LLC. | Electrical test-Glove tests |
| 024895 | CK | 4/19/2017 | 5,143.99 | 400 RESCO | Resco-Inventory/Resco-Dies/Resco-Inventory |
| 024896 | CK | 4/19/2017 | 293.50 | 554 RWI PIPE FABRICATORS, INC. | RWI Pipe-flange spool |
| 024897 | CK | 4/19/2017 | 25.00 | 675 WI STATE LABORATORY OF HYGIENE | Lab of Hygiene-Fluoride tests |
| 024898 | CK | 4/19/2017 | 3,492.50 | 727 GLS UTILITY LLC | GLS Utility-March Locates/GLS Utility-March Locates/GLS Utility-March Locates |

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|-----------|------|-----------|-------------|-------------------------------------|---|
| 024899 | CK | 4/19/2017 | 427.20 | 873 MALY ROOFING COMPANY, INC. | Maly-Roof Repairs/Maly-Roof Repairs/Maly-Roof Repairs |
| 024900 | CK | 4/26/2017 | 962.79 | 119 LAMP RECYCLERS | Lamp Recyclers-Lamps |
| 024901 | CK | 4/26/2017 | 512.00 | 166 INKWORKS, INC. | Inkworks-Bill insert |
| 024902 | CK | 4/26/2017 | 419.60 | 448 STRAND ASSOCIATES INC. | Strand-Nordic Ridge/Strand-Nordic Ridge/Strand-KPW II/Strand-KPW II |
| 024903 | CK | 4/26/2017 | 14,566.84 | 400 RESCO | Resco-Supplies/Resco-Transformers/Resco-Transformers/Resco-Supplies |
| 024904 | CK | 4/26/2017 | 100.59 | 536 NICHOLAS VON ALLMEN | N Von Allmen-Customer Refund |
| 024905 | CK | 4/26/2017 | 6,834.00 | 691 ASPLUNDH TREE EXPERTS CO., INC. | Asplundh-Tree Trimming/Asplundh-Tree Trimming |
| 024906 | CK | 4/26/2017 | 89.40 | 791 BEN TROLINGER | B Trolinger-Customer Refund |
| 024907 | CK | 4/26/2017 | 125.47 | 829 JESSICA MAROSE | J Marose-Customer Refund |
| 024908 | CK | 4/26/2017 | 43,398.57 | 131 CITY OF STOUGHTON | City Stoton-Stormwater |
| 024909 | CK | 4/26/2017 | 13,725.00 | 290 MID-WEST TREE & EXCAVATION, INC | Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching |
| 024910 | CK | 4/26/2017 | 2,777.06 | 491 PUBLIC SVC. COMM. OF WI. | PSC-Assessments |
| 024911 | CK | 4/26/2017 | 288.00 | 885 THE O'BRION AGENCY, LLC | Obrion Agency-Office supplies/Obrion Agency-Office supplies/Obrion Agency-Office supplies/Obrion Agency-Office supplies |
| 024912 | CK | 4/26/2017 | 180.00 | 318 PITNEY-BOWES INC | Pitney Bowes-Supplies/Pitney Bowes-Supplies/Pitney Bowes-Supplies/Pitney Bowes-Supplies |
| 101436 | CK | 4/5/2017 | 3,153.75 | 157 FORSTER ELEC. ENG.,INC. | Forster-scada upgrades/Forster-KPW phase 2/Forster-Skaalen additions |
| 101437 | CK | 4/5/2017 | 2,800.00 | 463 GREAT-WEST | Great West-Apr A Def Comp |
| 101438 | CK | 4/5/2017 | 40.00 | 602 CORY HESTEKIN | C Hestekin-CDL reimb |
| 101439 | CK | 4/5/2017 | 375.00 | 731 NORTH SHORE BANK FSB | N Shore-Apr A Def Comp |

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|----------------------|------|-----------|---------------------|-------------------------------------|---|
| 101440 | CK | 4/5/2017 | 183.05 | 809 CINTAS CORPORATION #446 | Cintas-Bldg Cleaning/Cintas-Bldg Cleaning/Cintas-Bldg Cleaning |
| 101441 | CK | 4/13/2017 | 583.41 | 809 CINTAS CORPORATION #446 | Cintas-Clothes Cleaning/Cintas-Clothes Cleaning/Cintas-Clothes Cleaning/Cintas-Clothes Cleaning/Cintas-Clothes Cleaning/Cintas-Clothes Cleaning/Cintas-Clothes Cleaning |
| 101442 | CK | 4/13/2017 | 3,820.02 | 852 INFOSEND, INC | Infosend-Billing & Mailing/Infosend-Billing & Mailing/Infosend-Billing & Mailing/Infosend-Billing & Mailing |
| 101443 | CK | 4/19/2017 | 27,993.10 | 157 FORSTER ELEC. ENG.,INC. | Forster-West Sub/Forster-Scada controls/Forster-KPW phase II |
| 101444 | CK | 4/19/2017 | 28.00 | 310 HANSON PEST MANAGEMENT | Hanson Pest-Pest Maint. |
| 101445 | CK | 4/19/2017 | 2,800.00 | 463 GREAT-WEST | Great West-April B Def comp |
| 101446 | CK | 4/19/2017 | 550.00 | 648 BAKER TILLY VIRCHOW KRAUSE, LLP | Baker Tilly-Professional svcs/Baker Tilly-Professional svcs/Baker Tilly-Professional svcs |
| 101447 | CK | 4/19/2017 | 375.00 | 731 NORTH SHORE BANK FSB | N Shore BK-Apr B Def Comp |
| 101448 | CK | 4/19/2017 | 152.00 | 859 ANDREW RUDER | A Ruder-School Exp |
| 101449 | CK | 4/19/2017 | 152.00 | 880 STEVE HARTMAN | S Hartman-Lineman School |
| 101450 | CK | 4/19/2017 | 10,561.95 | 995 MEUW | Meuw-Safety mgmt/MEUW-JT& S Programs/MEUW-JT& S Programs/Meuw-Safety mgmt/Meuw-Safety mgmt/MEUW-JT& S Programs |
| 101451 | CK | 4/26/2017 | 5,301.39 | 603 SEERA | Seera-Stoughton ctc |
| 101452 | CK | 4/26/2017 | 377.52 | 809 CINTAS CORPORATION #446 | Cintas-Clothes cleaning/Cintas-Bldg cleaning/Cintas-Bldg cleaning/Cintas-Clothes cleaning/Cintas-Bldg cleaning |
| Company Total | | | 1,302,634.88 | | |

Date: Wednesday, April 12, 2017

Time: 12:43PM

User: SGUNSOLUS

Stoughton Utilities Posting Preview Report

Select By: {PSSPurchCard.RefNbr} = '0000000071'

| Company | Account | Sub | Vendor ID | Merchant | Amount | Description | Post Date | Emp ID | Projec |
|--------------------------|---------|------------------------------|-----------|---------------------------|-----------|---|------------|--------|--------------|
| Import ID: 009010 | | Import # : 0000000071 | | | | | | | |
| 7430 | 143 | 000000 | 604 | CDW GOVT #HHL8054 | -1,100.00 | EMAIL SECURITY GATEWAY HARDWARE REFRESH - RMA ISSUED | 03/27/2017 | 5250 | - |
| 7430 | 593 | 000000 | 148 | DISPUTE-FASTENAL | -3.00 | SUPPLIES | 03/08/2017 | 5200 | - |
| 7430 | 593 | 000000 | 355 | STUART C IRBY | -135.00 | supplies | 03/28/2017 | 4100 | - |
| 7460 | 852 | 000000 | 390 | BADGER WATER | 33.80 | supplies | 03/01/2017 | 8300 | - |
| 7460 | 107 | 000000 | 571 | USA BLUE BOOK | 203.93 | supplies | 03/02/2017 | 8300 | 170303XX - 1 |
| 7460 | 833 | 000000 | 937 | SPEE-DEE DELIVERY | 13.25 | supplies | 03/06/2017 | 8300 | - |
| 7460 | 833 | 000000 | 974 | NORTHERN LAKE SERVICE, IN | 32.00 | Chlorin testing | 03/09/2017 | 8300 | - |
| 7460 | 833 | 000000 | 974 | NORTHERN LAKE SERVICE, IN | 287.00 | Mercury and nitrogen testing | 03/10/2017 | 8300 | - |
| 7460 | 833 | 000000 | 937 | SPEE-DEE DELIVERY | 13.25 | Samples to Northern Lake for testing | 03/20/2017 | 8300 | - |
| 7460 | 833 | 000000 | 974 | NORTHERN LAKE SERVICE, IN | 331.40 | Sludge sample testing | 03/23/2017 | 8300 | - |
| 7460 | 833 | 000000 | 830 | NCL OF WISCONSIN INC | 411.56 | Lab supplies | 03/24/2017 | 8300 | - |
| 7460 | 833 | 000000 | 974 | NORTHERN LAKE SERVICE, IN | 32.00 | Chloride testing | 03/24/2017 | 8300 | - |
| 7430 | 920 | 000000 | 894 | DANE CNTY AP PRKING 2 | 40.00 | Conference Expense - Parking - APPA Legislative Rally | 03/03/2017 | 1000 | - |
| 7430 | 920 | 000000 | 894 | AMERICAN AIR0010274623504 | 25.00 | CONFERENCE EXPENSE - TRAVEL - APPA LEGISLATIVE RALLY | 03/03/2017 | 1000 | - |
| 7430 | 920 | 000000 | 894 | AUTOGRAPH MAYFLOWER F& | 1,027.08 | CONFERENCE EXPENSE - LODGING - APPA LEGISLATIVE RALLY | 03/03/2017 | 1000 | - |
| 7430 | 920 | 000000 | 894 | AUTOGRAPH MAYFLOWER F& | 1,027.08 | TRAINING EXPENSE - LODGING - APPA LEGISLATIVE RALLY | 03/03/2017 | 5250 | - |
| 7430 | 143 | 000000 | 894 | AUTOGRAPH MAYFLOWER F& | 38.65 | TRAINING EXPENSE - LODGING - APPA LEGISLATIVE RALLY - EMPLOYE | 03/03/2017 | 5250 | - |
| 7430 | 143 | 000000 | 604 | CDW GOVT #HBR9899 | 1,100.00 | EMAIL SECURITY GATEWAY HARDWARE REFRESH - RMA ISSUED | 03/03/2017 | 5250 | - |
| 7430 | 903 | 000000 | 419 | PAYFLOW/PAYPAL | 48.52 | CC processing - Online epay | 03/03/2017 | 5250 | - |
| 7450 | 903 | 000000 | 419 | PAYFLOW/PAYPAL | 17.46 | CC processing - Online epay | 03/03/2017 | 5250 | - |
| 7460 | 840 | 000000 | 419 | PAYFLOW/PAYPAL | 23.29 | CC processing - Online epay | 03/03/2017 | 5250 | - |
| 7430 | 233 | 001099 | 419 | PAYFLOW/PAYPAL | 7.78 | CC processing - Online epay | 03/03/2017 | 5250 | - |
| 7430 | 903 | 000000 | 419 | PAYFLOW/PAYPAL | 29.97 | CC processing - Desktop and recurring | 03/03/2017 | 5250 | - |
| 7450 | 903 | 000000 | 419 | PAYFLOW/PAYPAL | 10.79 | CC processing - Desktop and recurring | 03/03/2017 | 5250 | - |
| 7460 | 840 | 000000 | 419 | PAYFLOW/PAYPAL | 14.38 | CC processing - Desktop and recurring | 03/03/2017 | 5250 | - |
| 7430 | 233 | 001099 | 419 | PAYFLOW/PAYPAL | 4.81 | CC processing - Desktop and recurring | 03/03/2017 | 5250 | - |
| 7430 | 921 | 000000 | 836 | MSFT E04003GDDZ | 30.80 | SOFTWARE LICENSING - HOSTED MICROSOFT LYNC | 03/13/2017 | 5250 | - |
| 7450 | 921 | 000000 | 836 | MSFT E04003GDDZ | 11.20 | SOFTWARE LICENSING - HOSTED MICROSOFT LYNC | 03/13/2017 | 5250 | - |
| 7460 | 851 | 000000 | 836 | MSFT E04003GDDZ | 14.00 | SOFTWARE LICENSING - HOSTED MICROSOFT LYNC | 03/13/2017 | 5250 | - |
| 7430 | 593 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 14.27 | Misc. line supplies | 03/15/2017 | 5200 | - |
| 7430 | 933 | 000000 | 626 | 663 STOUGHTON BUMPER TO B | 131.42 | Battery and hour meter | 03/16/2017 | 5200 | - |
| 7430 | 593 | 000000 | 148 | FASTENAL COMPANY01 | 20.35 | supplies | 03/30/2017 | 5200 | - |
| 7450 | 641 | 000000 | 974 | NORTHERN LAKE SERVICE, IN | 16.00 | Nitrate test | 03/01/2017 | 5275 | - |
| 7450 | 933 | 000000 | 317 | CENEX D M SERV07083686 | 32.00 | Forklift propane | 03/22/2017 | 5275 | - |
| 7450 | 642 | 000000 | 571 | USA BLUE BOOK | 152.22 | Lab supplies | 03/16/2017 | 8400 | - |
| 7450 | 633 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 21.97 | Well #5 booster pump parts | 03/27/2017 | 8400 | - |
| 7450 | 631 | 000000 | 748 | SHERWIN WILLIAMS #3833 | 236.65 | Paint for Well #5 building | 03/28/2017 | 8400 | - |
| 7450 | 673 | 000000 | 505 | HJ PERTZBORN PLUMBING&FIR | 975.00 | REMOVAL OF VALVE PIT AT UNIROYAL | 03/28/2017 | 8400 | - |
| 7450 | 626 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 7.96 | Misc. supplies | 03/07/2017 | 8700 | - |
| 7450 | 626 | 000000 | 148 | FASTENAL COMPANY01 | 14.89 | Welding stick | 03/07/2017 | 8700 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 16.00 | Well #6 splash shield | 03/14/2017 | 8700 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 16.59 | Splash shield / air checks for wells | 03/15/2017 | 8700 | - |

Date: Wednesday, April 12, 2017

Time: 12:43PM

User: SGUNSOLUS

Stoughton Utilities Posting Preview Report

Select By: {PSSPurchCard.RefNbr} = '0000000071'

| Company | Account | Sub | Vendor ID | Merchant | Amount | Description | Post Date | Emp ID | Projec |
|---------|---------|--------|-----------|---------------------------|--------|---|------------|--------|--------|
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 19.29 | Well #7 splash shield | 03/17/2017 | 8700 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 37.04 | Well #5 splash shield | 03/21/2017 | 8700 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 6.34 | Well #6 splash shield | 03/21/2017 | 8700 | - |
| 7450 | 626 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 46.48 | Misc. trailer supplies | 03/28/2017 | 8700 | - |
| 7450 | 663 | 000000 | 436 | STOUGHTON LUMBER CO | 91.79 | Bulk water meter repair | 03/30/2017 | 8700 | - |
| 7450 | 631 | 000000 | 148 | FASTENAL COMPANY01 | 5.51 | Well 5 paint | 03/01/2017 | 7400 | - |
| 7450 | 631 | 000000 | 148 | FASTENAL COMPANY01 | 40.86 | Paint rollers | 03/08/2017 | 7400 | - |
| 7450 | 633 | 000000 | 626 | 663 STOUGHTON BUMPER TO B | 18.18 | Parts for well 5 booster | 03/16/2017 | 7400 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 10.57 | Well 5 paint supplies | 03/16/2017 | 7400 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 39.98 | Well 5 floor drain covers | 03/21/2017 | 7400 | - |
| 7450 | 633 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 2.58 | Coupling for air gap - Well 5 | 03/24/2017 | 7400 | - |
| 7450 | 633 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 6.99 | PVC glue and cleaner | 03/24/2017 | 7400 | - |
| 7450 | 675 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 13.55 | Curb stop repair parts | 03/30/2017 | 7400 | - |
| 7450 | 633 | 000000 | 626 | 663 STOUGHTON BUMPER TO B | 15.29 | Drip pan for well 5 generator | 03/31/2017 | 7400 | - |
| 7450 | 631 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 22.45 | Well 5 grate fasteners | 03/31/2017 | 7400 | - |
| 7450 | 631 | 000000 | 148 | FASTENAL COMPANY01 | 4.59 | Well 5 paint | 03/31/2017 | 7400 | - |
| 7430 | 920 | 000000 | 887 | NWTC BOOKSTORE GB | 2.09 | sch supplies | 03/28/2017 | 6930 | - |
| 7430 | 920 | 000000 | 894 | RADISSON HOTEL AND CONF | 328.00 | Andrew R. Hotel 3/26-3/29 | 03/31/2017 | 6930 | - |
| 7460 | 851 | 000000 | 894 | HARDEE'S #32 | 9.26 | LUNCH - PHIL ZWEEP TRAINING | 03/02/2017 | 8710 | - |
| 7460 | 851 | 000000 | 894 | ROCKY ROCOCO PIZZA Q82 | 8.43 | Lunch - Phil Zweep Training | 03/03/2017 | 8710 | - |
| 7460 | 833 | 000000 | 148 | FASTENAL COMPANY01 | 5.45 | RAS Pump Bearing | 03/08/2017 | 8710 | - |
| 7460 | 827 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 23.98 | Bar and Chain Oil | 03/23/2017 | 8710 | - |
| 7460 | 827 | 000000 | 626 | 663 STOUGHTON BUMPER TO B | 95.94 | Compressor Oil | 03/23/2017 | 8710 | - |
| 7460 | 831 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 5.59 | Camera truck supplies | 03/30/2017 | 8710 | - |
| 7460 | 827 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 3.84 | Misc. parts | 03/03/2017 | 8720 | - |
| 7460 | 827 | 000000 | 148 | FASTENAL COMPANY01 | 1.51 | Misc. parts | 03/03/2017 | 8720 | - |
| 7460 | 833 | 000000 | 550 | FIRST SUPPLY LLC #2015 | 183.33 | Misc. parts | 03/17/2017 | 8720 | - |
| 7460 | 827 | 000000 | 626 | 663 STOUGHTON BUMPER TO B | 8.72 | Misc. parts | 03/31/2017 | 8720 | - |
| 7460 | 832 | 000000 | 207 | LW ALLEN | 122.60 | Eastwood LS pump repair | 03/16/2017 | 8200 | - |
| 7460 | 833 | 003611 | 414 | NBS CALIBRATIONS | 174.00 | Yearly lab balance calibration | 03/27/2017 | 8200 | - |
| 7460 | 827 | 000000 | 417 | SUPERIOR CHEMICAL CORP | 559.50 | Cleaning supplies, pest control, odor control, etc. | 03/29/2017 | 8200 | - |
| 7460 | 834 | 000000 | 748 | SHERWIN WILLIAMS 703833 | 109.29 | paint | 03/29/2017 | 8200 | - |
| 7430 | 921 | 000000 | 352 | STAPLS7172151779000001 | 41.73 | BATTERIES FOR FIELD EQUIPMENT | 03/03/2017 | 3680 | - |
| 7450 | 921 | 000000 | 352 | STAPLS7172151779000001 | 15.17 | BATTERIES FOR FIELD EQUIPMENT | 03/03/2017 | 3680 | - |
| 7460 | 851 | 000000 | 352 | STAPLS7172151779000001 | 18.99 | BATTERIES FOR FIELD EQUIPMENT | 03/03/2017 | 3680 | - |
| 7430 | 921 | 000000 | 352 | STAPLS7172151504000001 | 127.79 | GENERAL KITCHEN SUPPLIES | 03/03/2017 | 3680 | - |
| 7450 | 921 | 000000 | 352 | STAPLS7172151504000001 | 46.47 | GENERAL KITCHEN SUPPLIES | 03/03/2017 | 3680 | - |
| 7460 | 851 | 000000 | 352 | STAPLS7172151504000001 | 58.10 | GENERAL KITCHEN SUPPLIES | 03/03/2017 | 3680 | - |
| 7450 | 642 | 000000 | 824 | UPS 1ZG194WT0310832102 | 9.40 | SHIPPING OF WATER SAMPLES FOR TESTING | 03/06/2017 | 3680 | - |
| 7430 | 921 | 000000 | 445 | TLF STOUGHTON FLORAL | 25.82 | Welcome gift for new City Finance Director | 03/08/2017 | 3680 | - |
| 7450 | 921 | 000000 | 445 | TLF STOUGHTON FLORAL | 9.39 | Welcome gift for new City Finance Director | 03/08/2017 | 3680 | - |
| 7460 | 851 | 000000 | 445 | TLF STOUGHTON FLORAL | 11.74 | Welcome gift for new City Finance Director | 03/08/2017 | 3680 | - |
| 7450 | 642 | 000000 | 824 | UPS 1ZG194WT0328883864 | 9.40 | SHIPPING OF WATER SAMPLES FOR TESTING | 03/13/2017 | 3680 | - |
| 7450 | 642 | 000000 | 824 | UPS 1ZG194WT0327981474 | 9.40 | SHIPPING OF WATER SAMPLES FOR TESTING | 03/20/2017 | 3680 | - |

Date: Wednesday, April 12, 2017

Time: 12:43PM

User: SGUNSOLUS

Stoughton Utilities Posting Preview Report

Select By: {PSSPurchCard.RefNbr} = '0000000071'

| Company | Account | Sub | Vendor ID | Merchant | Amount | Description | Post Date | Emp ID | Projec |
|---------|---------|--------|-----------|---------------------------|----------|--|------------|--------|--------|
| 7430 | 921 | 000000 | 352 | STAPLS7173105972000001 | 42.09 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7450 | 921 | 000000 | 352 | STAPLS7173105972000001 | 15.15 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7460 | 851 | 000000 | 352 | STAPLS7173105972000001 | 20.20 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7430 | 233 | 001099 | 352 | STAPLS7173105972000001 | 6.75 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7430 | 921 | 000000 | 352 | STAPLS7173131316000002 | 8.26 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7450 | 921 | 000000 | 352 | STAPLS7173131316000002 | 2.97 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7460 | 851 | 000000 | 352 | STAPLS7173131316000002 | 3.96 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7430 | 233 | 001099 | 352 | STAPLS7173131316000002 | 1.33 | GENERAL OFFICE SUPPLIES | 03/20/2017 | 3680 | - |
| 7430 | 921 | 000000 | 601 | FOSDAL BAKERY LLC | 6.82 | Meeting expense - Utilities Committee | 03/22/2017 | 3680 | - |
| 7450 | 921 | 000000 | 601 | FOSDAL BAKERY LLC | 2.48 | Meeting expense - Utilities Committee | 03/22/2017 | 3680 | - |
| 7460 | 851 | 000000 | 601 | FOSDAL BAKERY LLC | 3.10 | Meeting expense - Utilities Committee | 03/22/2017 | 3680 | - |
| 7430 | 921 | 000000 | 824 | UPS 1ZG194WT0309954911 | 17.41 | SHIPPING OF BARRACUDA DEVICE FOR RMA | 03/27/2017 | 3680 | - |
| 7450 | 921 | 000000 | 824 | UPS 1ZG194WT0309954911 | 6.33 | SHIPPING OF BARRACUDA DEVICE FOR RMA | 03/27/2017 | 3680 | - |
| 7460 | 851 | 000000 | 824 | UPS 1ZG194WT0309954911 | 7.92 | SHIPPING OF BARRACUDA DEVICE FOR RMA | 03/27/2017 | 3680 | - |
| 7430 | 921 | 000000 | 824 | UPS ADJ00206511431271 | 3.38 | SHIPPING OF BARRACUDA DEVICE FOR RMA - ADJUSTED WEIGHT | 03/27/2017 | 3680 | - |
| 7450 | 921 | 000000 | 824 | UPS ADJ00206511431271 | 1.23 | SHIPPING OF BARRACUDA DEVICE FOR RMA - ADJUSTED WEIGHT | 03/27/2017 | 3680 | - |
| 7460 | 851 | 000000 | 824 | UPS ADJ00206511431271 | 1.55 | SHIPPING OF BARRACUDA DEVICE FOR RMA - ADJUSTED WEIGHT | 03/27/2017 | 3680 | - |
| 7430 | 921 | 000000 | 352 | STAPLS7173724811000001 | 82.96 | GENERAL KITCHEN SUPPLIES | 03/31/2017 | 3680 | - |
| 7450 | 921 | 000000 | 352 | STAPLS7173724811000001 | 30.16 | GENERAL KITCHEN SUPPLIES | 03/31/2017 | 3680 | - |
| 7460 | 851 | 000000 | 352 | STAPLS7173724811000001 | 37.72 | GENERAL KITCHEN SUPPLIES | 03/31/2017 | 3680 | - |
| 7430 | 593 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 35.98 | Misc. parts | 03/15/2017 | 6950 | - |
| 7430 | 921 | 000000 | 601 | FOSDAL BAKERY LLC | 25.00 | Misc. parts | 03/17/2017 | 6950 | - |
| 7430 | 932 | 000000 | 652 | MENARDS MONONA WI | 95.70 | Office lighting material | 03/15/2017 | 6910 | - |
| 7430 | 933 | 000000 | 994 | DIESEL FORWARD INC | 316.30 | FUEL ADDITIVE | 03/20/2017 | 6910 | - |
| 7430 | 920 | 000000 | 887 | NWTC BOOKSTORE GB | 3.65 | Steve H. school supplies | 03/28/2017 | 6910 | - |
| 7430 | 920 | 000000 | 894 | RADISSON HOTEL AND CONF | 328.00 | Steve H. Hotel 3/26-3/29 | 03/31/2017 | 6910 | - |
| 7430 | 933 | 000000 | 317 | CENEX D M SERV07083686 | 32.00 | Fork lift fuel | 03/03/2017 | 6960 | - |
| 7430 | 593 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 116.84 | Misc. parts | 03/14/2017 | 6960 | - |
| 7430 | 593 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 1.04 | Misc. parts | 03/23/2017 | 6960 | - |
| 7430 | 593 | 000000 | 108 | ASLESON'S TRUE VALUE HDW | 72.42 | Chainsaw repair | 03/31/2017 | 6960 | - |
| 7430 | 934 | 000000 | 172 | TEREX SERVICES | 6,628.68 | Truck #16 service | 03/15/2017 | 4000 | - |
| 7430 | 932 | 000000 | 322 | IN SUNDANCE BIOCLEAN, IN | 137.50 | Electric split | 03/16/2017 | 4000 | - |
| 7450 | 932 | 000000 | 322 | IN SUNDANCE BIOCLEAN, IN | 50.00 | Water split | 03/16/2017 | 4000 | - |
| 7460 | 834 | 000000 | 322 | IN SUNDANCE BIOCLEAN, IN | 62.50 | Wastewater split | 03/16/2017 | 4000 | - |
| 7430 | 934 | 000000 | 184 | LAKESIDE INTERNATIONAL | 497.26 | Truck #16 service | 03/22/2017 | 4000 | - |
| 7450 | 641 | 000000 | 309 | HAWKINS INC | 1,712.48 | Chemicals | 03/23/2017 | 4000 | - |
| 7430 | 933 | 000000 | 626 | 663 STOUGHTON BUMPER TO B | 9.29 | Electric flasher | 03/20/2017 | 6940 | - |
| 7430 | 932 | 000000 | 331 | MONONA PLUMBING | 150.00 | Quarterly sprinkler inspection | 03/01/2017 | 4100 | - |
| 7430 | 921 | 000000 | 786 | NAPA PARTS - SNP 0027410 | 83.92 | Misc. parts | 03/07/2017 | 4100 | - |
| 7450 | 232 | 001099 | 492 | HD SUPPLY WATERWORKS 233 | 450.00 | Misc. parts | 03/08/2017 | 4100 | - |
| 7430 | 370 | 003300 | 521 | WESCO - # 7855 | 873.18 | 6 Metering CTs | 03/09/2017 | 4100 | - |
| 7430 | 932 | 000000 | 994 | AMAZON MKTPLACE PMTS | 36.10 | Misc. parts | 03/09/2017 | 4100 | - |
| 7430 | 370 | 003300 | 521 | WESCO - # 7855 | 582.12 | 4 Metering CTs | 03/13/2017 | 4100 | - |
| 7430 | 370 | 003300 | 327 | BORDER STATES ELECTRIC | 718.00 | 2 electric meters | 03/13/2017 | 4100 | - |

Date: Wednesday, April 12, 2017

Time: 12:43PM

User: SGUNSOLUS

Stoughton Utilities

Posting Preview Report

Select By: {PSSPurchCard.RefNbr} = '0000000071'

| Company | Account | Sub | Vendor ID | Merchant | Amount | Description | Post Date | Emp ID | Projec |
|---------------|---------|--------|-----------|--------------------------|------------------|-------------------------------------|------------|--------|--------|
| 7430 | 926 | 000000 | 355 | STUART C IRBY | 16.35 | Hat liners - Shipping | 03/14/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 17,622.90 | 8,235 feet of wire | 03/14/2017 | 4100 | - |
| 7430 | 932 | 000000 | 786 | NAPA PARTS - SNP 0027410 | 53.30 | Misc. parts | 03/14/2017 | 4100 | - |
| 7450 | 626 | 000000 | 571 | USA BLUE BOOK | 157.61 | Water Dept. tools | 03/14/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 72.25 | Splice | 03/16/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 166.10 | Mounting brackets | 03/16/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 2,051.00 | Crossarms | 03/16/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 863.00 | Deadends | 03/16/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 306.00 | U-Guards | 03/16/2017 | 4100 | - |
| 7430 | 593 | 000000 | 148 | FASTENAL COMPANY01 | 179.42 | OH Split | 03/17/2017 | 4100 | - |
| 7430 | 594 | 000000 | 148 | FASTENAL COMPANY01 | 179.43 | UG Split | 03/17/2017 | 4100 | - |
| 7430 | 584 | 000000 | 355 | STUART C IRBY | 209.65 | UG Split | 03/17/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 111.70 | Inventory items | 03/17/2017 | 4100 | - |
| 7430 | 932 | 000000 | 969 | PAYPAL HOME DEPOT | 49.40 | Paint hardener | 03/20/2017 | 4100 | - |
| 7430 | 370 | 003300 | 521 | WESCO - # 7855 | 904.00 | 4 Metering CTs | 03/20/2017 | 4100 | - |
| 7450 | 614 | 000000 | 492 | HD SUPPLY WATERWORKS 233 | 888.00 | Pipe support stands and restrainers | 03/21/2017 | 4100 | - |
| 7450 | 642 | 000000 | 994 | DECKER SUPPLY INC | 597.60 | Traffic cones | 03/21/2017 | 4100 | - |
| 7450 | 626 | 000000 | 419 | PAYPAL ACAMMI | 14.49 | TAPE FOR WATER DEPT. | 03/22/2017 | 4100 | - |
| 7450 | 673 | 000000 | 422 | AMAZON.COM | 17.98 | Misc. parts | 03/24/2017 | 4100 | - |
| 7430 | 584 | 000000 | 134 | CRESCENT ELECTRIC 017 | 509.93 | UG marking tags | 03/24/2017 | 4100 | - |
| 7430 | 593 | 000000 | 355 | STUART C IRBY | 35.44 | Misc. parts | 03/28/2017 | 4100 | - |
| 7430 | 593 | 000000 | 355 | STUART C IRBY | 135.00 | Misc. parts | 03/28/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 88.50 | End caps | 03/28/2017 | 4100 | - |
| 7430 | 232 | 001099 | 355 | STUART C IRBY | 162.00 | Stinger cover | 03/29/2017 | 4100 | - |
| 7430 | 583 | 000000 | 355 | STUART C IRBY | 310.00 | Misc. parts | 03/29/2017 | 4100 | - |
| 7430 | 584 | 000000 | 786 | NAPA PARTS - SNP 0027410 | 98.77 | Misc. parts | 03/29/2017 | 4100 | - |
| 7430 | 933 | 000000 | 419 | PAYPAL LOF INC | 15.98 | MISC. PARTS | 03/29/2017 | 4100 | - |
| 7430 | 593 | 000000 | 148 | FASTENAL COMPANY01 | 5.60 | Misc. parts | 03/30/2017 | 4100 | - |
| 7430 | 593 | 000000 | 148 | FASTENAL COMPANY01 | 6.27 | Misc. parts | 03/30/2017 | 4100 | - |
| Total: | | | | | 46,800.14 | | | | |

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, April 17, 2017 – 5:30 p.m.

Edmund T. Malinowski Board Room

Stoughton Utilities Administration Office

600 S. Fourth St.

Stoughton, Wisconsin

Members Present: Alderperson Matt Bartlett, Alderperson Michael Engelberger, Citizen Member David Erdman, Alderperson Greg Jenson, Citizen Member John Kallas, Mayor Donna Olson, and Citizen Member Alan Staats.

Excused: None.

Absent: None.

Others Present: Stoughton Utilities Finance Manager Jamin Friedl, CPA, Stoughton Utilities Assistant Director Brian Hoops, and Stoughton Utilities Director Robert Kardasz, P.E.

Call To Order: Mayor Donna Olson called the Regular Stoughton Utilities Committee Meeting to order at 5:30 p.m.

Stoughton Utilities Committee Consent Agenda: Stoughton Utilities Finance Manager Jamin Friedl, Stoughton Utilities Assistant Director Brian Hoops, and Stoughton Utilities Director Robert Kardasz presented and discussed the Stoughton Utilities Committee Meeting Consent Agenda items. Discussion Followed. Motion by Alderperson Michael Engelberger, the motion seconded by Citizen Member David Erdman, to approve the following consent agenda items as presented: Stoughton Utilities Payments Due List, Draft Minutes of the March 20, 2017 Regular Stoughton Utilities Committee Meeting, Stoughton Utilities February 2017 Financial Summaries, Stoughton Utilities March 2017 Statistical Information, Stoughton Utilities Communications, Stoughton Utilities Committee Annual Calendar, and the Stoughton Utilities March 2017 Activities Report. The motion carried unanimously 7 to 0.

Status of The Stoughton Utilities Committee Recommendation(s) To The Stoughton Common Council: Stoughton Utilities Director Robert Kardasz presented and discussed the following items from the Stoughton Utilities Committee that were approved and placed on file by the Stoughton Common Council:

- Stoughton Utilities Payments Due List Report
- Stoughton Utilities Committee February 20, 2017 Regular Meeting Minutes
- Stoughton Utilities December 2016 and January 2017 Financial Summary
- Stoughton Utilities February 2017 Statistical Information

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, April 17, 2017 – 5:30 p.m.

Stoughton, WI

Page No. 2

Utility Billing Statement Messages and Inserts Policy: Stoughton Utilities Assistant Director Brian Hoops presented and discussed the utility billing inclusion of City messages and inserts policy and summarized his participation in the April 6, 2017 Stoughton Community Affairs and Council Policy Committee where the policy was discussed. Mr. Hoops further explained that a packet of information is provided to all new utilities customers, which could be utilized to include timely information from the City. Discussion followed. Motion by Alderperson Michael Engelberger, the motion seconded by Alderperson Greg Jenson, to approve the Stoughton Utilities Utility Billing Statement Messages and Inserts Policy and recommend it to the Stoughton Common Council for approval and adoption of the corresponding resolution on April 25, 2017. The motion carried unanimously 7 to 0.

Invitation to Attend an Orientation to WPPI Energy: Stoughton Utilities Director Robert Kardasz presented and discussed the orientation to WPPI Energy. Discussion followed.

Stoughton Electric Utility Annual Report Filed with the Public Service Commission of Wisconsin (WPSC): Stoughton Utilities Finance Manager Jamin Friedl presented and discussed the Stoughton Electric Utility Annual Report filed with the WPSC. Discussion followed.

Stoughton Water Utility Annual Report Filed with the Public Service Commission of Wisconsin (WPSC): Stoughton Utilities Finance Manager Jamin Friedl presented and discussed the Stoughton Water Utility Annual Report filed with the WPSC. Discussion followed.

Stoughton Utilities Goals Status Report: Stoughton Utilities Assistant Director Brian Hoops and Stoughton Utilities Director Robert Kardasz presented and discussed the Stoughton Utilities Goals status report. Discussion followed.

2017 Water and Sanitary Sewer Replacement Project: Stoughton Utilities Assistant Director Brian Hoops and Stoughton Utilities Director Robert Kardasz presented and discussed the 2017 water and sanitary sewer replacement project. Discussion followed. Motion by Alderperson Michael Engelberger, the motion seconded by Citizen Member David Erdman, to approve the addition of water infrastructure on Giles Street between Henry Street and Morris Street in the 2017 Water and Sanitary Sewer Replacement Project. The motion carried unanimously 7 to 0.

Stoughton Utilities Committee Future Agenda Items: Discussion regarding relocating utility infrastructure adjacent to the Yahara River Redevelopment Area.

**DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING
MINUTES**

Monday, April 17, 2017 – 5:30 p.m.

Page No. 3

Adjournment: Motion by Citizen Member David Erdman, the motion seconded by Alderperson Greg Jenson, to adjourn the Regular Stoughton Utilities Committee Meeting at 5:55 p.m. The motion carried unanimously 7 to 0.

Respectfully submitted

Brian R. Hoops
Stoughton Utilities Assistant Director

Stoughton Utilities

Financial Summary

March 2017-YTD

Highlights-Comparison to prior month

I have no concerns with the utility's financial status. The following items are meant to illustrate significant changes in the financial summary from prior periods.

Overall Summary:

- The March 2017 results are reasonable in comparison to the February 2017 and March 2016 results. Detailed analysis is provided below.

Electric Summary:

- Electric sales increased \$45,600 compared to February due to increased consumption resulting from the mild February weather conditions
- Purchased power costs increased \$39,800 compared to February due to increased consumption resulting from the mild February weather conditions
- Operating expenses decreased \$36,300 compared to February mainly due to 2016 financial audit costs incurred in February and the City did not invoice the Utilities their share of March health insurance premiums
- Non-operating income decreased \$9,100 compared to February due to the one time recognition of \$11,300 in interest income in February associated with the 2011 advance to the City for payment of the WRS unfunded liability

Water Summary:

- Water sales increased \$8,000 compared to February due to a 4.83% increase in consumption
- Operating expenses decreased \$10,100 compared to February because the City did not invoice the Utilities their share of March health insurance premiums
- Non-operating income increased \$14,000 compared to February due to adjustments made to the way income from KPW Phase 1 was recorded during 2016

Wastewater Summary:

- Wastewater sales increased \$15,500 compared to February due to a 9.60% increase in consumption
- Operating expenses decreased \$29,500 compared to February due to decreased maintenance work and because the City did not invoice the Utilities their share of March health insurance premiums
- Non-operating income increased \$9,600 compared to February due to adjustments made to the way income from KPW Phase 1 was recorded during 2016

Submitted by:
Jamin Friedl, CPA

STOUGHTON UTILITIES

Balance Sheets

As of March 31, 2017

| | <u>Electric</u> | <u>Water</u> | <u>Wastewater</u> | <u>Combined</u> |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Assets | | | | |
| Cash & Investments | \$ 9,477,774 | \$ 1,846,402 | \$ 3,204,147 | \$ 14,528,323 |
| Customer A/R | 1,350,333 | 199,297 | 198,113 | 1,747,744 |
| Other A/R | 122,087 | 1,854 | - | 123,941 |
| Other Assets | 1,000,839 | 542,577 | 338,256 | 1,881,671 |
| Plant in Service | 25,625,173 | 14,752,206 | 28,879,854 | 69,257,233 |
| Accumulated Depreciation | (13,226,933) | (4,979,440) | (10,453,804) | (28,660,176) |
| Plant in Service - CIAC | 3,345,959 | 7,378,552 | - | 10,724,511 |
| Accumulated Depreciation-CIAC | (1,621,024) | (1,992,232) | - | (3,613,256) |
| Construction Work in Progress | 274,399 | 106,422 | 113,066 | 493,887 |
| GASB 68 Deferred Outflow | 575,914 | 206,806 | 227,166 | 1,009,886 |
| Total Assets | <u>\$ 26,924,522</u> | <u>\$ 18,062,443</u> | <u>\$ 22,506,798</u> | <u>\$ 67,493,763</u> |
| Liabilities + Net Assets | | | | |
| Accounts Payable | \$ 92,048 | \$ 63,983 | \$ 45,129 | \$ 201,160 |
| Payable to City of Stoughton | 519,184 | 501,868 | 5,843 | 1,026,894 |
| Interest Accrued | 306 | 34,152 | 58,126 | 92,584 |
| Other Liabilities | 412,713 | 86,521 | 124,351 | 623,585 |
| Long-Term Debt | 5,771,571 | 3,453,062 | 5,474,363 | 14,698,996 |
| Net Assets | 19,907,455 | 13,844,910 | 16,711,594 | 50,463,958 |
| GASB 68 Deferred Inflow | 221,246 | 77,947 | 87,394 | 386,587 |
| Total Liabilities + Net Assets | <u>\$ 26,924,522</u> | <u>\$ 18,062,443</u> | <u>\$ 22,506,798</u> | <u>\$ 67,493,763</u> |

STOUGHTON UTILITIES

Year-to-Date Combined Income Statement

March 2017

| | Electric | Water | Wastewater | Total |
|---------------------------------|---------------------|-------------------|-------------------|---------------------|
| <i>Operating Revenue:</i> | | | | |
| Sales | \$ 3,418,743 | \$ 497,938 | \$ 482,633 | \$ 4,399,314 |
| Other | 58,059 | 15,034 | 16,093 | 89,186 |
| <i>Total Operating Revenue:</i> | \$ 3,476,802 | \$ 512,972 | \$ 498,726 | \$ 4,488,500 |
| <i>Operating Expense:</i> | | | | |
| Purchased Power | 2,580,851 | - | - | 2,580,851 |
| Expenses (Including Taxes) | 379,645 | 202,728 | 223,338 | 805,711 |
| PILOT | 99,000 | 105,249 | - | 204,249 |
| Depreciation | 248,964 | 115,176 | 203,751 | 567,891 |
| <i>Total Operating Expense:</i> | \$ 3,308,460 | \$ 423,153 | \$ 427,089 | \$ 4,158,702 |
| <i>Operating Income</i> | \$ 168,342 | \$ 89,819 | \$ 71,637 | \$ 329,798 |
| Non-Operating Income | 233,144 | 25,226 | 38,626 | 296,996 |
| Non-Operating Expense | (34,775) | (23,499) | (33,750) | (92,024) |
| <i>Net Income</i> | \$ 366,711 | \$ 91,546 | \$ 76,513 | \$ 534,770 |

STOUGHTON UTILITIES

Year-to-Date Combined Income Statement

March 2016

| | Electric | Water | Wastewater | Total |
|---------------------------------|---------------------|-------------------|-------------------|---------------------|
| <i>Operating Revenue:</i> | | | | |
| Sales | \$ 3,578,934 | \$ 443,426 | \$ 488,536 | \$ 4,510,896 |
| Other | 54,853 | \$ 17,830 | \$ 10,100 | 82,783 |
| <i>Total Operating Revenue:</i> | \$ 3,633,787 | \$ 461,256 | \$ 498,636 | \$ 4,593,679 |
| <i>Operating Expense:</i> | | | | |
| Purchased Power | 2,753,176 | - | - | 2,753,176 |
| Expenses (Including Taxes) | 456,387 | 211,734 | 221,511 | 889,632 |
| PILOT | 96,249 | 95,001 | - | 191,250 |
| Depreciation | 237,351 | 107,301 | 204,999 | 549,651 |
| <i>Total Operating Expense:</i> | \$ 3,543,163 | \$ 414,036 | \$ 426,510 | \$ 4,383,709 |
| <i>Operating Income</i> | \$ 90,624 | \$ 47,220 | \$ 72,126 | \$ 209,970 |
| Non-Operating Income | 269,074 | 8,470 | 8,220 | 285,764 |
| Non-Operating Expense | (36,836) | (24,999) | (42,501) | (104,336) |
| <i>Net Income</i> | \$ 322,862 | \$ 30,691 | \$ 37,845 | \$ 391,398 |

STOUGHTON UTILITIES
Detailed Monthly Income Statements
March 2017

ELECTRIC

| | March 2017 | February 2017 | Change from Prior Month | March 2016 |
|---------------------------------|---------------------|---------------------|-------------------------|---------------------|
| <i>Operating Revenue:</i> | | | | |
| Sales | \$ 1,149,530 | \$ 1,103,971 | \$ 45,559 | \$ 1,110,458 |
| Other | 6,026 | 3,213 | 2,813 | 6,944 |
| <i>Total Operating Revenue:</i> | \$ 1,155,557 | \$ 1,107,184 | \$ 48,373 | \$ 1,117,402 |
| <i>Operating Expense:</i> | | | | |
| Purchased Power | 866,972 | 827,189 | 39,783 | 849,927 |
| Expenses (Including Taxes) | 110,454 | 146,705 | (36,251) | 161,997 |
| PILOT | 33,000 | 33,000 | - | 32,083 |
| Depreciation | 82,988 | 82,988 | - | 79,117 |
| <i>Total Operating Expense:</i> | \$ 1,093,414 | \$ 1,089,882 | \$ 3,532 | \$ 1,123,124 |
| <i>Operating Income</i> | \$ 62,143 | \$ 17,302 | \$ 44,841 | \$ (5,722) |
| Non-Operating Income | 11,543 | 20,686 | (9,143) | 20,416 |
| Non-Operating Expense | (10,586) | (10,584) | (2) | (11,254) |
| <i>Net Income</i> | \$ 63,100 | \$ 27,405 | \$ 35,695 | \$ 3,440 |

WATER

| | March 2017 | February 2017 | Change from Prior Month | March 2016 |
|---------------------------------|-------------------|-------------------|-------------------------|-------------------|
| <i>Operating Revenue:</i> | | | | |
| Sales | \$ 169,721 | \$ 161,741 | \$ 7,981 | \$ 147,731 |
| Other | 5,057 | 4,994 | 64 | 5,965 |
| <i>Total Operating Revenue:</i> | \$ 174,779 | \$ 166,734 | \$ 8,044 | \$ 153,696 |
| <i>Operating Expense:</i> | | | | |
| Expenses (Including Taxes) | 59,997 | 70,122 | (10,125) | 75,661 |
| PILOT | 35,083 | 35,083 | - | 31,667 |
| Depreciation | 38,392 | 38,392 | - | 35,767 |
| <i>Total Operating Expense:</i> | \$ 133,472 | \$ 143,597 | \$ (10,125) | \$ 143,095 |
| <i>Operating Income</i> | \$ 41,307 | \$ 23,137 | \$ 18,170 | \$ 10,601 |
| Non-Operating Income | 14,939 | 968 | 13,971 | 1,299 |
| Non-Operating Expense | (7,833) | (7,833) | - | (8,333) |
| <i>Net Income</i> | \$ 48,413 | \$ 16,272 | \$ 32,140 | \$ 3,567 |

WASTEWATER

| | March 2017 | February 2017 | Change from Prior Month | March 2016 |
|---------------------------------|-------------------|-------------------|-------------------------|-------------------|
| <i>Operating Revenue:</i> | | | | |
| Sales | \$ 169,175 | \$ 153,636 | \$ 15,539 | \$ 162,619 |
| Other | 6,425 | 6,591 | (166) | 3,270 |
| <i>Total Operating Revenue:</i> | \$ 175,600 | \$ 160,226 | \$ 15,373 | \$ 165,889 |
| <i>Operating Expense:</i> | | | | |
| Expenses (Including Taxes) | 59,316 | 88,768 | (29,452) | 84,621 |
| Depreciation | 67,917 | 67,917 | - | 68,333 |
| <i>Total Operating Expense:</i> | \$ 127,233 | \$ 156,685 | \$ (29,452) | \$ 152,954 |
| <i>Operating Income</i> | \$ 48,367 | \$ 3,542 | \$ 44,825 | \$ 12,935 |
| Non-Operating Income | 10,379 | 774 | 9,605 | 1,711 |
| Non-Operating Expense | (11,250) | (11,250) | - | (14,167) |
| <i>Net Income</i> | \$ 47,495 | \$ (6,934) | \$ 54,429 | \$ 479 |

STOUGHTON UTILITIES

Rate of Return

Year-to-Date March 2017

| | Electric | Water |
|----------------------------------|-----------------|--------------|
| Operating Income (Regulatory) | \$ 168,342 | \$ 89,819 |
| Average Utility Plant in Service | 25,029,754 | 14,623,082 |
| Average Accumulated Depreciation | (12,939,037) | (4,844,703) |
| Average Materials and Supplies | 174,274 | 34,608 |
| Average Regulatory Liability | (144,044) | (222,486) |
| Average Customer Advances | (28,391) | - |
| Average Net Rate Base | \$ 12,092,557 | \$ 9,590,501 |
| Actual Rate of Return | 1.39% | 0.94% |
| March 2016 Rate of Return | 0.76% | 0.57% |
| December 2016 Rate of Return | 4.95% | 3.46% |
| Authorized Rate of Return | 5.10% | 6.50% |

STOUGHTON UTILITIES
Cash and Investments Summary
As of March 31, 2017

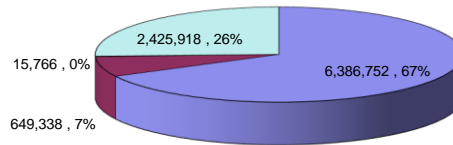
Electric

March 2017

| | |
|--------------------------------|-------------------------|
| Unrestricted (5.79 months O&M) | 6,386,752 |
| Bond Reserve | 649,338 |
| Redemption Fund (P&I) | 15,766 |
| Designated | 2,425,918 |
| Total | <u>9,477,774</u> |

Electric Cash - March 2017

■ Unrestricted (5.79 months O&M)
 ■ Bond Reserve
 ■ Redemption Fund (P&I)
 ■ Designated



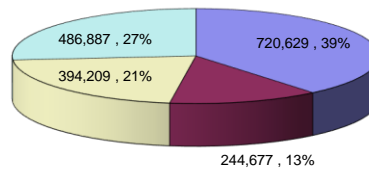
Water

March 2017

| | |
|--------------------------------|-------------------------|
| Unrestricted (5.11 months O&M) | 720,629 |
| Bond Reserve | 244,677 |
| Redemption Fund (P&I) | 394,209 |
| Designated | 486,887 |
| Total | <u>1,846,402</u> |

Water Cash - March 2017

■ Unrestricted (5.11 months O&M)
 ■ Bond Reserve
 ■ Redemption Fund (P&I)
 ■ Designated



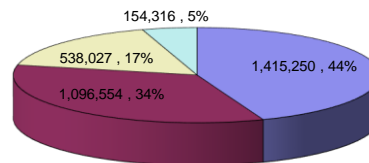
Wastewater

March 2017

| | |
|--------------------------------|-------------------------|
| Unrestricted (9.94 months O&M) | 1,415,250 |
| DNR Replacement | 1,096,554 |
| Redemption Fund (P&I) | 538,027 |
| Designated | 154,316 |
| Total | <u>3,204,147</u> |

Wastewater Cash - March 2017

■ Unrestricted (9.94 months O&M)
 ■ DNR Replacement
 ■ Redemption Fund (P&I)
 ■ Designated





Stoughton Utilities Activities Report April 2017

Administration

Robert P. Kardasz, P.E.
Utilities Director

Customer-driven projects, vegetative management, and Light Emitting Diode (LED) streetlight conversions were the focus of the Electric System during the month. The Meter Division concentrated on inspections and replacements. The Water Division concentrated on scheduled infrastructure replacement projects. The Utilities Planning Division coordinated these projects and processed materials for various projects throughout the systems including the West Electric Substation Project. The Wastewater Division concentrated on projects at the wastewater treatment facility and cleaning and televising the sanitary sewer collection system. The Technical Operations Division worked with customers to fulfill their financial obligations as the moratorium on electric service disconnection ended and addressed a number of technical efforts occurring throughout Stoughton Utilities.

During April, the Utilities Director participated in a Utilities Committee Meeting, a Finance Committee Meeting, two Common Council Meetings, a Department Head Meeting, a meeting on the feasibility of a contractor generating power from the Fourth Street Power House, a number of 2017 Projects Meetings, numerous external and internal meetings, and addressed a number of present and potential customer inquiries.

Technical Operations Division

Brian R. Hoops
Assistant Utilities Director

Arbor Day: For the 16th consecutive year, the Arbor Day Foundation has named Stoughton Utilities as a Tree Line USA utility, in recognition of our proper tree pruning, planting, volunteerism, and tree care. In addition, the annual Arbor Day tree-planting event was coordinated by the Department of Public Works on April 28, and Stoughton Utilities had three employees volunteer to participate in the event.

Customer Payments: Staff processed 8,665 payments totaling \$1.48 million, including 1,591 checks, 1,802 lockbox payments, 1,047 credit cards, 1,284 online E-Pay payments, 2,023 automated bank withdrawals, 712 direct bank payments, and \$26,900 in cash.

Delinquent Collections: As of April 1, there were 1,765 active accounts carrying delinquent balances totaling over \$267,800, and 76 final-billed accounts carrying delinquent balances totaling over \$10,900. Of the total amount delinquent, \$102,800 was 30 or more days past due.

April 15 marked the end of the mandatory cold weather electric disconnection moratorium. Staff can now pursue electric service disconnections for delinquent customers.

- Throughout the month of April, we mailed out 10-day notices of pending disconnection to 890 customers with delinquent balances.
- On April 17, we delivered automated phone calls to 401 customers providing a 48-hour notice of pending service disconnection.

- On April 18, we delivered automated phone calls to 196 customers providing a 24-hour final notice of pending service disconnection.
- On April 19, we disconnected electric service to 45 customers that remained severely delinquent. By the end of the day, 27 customers had paid and were reconnected. Six customers remain disconnected as of the end of the month.

We ended the month of April with \$49,200 remaining 30 or more days past-due. For comparison, 30+ day delinquencies are 1% lower than this time last year (\$49,800).

Energy Assistance: During the month of April, energy assistance (EA) payments for 22 customers totaling \$5,883 were received from the State of Wisconsin Public Benefits Program and applied to customer accounts to assist low-income customers with their home heating expenses.

EA continues to accept assistance applications from customers through the end of the 2016-17 heating season in May. These payments are funded through a mandatory charge on every customer's electric statement.

Information Technology: Numerous information technology projects were completed in April. We moved our domain nameservers to Cloudflare for all DNS exposed servers, which provides numerous improvements such as caching, DDOS protection, advanced analytics, geographical threat detection and filtering rules, bandwidth conservation, simplified management, and more.

We added an 'Advanced Threat Detection' subscription to our web security gateway. ATD provides advanced real-time scanning of all web downloads at the gateway, prior to the file ever reaching the employee workstation. Although we have not had a single malware infection since 2008, this additional layer of security ensures that our customer's financial data, our electric and water SCADA systems, and all other utility operations remain secure.

We are in the process of upgrading our Hyper-V virtual host servers. An additional 2.4 TB of disk space was added to our SAN, RAM upgrades were installed in our disaster recovery server at the wastewater treatment facility, and RAM upgrades were purchased for installation in our primary production hosts in May. The increased RAM will allow full real-time system failover of all hosted servers, and the increased disk space allow for the new electric SCADA systems.

Programming modifications were made to our custom desktop/recurring credit card processing software. Email notifications to customers upon enrollment registration success/failure and card modification were added, error handling was improved, payments towards deposits were modified, and the method in which payments are applied to delinquent services is under continued review.

Lineman Appreciation Day: April 18 was National Lineman Appreciation Day, and utilities across the state and country used the week to recognize the commitment, dedication, and skill of our lineworkers. We thank them for their continuous dedication to our communities, and for their hard work to keep the lights on at our homes and businesses.

Reliable Public Power Provider (RP3) Award Received: Stoughton Utilities has earned a Reliable Public Power Provider designation from the American Public Power Association for providing reliable and safe electric service. Stoughton Utilities has earned this designation during each selection period since 2006. This is the second consecutive time they have received the Diamond award, which is the highest possible designation.

Fewer than 10% of municipal electric systems in the United States receive the RP3 recognition, and Stoughton is one of only two utilities in Wisconsin to have received the Diamond award. This award is a significant achievement, and our commitment to reliability benefits the Stoughton community daily.

SCADA Infrastructure and Software Upgrade Project: Work continued on the electric SCADA upgrade project. The new virtual servers to host the front-end system and data historian server, a secure web server in an isolated DMZ, and a maintenance/development console were built, reviewed by OSI, and shipped.

OSI will install their software and perform basic system configuration and testing, before shipping the images back for us to restore to our production environment.

Forster Engineering finalized the proposal to upgrade the recloser controls at the South Substation from serial to ethernet. This work will be coordinated this summer prior to the arrival of the headend system. Other communication systems to be reviewed over the summer include radio communications to the new West Substation location, radio system firmware and security upgrades, substation panel design and installation, and modifications to the battery backup systems for existing recloser and controls.

We are still on schedule for a late-September cutover to the new SCADA system.

Training and Meetings: Brandi participated in a webinar presenting the findings of a recent WPPI Renewable Energy Program customer feedback survey. These findings will help us guide our marketing efforts in the future.

Brian participated in the second interview for the city's IT Director, attended a Utilities Committee meeting, a meeting of the Stoughton City Council, a Tree Commission meeting, a meeting of the Stoughton Community Affairs / Council Policy committee, several meetings and conference calls regarding the ongoing Electric SCADA upgrade project, and the preconstruction meeting for the 2017 streets and utility reconstruction project.

Erin and Carol attended a WPPI Energy training webinar on Northstar Credit Control, which provided not only refresher training, but also updates on improvements and modifications that have been made in recent Northstar updates.

Lou attended a one-day ESRI online training course on ESRI Geometric Networks. SU will be implementing geometric networks for our wastewater, water, and electric GIS systems over the upcoming months. The geometric network is the groundwork for many GIS analysis tools and scenario modeling.

Website Updates: Several improvements were made to our employee administrative portal and *My Account* customer portal during the month of April. Numerous bug fixes were implemented, the document and image handling pages were improved, and the Neighborhood Comparison page was modified to provide a more detailed analysis that excluded high bill outliers.

Enhancements were also made to our E-Billing feature, including providing the customer with the option to receive either simple or detailed email notifications. This feature was added in response to a customer's request, and can be modified on the *My Customer Profile* page. Also added was the ability to modify email communication preferences for marketing and other non-account-related communications.

Electric, Metering, Planning, and Water Divisions

Sean O Grady
Utilities Operations Superintendent

Curb-Stop Repairs: With the mild temperatures this month, staff was able to get an early jump on repairing the curb boxes that were identified over the winter months as needing repair.

DaneCom Radio System Interference: A customer alleged the radio equipment adjacent to and on top of the Racetrack Road water tower was causing fluctuations of electric power serving their home. Voltage recorders were installed, and the data analysis and continued discussions with the homeowners helped us determine that medical equipment inside the home was the cause of the power quality issues. The secondary cable feeding the property was upgraded and the fluctuation in power stabilized.

Electric Disconnects for Non-Payments: The end of the disconnection moratorium is always stressful and challenging for staff. Our office, line, metering, planning, and water divisions worked together as a team to ensure a streamlined process.

Lead and Copper Sampling: Our schedule has been set, and water sampling will take place during the first full week in June.

Line Clearance Work: The Electric Division completed our line clearance work earlier this month. Stoughton Utilities crews trimmed lines beginning from the southernmost city limits, and working north between Page Street and Pleasant View Drive to Wilson Street. Line clearance work along a particular span of line is normally scheduled once every five years.

The Asplundh Tree Expert Company crews have been making good progress. Trees along the lakefront roads have been trimmed, along with areas north of Rutland Dunn Town Line Road.

Mill-Fab Property: The city requested that the overhead primary lines that span across the river be removed, along with the stepdown transformer and poles in Mandt Park. The existing underground primary cable in the park was left in place, and could be used to serve future projects and buildings constructed in the park.

Private Lead Service Line Replacements: Water customers residing along the streets receiving new water mains and public water laterals received letters earlier this year identifying options for replacing their private lead water service lines. To date, we have only received a couple of inquiries. We have found in the past that some customers wait until the construction starts before asking questions and scheduling their private plumbing contractors.

Radio Interference: Charter Communications contacted us alleging electric interference on their coaxial communication lines. Utility staff investigated the issue, and was able to diagnose the problem to be an inverter in a RV camper that was plugged into a residential home.

Rotten Pole Replacement: A single-phase tangent pole was found to have several woodpecker holes in it and cracked two-thirds of the way through. Another secondary pole in the city was found with the same issues. Both poles were replaced before they could become a danger.

Rural Electric Service Upgrades: Two customers added services to feed outbuildings, and one customer upgraded an overhead service with underground cable.

Skyline Drive Reconstruction Project: Approximately four spans of overhead distribution wires that were deteriorating and undersized were replaced with underground equipment and cables.

Temporary Electric Services: Three residential lots, the new Kwik Trip, and the new facility at Skaalen Home received temporary electric services for construction.

URD Contract Work: MTE is onsite burying underground cables on the north side of the city. Crews will most likely be working throughout the summer on new and reconstruction projects. Crews also completed final grading and seeding on all projects that remained from the 2016 construction season.

USH 138 South Pole Line Reconstruction Project: Staff began to replace poles located along USH 138 South, between Aaker Road and Sam Miles Road. The full extent of this project was split into two phases, and a completion timeline will be dependent on our new construction workload.

Vehicle Maintenance: We have contracted with the Stoughton Department of Public Works to oversee and perform our vehicle fleet maintenance program.

Water Main Replacement Projects: Forest Landscape and Construction has begun the 2017 streets and utility reconstruction project. Work began in April with two crews working on Henry Street and Park Street. Stoughton Utilities staff has twice been requested to turn off water for emergencies: one excavator clipped a water service feeding a home, and a water main broke on Henry Street. Water has been turned off three times for scheduled ties to the existing water mains on Henry and Park Streets.

Water Meter Change Outs/Cross Connections: Water Operator Marty Seffens and Customer Service Technician Brandi Yungen have taken the lead on this annual project. Both have worked diligently over the past months to complete the majority of our meter change-outs and cross connection inspections. We should be nearly complete by the end of May, with just a few follow-up inspections remaining.

Well No. 5: Staff completed maintenance work and equipment upgrades, and applied a fresh coat of paint on the walls and pipes inside the pump house, generator room, and chemical room. We will be improving and adding to the landscaping at this location in May.

Well No. 7 Roof Replacement: A new metal roof was installed this month. The metal roof comes with a 40-year warranty on material and 10 years on workmanship.

Wastewater Division

Brian G. Erickson
Stoughton Utilities Wastewater System Supervisor

The wastewater treatment facility processed an average daily flow of 1.097 million gallons with a monthly total of 31.803 million gallons.

2017 Sanitary Sewer Projects: We have been working with Strand and Forest Landscape and Construction on this year projects.

2017 Sludge Hauling: We are working with our sludge-hauling contractor for this year's projects. We anticipate hauling approximately 800,000 gallons of sludge from the plant to area farm fields in May. The sludge is injected into the soil to fertilize the field.

Backflow Preventers: A contractor was onsite for our annual testing and inspection of eight backflow preventers at the wastewater plant and water well pump houses.

DNR Inspection: The Wisconsin DNR performed their biennial inspection of the wastewater plant operations and treatment. The inspection went very well.

Jet-Vac Truck: We demoed several jet-vac trucks over the past two months. We will be replacing our existing 13-year-old truck next year.

Miscellaneous Plant projects: The valves arrived for replacement on our RAS operations. We drained three primary clarifiers for maintenance, and repaired our final clarifier skimmer arm. A contractor was onsite to measure the primary clarifier weirs and troughs.

Sanitary Sewer Municipal Code Changes: We continue to work with Strand on new code ordinances for our grease trap program, and other ordinance changes to conform to the WI DNR CMOM requirements.

SCADA Dialer: We have been working with L.W. Allen and Strand to resolve ongoing issues with our SCADA dialer.

Sewer System Maintenance: Staff has begun flushing the sanitary sewer collection system. This project will continue through the summer and into the fall. This important annual task locates and removes obstructions in the sewer mains, allows staff to inspect the condition of the mains and manholes, and helps us discover other potential issues that we can repair before they become a major issue.

Storm Water Testing: We continue to work with the Department of Public Works to assist them with laboratory testing of storm water runoff.

Energy Services Section of the Planning Division

Cory Neeley
Stoughton Utilities and WPPI Energy Services Representative (ESR)

- The Stoughton Area School District's Energy Team met for our quarterly meeting. We discussed some upcoming projects at the SHS pool and performing arts center. Along with those projects, we

are continuing to look into the possibility of adding an ice bank system that can help reduce seasonal peak demand.

- Stoughton Utilities is working with the Stoughton Hospital to put together a study to determine costs and return on investment for a system change from pneumatic to DDC controls. Much of the building is not controlled, and they could likely schedule many areas to reduce unoccupied cooling.
- I have submitted applications for all city buildings that qualify for a 50 lamp LED trial offer through Focus on Energy. Martin Briggs and I met and discussed the facilities, and we determined that the following would be included: public safety Building, EMS, city hall, fire station, youth center, and the senior center. In addition, an application was submitted for the wastewater treatment facility.
- I met with Jim Baldauf about the possibility of putting solar panels on the EMS building. We talked about some options and the WPPI Energy RFP for Renewable Energy grant program. It was decided that we would work on energy efficiency first, and then talk about renewables.
- I attended the inaugural Sustainable Stoughton Earth Day fair on April 22nd. This was great good event, and we were able to talk with many people interested in Stoughton Utilities' various programs. SU had a booth along with the Parks and Rec and Department of Public Works.
- My scheduled meeting with B&G foods was postponed until May.
- I met with Stoughton Trailers and Focus on Energy to discuss a couple of projects that Stoughton Trailers is interested in completing during 2017. We continue to hear that Stoughton Trailers is getting close to deciding where they are going to build a new administration building.
- We have had a great response to our Energy Star appliance rebate and Smart Thermostat program offerings. In the first month of running the program, we had 20 customers apply for the Energy Star rebate, and four apply for the smart thermostat rebate.
- I met again with a local grocer and discussed a bid for replacing older motors and lighting with new LED's.
- I am working with Cummins to provide them with information about a new level of energy efficiency certification they are seeking.
- We are reaching the end of the Tunable Lighting Study. I have prepared the final survey and we are starting to schedule interviews with the teachers and other staff. We hope to film the interviews in mid-May.

ESR was at Stoughton Utilities on March 6th, 11th, 12th, 20th, 21st, 22nd, 25th, and 27th.

Safety Services Section of the Planning Division

Andrew Paulson

Stoughton Utilities and Municipal Electric Utilities of Wisconsin Regional Safety Coordinator

ACCOMPLISHMENTS

1. Training

- a. Weekly safety manual review
- b. Emergency action plan
- c. Bloodborne pathogens

2. Audits / Inspections

- a. Field inspection – Electric linemen – Tree trimming
- b. Utility walkthrough – General inspection
- c. WWTP walkthrough – General inspection
- d. HAZCOM labeling
- e. Evacuation maps
- f. Fire cabinets

3. Compliance / Risk Management

- a. Emergency action plan – Annual review
- b. HAZCOM – Annual review
- c. Noise measurements – Complete
- d. Updated information on Hepatitis B vaccination
- e. SharePoint

GOALS AND OBJECTIVES

1. Training

- a. Weekly safety manual review
- b. Fork truck – Makeup
- c. Bloodborne pathogens (office staff)
- d. Emergency action plan (office staff)

2. Audits / Inspections

- a. Field inspections
- b. Utility walkthrough
- c. WWTP walkthrough
- d. Wells
- e. Water towers
- f. BBP kit

3. Compliance / Risk Management

- a. Exposure control written program
- b. Updated SDSs
- c. Keep uploading data into SharePoint

RSC was at Stoughton Utilities on March 4th and 18th.

Please visit us on our website at www.stoughtonutilities.com to view current events, follow project schedules, view Utilities Committee meeting notices, packets and minutes, review our energy conservation programs, or to learn more about your Stoughton Utilities electric, water, and wastewater services. You can also view your current and past billing statements, update your payment and billing preferences, enroll in optional account programs, and make an online payment using *My Account* online.



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017
To: Stoughton Utilities Committee
From: Robert P. Kardasz, P.E.
Stoughton Utilities Director
Subject: Stoughton Utilities Committee Annual Calendar

The following calendar is provided for information and discussion.

| | |
|------------------|---|
| May 7-13, 2017 | Drinking Water Week |
| May 15, 2017 | Regular Meeting - First Regular Meeting after the Common Council Reorganization Meeting - Elect Committee Chair and Vice Chair - Elect Committee Liaison and Alternate Liaison - Establish Meeting Time and Monthly Meeting Date - 2016 Annual Audit and Management Letter presentation, discussion, approval and recommendation to the Common Council - Stoughton Utilities Tax Stabilization Dividends discussion, approval, and recommendation to the Common Council |
| May 23, 2017 | Common Council Meeting - Approve 2015 Annual Audit and Management Letter - Accept the Tax Stabilization Dividends |
| June 6, 2017 | WPPI Energy orientation in Sun Prairie |
| June 7-9, 2017 | American Water Works Association (AWWA) National Conference in Chicago, IL |
| June 12-16, 2017 | American Public Power Association (APPA) National Conference in Phoenix, AZ |
| June 19, 2017 | Regular Meeting - Approve and recommend the Wastewater Compliance Maintenance Annual Report (CMAR) and Resolution to the Common Council - Tour Well No. 5 |
| June 27, 2017 | Common Council Meeting - Approve the CMAR |

| | |
|-----------------------|--|
| June 28-30, 2017 | Municipal Electric Utilities of Wisconsin (MEUW) Annual Conference in Madison |
| July 17, 2017 | Regular Meeting - Approve the Stoughton Utilities RoundUp Donation - Tour Stoughton Utilities Building |
| August 14, 2017 | Regular Meeting - Approve Declaration(s) of Official Intent - Tour the Wastewater Treatment Facility |
| August 17, 2017 | Wisconsin Rural Water Exposition in Plover |
| September 13-15, 2017 | Wisconsin Waterworks Association (AWWA) Annual Conference in Wisconsin Dells |
| September 13-15, 2017 | WPPI Energy (WPPI) Annual Conference in Madison |
| September 18, 2017 | Regular Meeting - Approve the Stoughton Utilities 2018 Budget including the maintenance of market rates, and Stoughton Utilities Five Year (2018-2022) Capital Projects Program and recommend it to the Stoughton Common Council |
| September 28, 2017 | Stoughton Utilities Public Power Celebration |
| October 5, 2017 | Common Council Budget Workshop |
| October 10-13, 2017 | Wisconsin Wastewater Operators Association Annual Conference in Wisconsin Dells |
| October 16, 2017 | Regular Meeting - Tour West Electric Substation |
| October 26, 2017 | Stoughton Utilities 2018 Budget and CIP presentation |
| November 9, 2017 | WPPI Energy Orientation in Sun Prairie |
| November 14, 2017 | Common Council action on the Stoughton Utilities 2018 Budget and CIP |
| November 20, 2017 | Regular Meeting |
| December 18, 2017 | Regular Meeting |
| January 16, 2018 | Regular Meeting - Stoughton Utilities RoundUp Donation and Declarations of Official Intent |
| January 17-19, 2018 | Municipal Electric Utilities of Wisconsin (MEUW) Superintendents Conference in Wisconsin Dells |
| February 20, 2018 | Regular Meeting - Bad debt write off discussion, approval, and recommendation to the Common Council - Goals discussion |

February 26 - 28, 2018

American Public Power Association (APPA) Legislative Rally in Washington, D.C.

February 27, 2018

Common Council Meeting - Approve bad debt write offs



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017
To: Stoughton Utilities Committee
From: Robert P. Kardasz, P.E.
Stoughton Utilities Director
Subject: Stoughton Utilities Communications

March 30, 2017 Letter and press release from the Arbor Day Foundation regarding the naming of Stoughton Utilities as a 2017 Tree Line USA for the sixteenth year in honor of its commitment to proper tree pruning, planning, and care in Stoughton Utilities' service area.

April 20, 2017 Wisconsin Department of Natural Resources biannual compliance inspection report – findings and recommendations.

May 3, 2017 Press release regarding safety and providing advice to consider during storm-related outages.

May 3, 2017 Press release regarding National Electrical Safety Month in May, and providing household safety tips.

May 8, 2017 Stoughton Utilities billing insert regarding higher summer energy costs and energy savings tips to help customers reduce their bills.

May 8, 2017 Press release regarding the American Public Power Association (APPA) designating Stoughton Utilities as a Reliable Public Power Provider, and awarding SU the RP₃ Diamond award, the highest possible designation.

Encl.



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

April 5, 2017

Contact: Robert Kardasz, Stoughton Utilities Director

Stoughton Utilities named 2017 Tree Line USA By Arbor Day Foundation

The Arbor Day Foundation has named Stoughton Utilities a 2017 Tree Line USA in honor of its commitment to proper tree pruning, planting and care in the provider's service area for the sixteenth year.

Tree Line USA, a partnership between the Foundation and the National Association of State Foresters, recognizes public and private utilities for pursuing practices that protect and enhance America's urban trees. Tree Line USA promotes the dual goals of delivering safe and reliable electricity while maintaining healthy community forests.

"Trees are a critical part of urban landscapes all across the United States," said Dan Lambe, President of the Arbor Day Foundation. "Service providers like Stoughton Utilities demonstrate that it's possible for trees and utilities to co-exist for the benefit of communities and citizens."

Stoughton Utilities achieved Tree Line USA by meeting five program standards. Utilities must follow industry standards for quality tree care; provide annual worker training in best tree-care practices; sponsor a tree-planting and public education program; maintain a tree-based energy conservation program; and participate in an Arbor Day celebration.

More information about Tree Line USA can be found at www.arborday.org/TreeLineUSA.



Stoughton Utilities employees Brandi Yungen, Cory Hestekin, and Tyler Harding after planting a Dawn Redwood at the 2017 Stoughton Arbor Day event, held April 28 at Bjoin Park.

###

The Arbor Day Foundation is a million member nonprofit conservation and education organization with the mission to inspire people to plant, nurture and celebrate trees. More information on the Foundation and its programs can be found at www.arborday.org.

Founded in 1886, Stoughton Utilities serves electric customers in Stoughton and the surrounding area; and wastewater and water customers in Stoughton.



April 20, 2017

Robert Kardasz, Utilities Director
CITY OF STOUGHTON
600 South Fourth Street
PO Box 383
Stoughton, WI 53589

SUBJECT: Wastewater Facility Inspection
WPDES Permit No: WI-0020338-08-0
Inspection Date: 04/04/2017

Dear Mr. Kardasz,

A compliance inspection of the Stoughton Wastewater Treatment Facility was performed on 04/04/2017. The purpose of the inspection was to determine compliance with the conditions of the WPDES permit and review wastewater operations and management activities at the plant. Findings and recommendations are found in the attached report. Please take the time to read it carefully.

The treatment plant was found in compliance with the effluent limits and all terms and conditions of the permit. The following recommendations or follow-up actions are needed:

1. Please submit March 2017 phosphorus mass data.
2. A formal mercury pollutant minimization plan should be submitted as part of the variance package. Please review the guidance at the following website for additional information:
<http://dnr.wi.gov/topic/Wastewater/documents/SignedPMPSRMguidance.pdf>
3. It is recommended that an additional person request both entry and submit access.
4. A template for public notification is recommended to be included as part of the CMOM.

I want to thank Brian Erickson for the time and cooperation in the performance of this inspection. Within 30 days, please provide a written response to this inspection report if any follow-up actions are noted above. If you have any questions regarding the report, feel free to call me at (262) 574-2135 or e-mail me at Amy.Garbe@wisconsin.gov.

Sincerely,

A handwritten signature in blue ink that reads 'Amy Garbe'.

Amy Garbe
Wastewater Engineer

Wastewater Treatment Plant Compliance/Inspection Checklist

Stoughton Wastewater Treatment Facility

700 Mandt Parkway PO Box 383 Stoughton, WI 53589

OIC Name BRIAN G ERICKSON

On-Site Representative Brian Erickson

Responsible Official

WPDES Permit # 0020338-08-0

Design Flow (Avg) 1.650

Robert Kardasz 600 South Fourth Street PO Box 383 Stoughton, WI 53589

Inspection Date

04/04/2017

Evaluated By

Amy M Garbe

Effective Date

08/01/2014

Expiration Date

06/30/2019

Part A: ON-SITE INSPECTION

| Compliance Questions | Comments | Followup |
|----------------------|----------|----------|
|----------------------|----------|----------|

Facility Site Review

| | | | |
|-----|---|--|--|
| Yes | 1. Is a schematic diagram available of the treatment plant? If yes, attach. | Flow diagram submitted with permit application and TP Optimization Report. Diagram is attached. | |
| Yes | 2. Are all liquid treatment train unit operations and processes operating satisfactorily? | Overall the treatment plant is operating very well. Please see below for additional comments and attached photos. Influent screen pumps rotated every month, spring and fall clean rags off Grit Chamber - cleaned 3 weeks ago 1/8" Vulcan Screens Dumpster taken out weekly | |

Subclass A1: Biological Treatment - Suspended Growth Process

| | | | |
|-----|---|--|--|
| Yes | A1-1. Does the appearance of the aeration basin look good? | No foaming, good floc formation. Crisper bubbles at end of tank. | |
| Yes | A1-2. Does the aeration pattern show that all diffusers are working? | All diffusers appear to be working; none plugged. | |
| Yes | A1-3. Is the dissolved oxygen level adequate? | Have to maintain air at ~6.0 mg/L for adequate mixing. | |
| Yes | A1-4. Is the MLSS level optimum, resulting in a good F/M ratio? | Typically ~2000 mg/L. Measured as part of process control. | |
| Yes | A1-5. Is the 30 minute settling test and resultant SVI good? | Performed daily, typically ~200 mL/L | |
| Yes | A1-6. Do the bugs look good? | Free swimmers and stalked ciliates common. Protozoa count performed as part of process control. | |
| Yes | A1-7. Is sludge wasted regularly to maintain an optimum and consistent sludge age? | | |
| Yes | A1-8. Are all blowers or mechanical aerators operational and on a regular maintenance schedule? | 50 horsepower blower is on VFD and typically run continuously | |
| Yes | A1-9. Has the aeration basin been emptied, inspected and cleaned within the last five years, including diffusers? | Every 2-3 years, basins are taken down and cleaned. Membrane diffusers are replaced every 7-8 years. | |
| Yes | A1-10. Are there safety flotation devices on the railings? | | |

Subclass B: Solids Separation

| | | | |
|-----|--|--|--|
| No | B-1. Are clarifier surfaces free of floating sludge, grease and gas bubbles? | Some pin floc present but no floating clumps of sludge | |
| Yes | B-2. Does the operator measure and record clarifier sludge blankets on a regular basis? | Typically 4" - 1' Measured and recorded M, W and F | |
| N/E | B-3. Is the effluent flow over the entire length of the weirs? | Launders covered - unable to evaluate | |
| Yes | B-4. If the clarifier is rectangular, are the flights and chains in sound shape and working correctly? | Primaries - skimmed daily and getting new weirs and trough. Chains were new 6 years ago. | |
| Yes | B-5. If the clarifier is circular, do the surface skimmer and subsurface sludge scraper mechanism appear to be working well? | Finals - appear to be working well | |
| Yes | B-6. Are the clarifier(s) drained, cleaned, and inspected on a regular basis? | Cleaned and drained 2/year | |

Subclass D: Disinfection

| | | | |
|-----|---|--|--|
| Yes | D-1. Is the chlorine contact tank cleaned regularly and absent of surface gas bubbles or floating clumps of sludge? | Chlorine contact tank is covered with ginseng greenhouse cover. | |
| N/A | D-2. Is chlorine (gas or liquid) adequately and completely mixed into the contact basin? | UV Disinfection | |
| N/A | D-3. If using chlorine gas, does the storage room meet all safety requirements? | UV Disinfection | |
| No | D-4. Are uv lamps submerged in the effluent channel? | Disinfection season is from May-Sept. Lamps are not in for the season yet. | |
| Yes | D-5. Do uv sleeves need to be cleaned regularly to maintain disinfection efficiency? | | |
| N/A | D-6. Are residual chlorine samples tested within 15 minutes of collecting the sample? | UV Disinfection | |

| Subclass P: Biological Nutrient Removal (Phosphorus) | | | |
|--|---|---|--|
| No | P-1. Does the plant utilize in-line monitoring (ORP? dissolved oxygen) for monitoring anoxic, anaerobic and aerobic conditions? | DO monitored in tanks. | |
| No | P-2. Does the plant monitor ortho-P across treatment units? | Just effluent is tested. | |
| Yes | P-3. Are side streams monitored for phosphorus? | GBT sidestream tested. Others if consultant requests additional data. | |
| Yes | P-4. Are detention times in anoxic and anaerobic selector tanks short enough to achieve good phosphorus removal? | | |
| Yes | P-5. Are process conditions optimized for BPR? | The City is meeting phosphorus effluent limits. | |
| No | 3. Are there any unique treatment units, processes or operations in the liquid treatment train? If yes, comment. | Typical municipal wastewater treatment plant processes. | |
| Yes | 4. Is effluent being discharged clear, free of floating solids or visible foam other than in trace amounts? | Effluent appears clear and free of floating solids. | |

| Flow Measurement | | | |
|------------------|---|--|--|
| Yes | 5. Is wastewater flow, influent and/or effluent, being accurately measured? | Influent - parshall flume, preliminary treatment Effluent - ultrasonic sensor after post aeration | |
| Yes | 6. Are flow monitoring devices calibrated annually? | Last Calibrated - 3/23/17 Used to be twice annually | |
| Yes | 7. Are there significant industrial/commercial contributors of wastewater to the plant? If yes, list in comments. | B&G Foods, Color-Con and Uni-Royal Sampling manholes for industries. Uni-Royal's manhole is in the process of being installed. Sampling occurs each day of production and cleaning. | |

| Sampling and Testing | | | |
|----------------------|---|--|--|
| Yes | 8. Are wastewater influent, effluent, biosolids and groundwater samples, as applicable, being collected and tested as required by the WPDES permit? | Missing March phosphorus mass | Please submit March 2017 phosphorus mass data. |
| Yes | 9. Are wastewater composite samplers being maintained at or less than 6C? | Influent - 2.5 °C Effluent - 3.5 °C | |
| Yes | 10. Are sampling logs being used to record sample days, times, temperatures and collector? | Kept in lab | |
| No | 11. Were samples collected as part of this inspection? If yes, include state lab results. | No samples collected as part of this inspection. | |

| Operations and Maintenance | | | |
|----------------------------|---|--|--|
| Yes | 12. Is the Operator-in-Charge certified at the proper grade(s)? | Required: Advanced - A1, B, C, D, L, P & SS Brian Erickson Held: Advanced - A1, B, C, D, L, & P | |
| Yes | 13. Is the treatment works and disposal system being properly operated and maintained, when in operation? | | |

| | | | |
|-----|--|---|--|
| Yes | 14. Are process control tests being performed and recorded to properly operate and maintain the plant? | Daily - DO, protozoa counts, MLSS, 30-min settling test | |
| Yes | 15. Does the plant have a documented and implemented preventative maintenance program for major equipment? | Work orders are printed out weekly on Mondays. Lift stations are cleaned biweekly and included on work orders. | |
| Yes | 16. Is the permittee following the requirements contained in any approved management plan? | Mercury PMP | |

| Biosolids Treatment, Handling and Storage | | | |
|---|---|--|--|
| Yes | 17. Are all unit operations and processes for biosolids/sludge treatment and storage operating satisfactorily? | Anaerobic Digestion - receives primary and DAF sludge DAF - receives WAS Gravity Belt Thickener - run once or twice per week Gas usage is down since started to measure height of digester cover. | |
| No | 18. Are there any unique treatment units, processes or operations in the solids treatment train? If yes, comment. | Typical municipal sludge treatment/thickening processes | |
| Yes | 19. Are biosolids/solids meeting all applicable sludge quality standards and processes standards before disposal or distribution? | All metals are below high quality limits Pathogen - Anaerobic Digestion Vector - Injection | |
| Yes | 20. Are biosolids/solids being landsread meeting all NR 204 or NR 214 landspreading requirements? | Contract hauler meeting all NR 204 requirements. Stoughton has daily haul logs and aerial maps showing location of spreading. | |
| Yes | 21. Are all biosolids/solids and land application reports completed and submitted on time? | Some reports are submitted late but not a chronic issue. If all sludge is land applied, the 52 form (other methods of disposal) can be submitted blank. | |

Part B: PERMIT AND REPORTING REQUIREMENTS

| Permit | | | |
|--------|--|--|---|
| Yes | 22. Is a copy of the current WPDES permit kept at the treatment plant? | Signed copy kept on site | |
| Yes | 23. Was the WPDES permit reviewed with the operator-in-charge? | Based on previously calculated limits for chlorides, the daily maximum is 1514 mg/L and weekly avg is 1207 mg/L. It is not anticipated that a limit would be needed during the next permit term. | A formal mercury pollutant minimization plan should be submitted as part of the variance package. |

| Records/Reports | | | |
|-----------------|---|---|---|
| Yes | 24. Are all Discharge Monitoring Reports completed correctly and submitted on time? | DMRs are submitted on time. Nitrogen Ammonia variable limit used to be missed - corrected in late 2015 DO monitoring and limit only apply May-Oct. Rest of the year, the DMR column can be kept blank. | It is recommended that an additional person request both entry and submit access. |
| Yes | 25. Are all other WPDES permit required reports completed correctly and submitted on time? | Only a few late submittals of Land App forms, not a chronic issue. | |
| Yes | 26. Were there any CMAR compliance recommendations made or actions required because of low CMAR grades (C, D or F)? | Low grades for influent loadings. F (2011-2013) C (2014) B (2015) Every 5 years the City does a long term strategic planning report. | |
| No | 27. Were there any CMAR follow-up actions regardless of grades? | Only follow-up actions were for low grades | |

| Compliance Schedules | | | |
|----------------------|---|---|--|
| Yes | 28. Is the permittee up to date on required actions as specified in the Schedule of Compliance? | Phosphorus - participating in Yahara WINS Adaptive Management Project Mercury - SRM & Annual Progress Reports, most recent report submitted 2/7/17 | |

| Sanitary Sewer Overflows | | | |
|--------------------------|--|--|--|
| No | 29. Have any sanitary sewer overflows occurred since the last inspections? | Last SSO occurred in May 2004 | |
| Yes | 30. Have SSOs been reported as required? | Initial notification within 24 hours and written report within 5 days. | |

| | | | |
|-----|--|--|---|
| Yes | 31. Does the facility have a documented collection system O&M or CMOM program? | Date of Approval - 7/31/16 Overall goals are to televise 10% and clean 30% of system annually. System is all on GIS with field access tablets and forms. River crossings were replaced 4-5 years ago. | A template for public notification is recommended to be included as part of the CMOM. |
|-----|--|--|---|

Part C: EFFLUENT / RECEIVING WATERS

| Effluent Limits | | | |
|-----------------|--|--|--|
| Yes | 32. Is the permittee in compliance with all effluent limits based on a review of discharge monitoring reports? | No effluent violations since permit reissuance. | |
| N/A | 33. Is the permittee in compliance with all groundwater standards based on a review of groundwater monitoring forms? | No groundwater requirements in current WPDES permit. | |

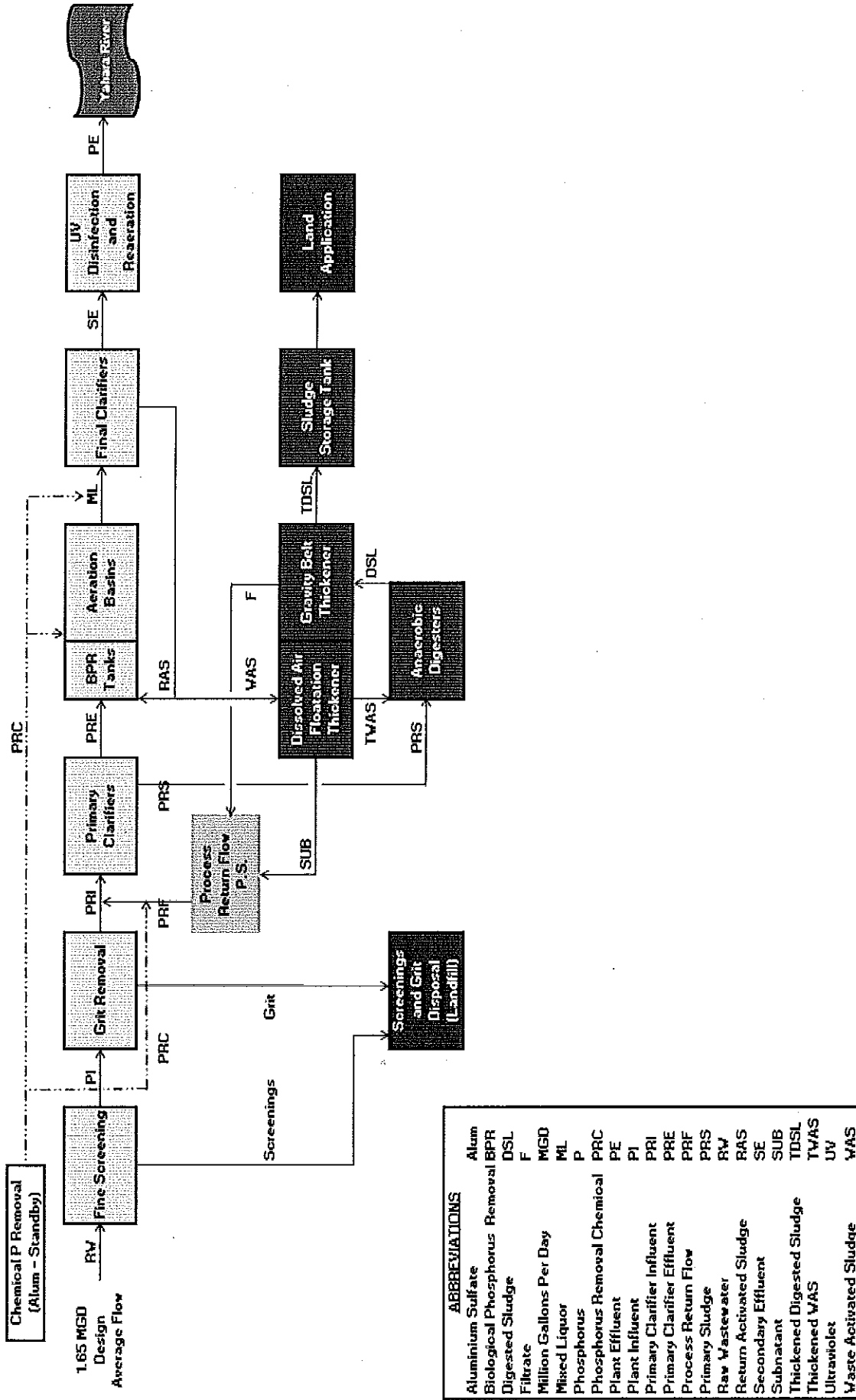
| Outfalls | | | |
|----------|---|--|--|
| Yes | 34. Have you physically observed the effluent outfall? | See attached photo. | |
| Yes | 35. If observable, does the outfall structure appear structurally sound and located as originally designed/constructed? | Outfall structure appears as originally constructed. | |

| Receiving Waters | | | |
|------------------|--|---|--|
| Yes | 36. Does the receiving water below the outfall appear acceptable compared to upstream water quality? | The receiving stream appears similar both upstream ad downstream. | |

| General Comments | | | |
|------------------|---|--|--|
| No | 37. Are there any general comments about this treatment facility? | | |

| SUBSTANTIAL COMPLIANCE DETERMINATION | | | |
|--------------------------------------|---|---|--|
| Yes | 38. Are all conditions of the permit, including standard conditions, being met? | All conditions and standard requirements of the current WPDES permit are being met. | |
| Yes | 39. IS THE PERMITTEE IN SUBSTANTIAL COMPLIANCE WITH THE PERMIT? If not, please comment. | The permittee has been found to be in substantial compliance with their WPDES permit. | |

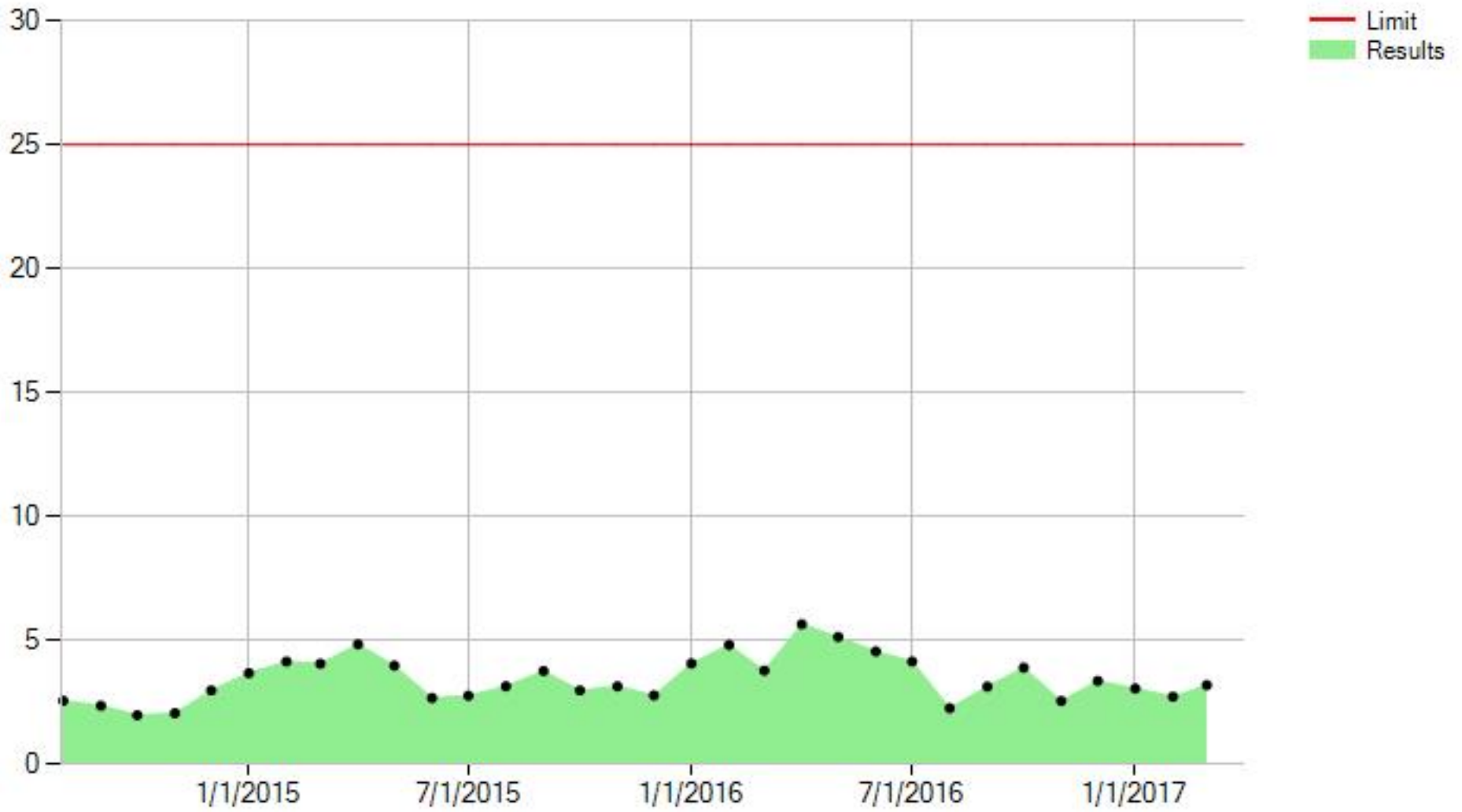
Figure 1 Stoughton WWTP Process Schematic



| ABBREVIATIONS | |
|-------------------------------|------|
| Aluminum Sulfate | Alum |
| Biological Phosphorus Removal | BPR |
| Digested Sludge | DSL |
| Filtrate | F |
| Million Gallons Per Day | MGD |
| Mixed Liquor | ML |
| Phosphorus | P |
| Phosphorus Removal Chemical | PRC |
| Plant Effluent | PE |
| Plant Influent | PI |
| Primary Clarifier Influent | PRI |
| Primary Clarifier Effluent | PRE |
| Process Return Flow | PRF |
| Primary Sludge | PRS |
| Raw Wastewater | RW |
| Return Activated Sludge | RAS |
| Secondary Effluent | SE |
| Substrate | SUB |
| Thickened Digested Sludge | TDSL |
| Thickened WAS | TWAS |
| Ultraviolet | UV |
| Waste Activated Sludge | WAS |

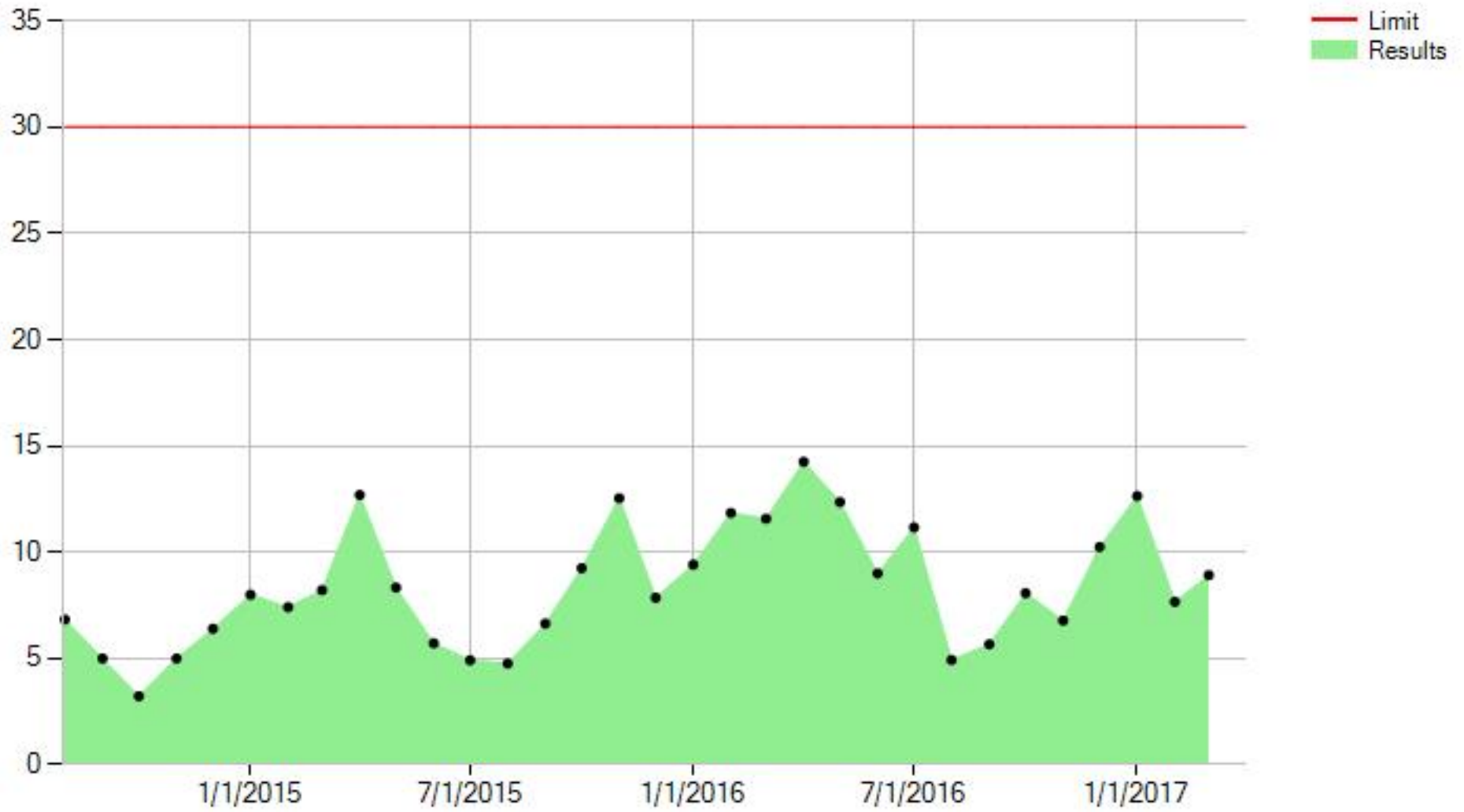
STOUGHTON WASTEWATER TREATMENT FACILITY - 0020338-08-0

001 - CBOD5 (mg/L) - Aug/2014 - Mar/2017 - Monthly Average



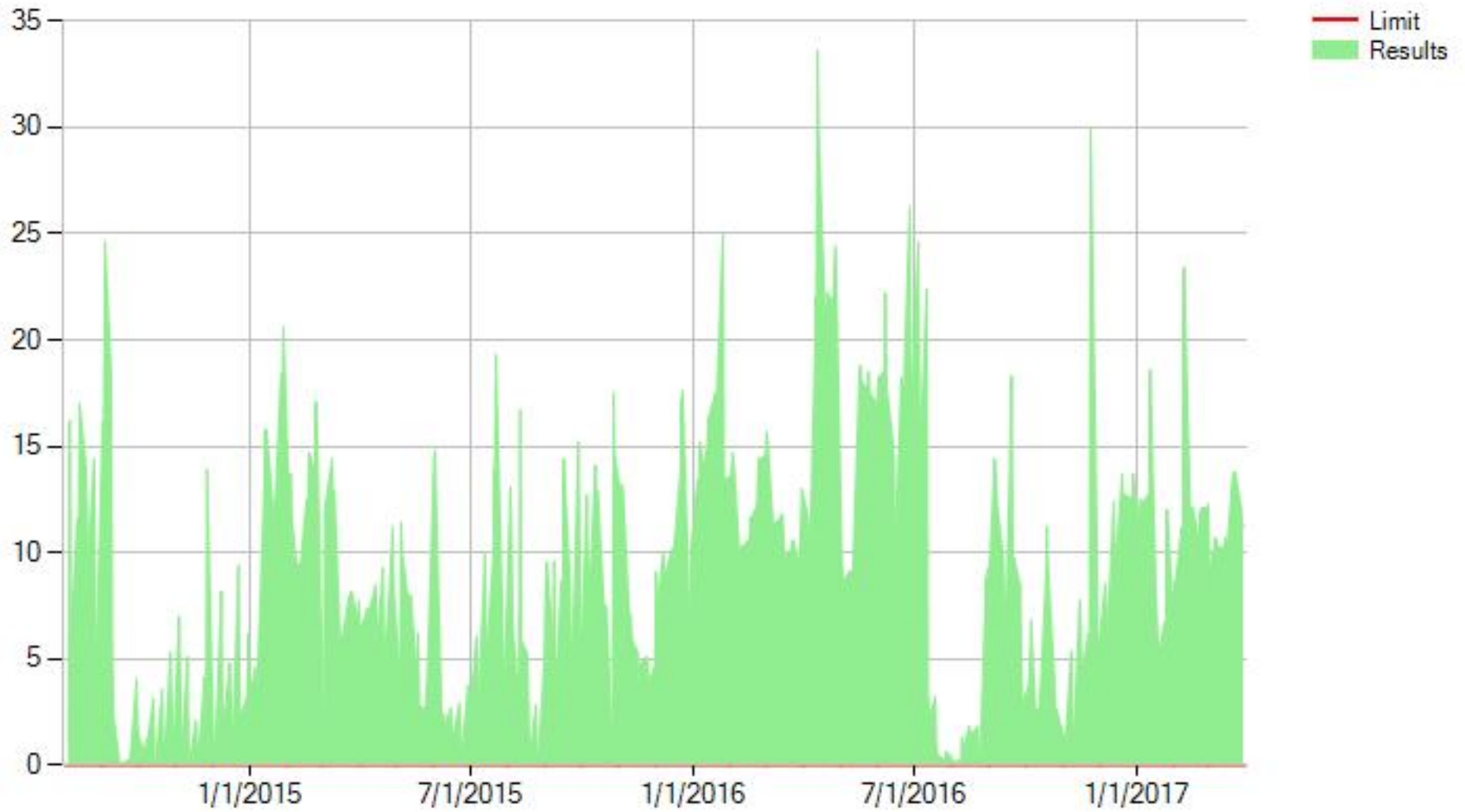
STOUGHTON WASTEWATER TREATMENT FACILITY - 0020338-08-0

001 - Suspended Solids, Total (mg/L) - Aug/2014 - Mar/2017 - Monthly Average



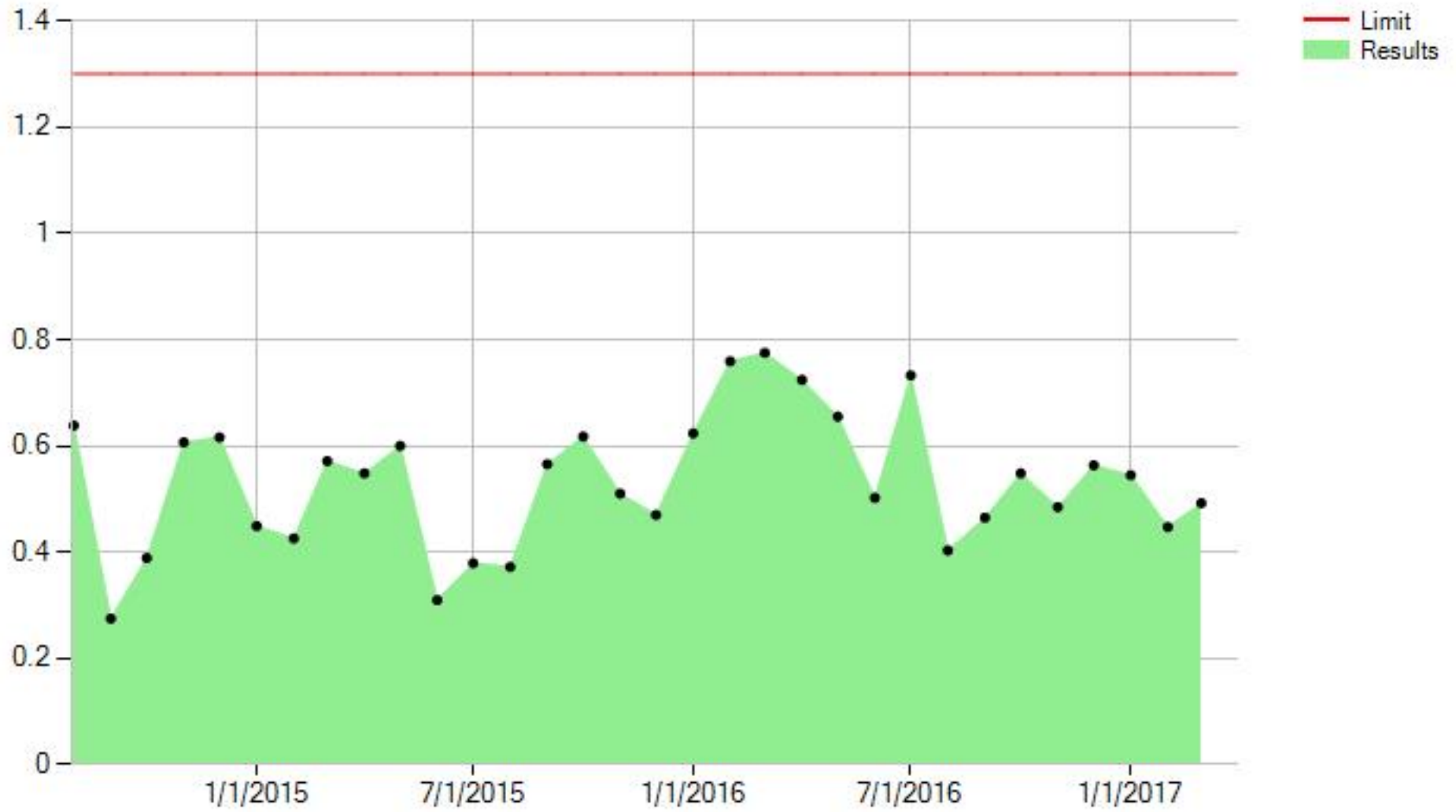
STOUGHTON WASTEWATER TREATMENT FACILITY - 0020338-08-0

001 - Nitrogen, Ammonia (NH₃-N) Total (mg/L) - Aug/2014 - Mar/2017 - Daily Maximum- Variable



STOUGHTON WASTEWATER TREATMENT FACILITY - 0020338-08-0

001 - Phosphorus, Total (mg/L) - Aug/2014 - Mar/2017 - Monthly Average



CMAR Summary Report

Report Criteria : Permit No - 0020338, Report Year - 2015, 2014, 2013, 2012, 2011

| Facility | DNR Contact | Design Flow | Year | GPA | Inf | BOD | TSS | NH3 | P | N | GW | Ponds | BSlds | Staffing | OpCert | CollSys | FinMgt |
|--|------------------------------|-------------|------|------|-----|-----|-----|-----|---|---|----|-------|-------|----------|--------|---------|--------|
| STOUGHTON WASTEWATER TREATMENT FACILITY 0020338 SC Dane Receiving Yahara River Watershed: Yahara River and Lake Kegonsa River Basin: Rock River (lower) | Garbe, Amy (262) 574-2135 | 2.06 | 2015 | 3.91 | B | A | A | - | A | - | - | - | A | A | A | A | A |
| STOUGHTON WASTEWATER TREATMENT FACILITY 0020338 SC Dane Receiving Yahara River Watershed: Yahara River and Lake Kegonsa River Basin: Rock River (lower) | Garbe, Amy (262) 574-2135 | 2.06 | 2014 | 3.81 | C | A | A | - | A | - | - | - | A | A | A | A | A |
| STOUGHTON WASTEWATER TREATMENT FACILITY 0020338 SC Dane Receiving Yahara River Watershed: Yahara River and Lake Kegonsa River Basin: Rock River (lower) | Garbe, Amy (262) 574-2135 | 2.06 | 2013 | 3.63 | F | A | A | - | A | - | - | - | A | A | A | A | A |
| STOUGHTON WASTEWATER TREATMENT FACILITY 0020338 SC Dane Receiving Yahara River Watershed: Yahara River and Lake Kegonsa River Basin: Rock River (lower) | Garbe, Amy (262) 574-2135 | 2.06 | 2012 | 0 | F | A | A | - | A | - | - | - | A | A | A | A | A |
| STOUGHTON WASTEWATER TREATMENT FACILITY 0020338 SC Dane Receiving Yahara River Watershed: Yahara River and Lake Kegonsa River Basin: Rock River (lower) | Garbe, Amy (262) 574-2135 | 2.06 | 2011 | 3.63 | F | A | A | - | A | - | - | - | A | A | A | A | A |

Inf - Influent; BOD,TSS, Nh3, P, N - Effluent Quality; GW - Groundwater Quality; Ponds - Leakage; BSlds - Biosolids; OpCert - Operator Certification; CollSys - Sanitary Sewers; FinMgt - Financial Management

Wastewater Facility Inspection Report Response

Response by : Brian Erickson - WW Supervisor

Response date : 4/26/2017 2:08:58 PM

Response : Submitted the March 2017 phosphorus mass data on 2-24-17. Stoughton Utilities will review the attached guidance website for the mercury pollutant minimization plan that is part of our variance package. Robert Kardasz will be the additional person to enter and submit reports. Site specific templates have been developed and added to the CMOM program.



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

May 3, 2017

Contact: Robert Kardasz, Utilities Director

Stay Safe During a Storm-Related Outage

As your locally owned utility, Stoughton Utilities has an electric crew that regularly maintains the poles, wires, and equipment that keep the lights on 24 hours a day, seven days a week. As a result, the utility has a strong record for reliability. However, during summer's occasional severe weather, even the best safeguards cannot always prevent an outage from occurring.

Customers may experience a momentary outage when, for example, a tree limb falls on a line and creates a brief short circuit. Other outages – such as when lightning strikes a transformer or high winds cause a tree to fall on a power line – can result in a loss of power until utility staff can safely restore service. In the event of an outage, customers should contact the utility at (608) 873-3379.

“We ask that customers understand that we’re working to fix the problem as quickly as possible if there is an outage. We have a highly trained, local line crew that is available immediately, but restoring power to homes and businesses – especially in bad weather – can be a dangerous and complex job,” said Robert Kardasz, Utilities Director.

The utility also reminds customers to stay safe by calling 911 if there is a downed power line or fire and keeping all people and pets away from the area. Other outage-related issues do not require calling 911. Residents should also:

- Pack food in a cooler if necessary, but otherwise avoid opening the refrigerator and freezer. A refrigerator can keep food safely cool for about two hours; a freezer will hold food safely for 24 to 48 hours.

- Unplug TVs, stereos, computers and other electronics to avoid damage from a potential power surge.
- Close blinds and drapes, as well as the doors to unused rooms, to keep homes cool. Go to the basement if possible.
- Never use portable stoves, grills or generators indoors inside a home – which includes porches and garages – as they could emit dangerous carbon monoxide. (Up-to-date carbon monoxide detectors should be installed on each floor of a home.)
- Drink plenty of water and take a cool shower to deal with heat.
- Check on older or disabled neighbors.
- Create a weather emergency kit to have on hand at home. In it, keep a flashlight and batteries for each member of the family; at least one gallon of water per family member; snacks such as granola or trail mix; a can opener; a first-aid kit that includes any prescription drugs; a portable hand-crank or battery-operated radio; blankets for napping or covering windows against heat; and car chargers for cell phones.

Founded in 1886, Stoughton Utilities serves electric customers in Stoughton and the surrounding area, and wastewater and water customers in Stoughton.



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

May 3, 2017

Contact: Robert Kardasz, Utilities Director

May is National Electrical Safety Month *How safe is your home?*

In honor of National Electrical Safety Month, Stoughton Utilities is joining Electrical Safety Foundation International (ESFI) and 2,000+ other public power utilities across the nation to help educate people about electrical safety and encourage them to take steps to reduce the number of electricity-related fatalities, injuries, and property losses each year.

"As our dependence on electricity grows, accident prevention becomes more critical," says Robert Kardasz, Utilities Director.

While electricity is a necessary resource for powering our modern lifestyles, it is important to treat it with respect and exercise proper safety practices.

Each year, approximately 2,400 children suffer severe shocks and burns from sticking items into the slots of electrical receptacles. An average of 70 electrocution fatalities are associated with consumer products each year. Electrical failure or malfunction can also lead to house fires. Between 2010 and 2014, U.S. fire departments responded to an average of 45,210 such fires every year. These fires resulted in 420 deaths, 1,370 injuries and \$1.4 billion in property damage.

Stoughton Utilities encourages people to consider the following safety tips to make their homes safer.

Switches and Outlets

- If an outlet displays any of the following characteristics, shut off the circuit and consult a professional:
 - It's warm or hot to the touch
 - It makes a cracking, buzzing or sizzling sound
 - Plugs don't fit snugly in it
 - It's discolored by heat
- If you have young children, try to get tamper-resistant outlets or outlet covers with a sliding cover mechanism instead of removable plastic outlet covers. A study conducted by Temple University's Biokinetics Laboratory found that 100 percent of children ages 2 to 4 years old were able to remove plastic outlet covers from the sockets in less than 10 seconds.

Electrical Cords

- Make sure your electrical cords are in good condition, aren't located in high traffic areas or places where they can be pinched by doors, windows or furniture, and aren't attached using nails or staples.
- If you're using an extension cord, make sure it's rated for where you will use it (indoor or outdoor). Extension cords should only be used on a temporary basis.

Lamps and Appliances

- Avoid using electrical appliances, such as hair dryers and charging equipment, near a sink or other area where the appliance or electrical cord could come into contact with water.
- Some general safety checks you can do:
 - Check that the bulbs you're using are the correct wattage
 - Make sure portable space heaters, entertainment centers and computer equipment have plenty of space around them for ventilation
 - Keep electrical cords away from areas where they can come into contact with a heat source

Electrical Panel

- Check the label on the cover of your home's electrical system to determine when the electrical system was last inspected. If you are due, have a qualified, licensed electrician inspect your outlets and electrical system.

Smoke Alarms

- Make sure you have enough smoke alarms in your home and that they are in working order. It is recommended to place one alarm in each bedroom and another outside of each sleeping area, test them once a month, and replace the batteries once a year.

Electrical safety awareness and education among consumers, families, employees, and communities will prevent electrical fires, injuries, and fatalities. For more information, visit stoughtonutilities.com and esfi.org.

Founded in 1886, Stoughton Utilities serves electric customers in Stoughton and the surrounding area, and wastewater and water customers in Stoughton.

About ESFI

The Electrical Safety Foundation International (ESFI) sponsors National Electrical Safety Month each May to increase public awareness of the electrical hazards around us at home, work, school, and play. ESFI is a 501(c)(3) non-profit organization dedicated exclusively to promoting electrical safety. For more information about ESFI and electrical safety, visit www.esfi.org.

Did You Know?

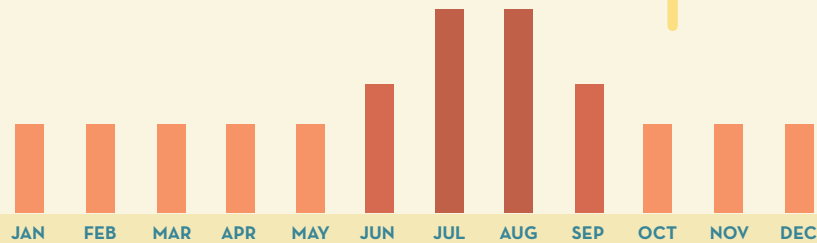
ENERGY COSTS MORE IN THE SUMMER.

Because of increased air conditioning use, overall customer demand for electricity is at its highest in the summer months—and our cost to serve you is also the highest in the summer.

Due to higher costs across the electric system, your bill is likely to increase during this time of year.



MONTHLY ELECTRICITY COSTS



SUMMER IS A GREAT TIME TO SAVE.

Here are some easy ways to save energy and lower your bill during the summer:

- Get a **professional air conditioner tune-up**. A well-working air conditioner can save 5-15% on cooling costs.
- **Set your thermostat** to at least 80 degrees when you are away.
- **Install a smart programmable thermostat**. We are currently offering a rebate for this. See our website for program information.
- **Run your dishwasher** only when it is fully loaded, and turn off the dry cycle and air dry dishes instead.
- Use your **microwave** instead of your oven, whenever possible.
- Close **shades and blinds** during the day to block some of the sun's warmth.
- Use **ceiling fans**. The air movement in the room can make it feel 4 degrees cooler.
- Change to **LED bulbs**. They use less energy and give off far less heat.
- Consider switching to our **Time of Day option** and pay a lower rate when you shift your energy use to nights and weekends.

BUDGET PAYMENT PLAN

Avoid unpredictable utility bills and make balancing your budget a little easier. Pay the same amount each month, based on the average of your actual bill charges during the previous 12 months. Your utility bill will show how much energy you used, but some months you will pay less for what you actually used and some months you will pay more. Contact us for details.



Shared strength through  WPPI Energy

At Stoughton Utilities, we believe affordable public power strengthens our community and helps our neighbors. That's why, through WPPI Energy, we're partnering with other local not-for-profit utilities to share resources and lower costs.

www.stoughtonutilities.com • (608) 873-3379



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

May 8, 2017

Contact: Robert P. Kardasz, P.E., Utilities Director

Stoughton Utilities Receives National Recognition as a Reliable Public Power Provider

Stoughton Utilities has earned a Reliable Public Power Provider (RP₃)[®] designation from the American Public Power Association for providing reliable and safe electric service. David Lynch, Assistant Director of Utility Operations at Marquette Board of Light and Power, Michigan and chair of the Association's RP₃ Review Panel, presented the designations on May 8 during the Association's annual Engineering & Operations Technical Conference held in San Antonio, Texas.

Stoughton Utilities has earned this designation during each selection period since 2006. This is the second consecutive time they have received the Diamond award, which is the highest possible designation.

The RP₃ designation, which lasts for three years, recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, workforce development, and system improvement. Criteria include sound business practices and a utility-wide commitment to safe and reliable delivery of electricity. Stoughton Utilities joins more than 220 public power utilities nationwide that hold the RP₃ designation.

“Utilities that have earned an RP₃ designation demonstrate public power's emphasis on achieving leading practices and providing a high level of service to communities,” said Lynch. “We are proud to welcome all utilities earning this recognition for the first time and to those renewing their designations.”

“We’re honored to be recognized as a Reliable Public Power Provider,” said Robert Kardasz, Utilities Director at Stoughton Utilities. “Our staff works hard to provide reliable service, and RP₃ recognizes our commitment to serving the community. Stoughton Utilities continues to lead by example and is dedicated to providing a high degree of reliable and safe electric service to our customers.”

#

Founded in 1886, Stoughton Utilities serves electric customers in Stoughton and the surrounding area; and wastewater and water customers in Stoughton.

The American Public Power Association has offered the RP₃ designation for the past 12 years. The Association is the voice of not-for-profit, community-owned utilities that power 49 million people in 2,000 towns and cities nationwide. The Association advocates and advises on electricity policy, technology, trends, training, and operations.



600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Election of the Utilities Committee Chairperson and Vice-Chairperson

Subsection 2-527 of the Stoughton Municipal Code of Ordinances requires that the Utilities Committee elect a Chairperson and a Vice-Chairperson. This election shall occur at the first regularly scheduled Utilities Committee meeting following the Stoughton Common Council Reorganization Meeting, which was held on April 18, 2017.



600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Election of the Utilities Committee Liaison and Alternate Liaison to the Stoughton Common Council

Subsection 2-527 of the Stoughton Municipal Code of Ordinances requires that the Utilities Committee elect two alderpersons to the positions of Liaison and Alternate Liaison to the Stoughton Common Council. This election shall occur at the first regularly scheduled Utilities Committee meeting following the Stoughton Common Council Reorganization Meeting, which was held on April 18, 2017.



600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Selection of the Utilities Committee meeting date and time

Subsection 2-527 of the Stoughton Municipal Code of Ordinances requires that the Stoughton Utilities Committee select the date and time for the regular monthly meeting. This selection shall occur at the first regularly scheduled Utilities Committee meeting following the Stoughton Common Council Reorganization Meeting, which was held on April 18, 2017.

In the past, 3:30 p.m. to 5:30 p.m. on the Monday following the first regularly scheduled Stoughton Common Council meeting has been designated as the date and time for Utilities Committee meetings. This date allows the Utilities Committee recommendations to receive timely action at the second Stoughton Common Council meeting of the month. This monthly meeting date and time also does not conflict with normally scheduled meetings of other Stoughton committees or commissions.

I am requesting that the Stoughton Utilities Committee designate the monthly meeting date to remain as the Monday after the first regularly scheduled meeting of the Stoughton Common Council, and that the meeting time be selected in order to facilitate continued employee participation.



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Status of the Utilities Committee recommendation(s) to the Stoughton Common Council

The following items from prior Stoughton Utilities Committee Meeting(s) were acted upon by the Stoughton Common Council:

Business:

- Utility Billing Statement Messages and Inserts Policy

Consent Agenda:

- Stoughton Utilities Payments Due List Report
- Stoughton Utilities Committee March 20, 2017 Regular Meeting Minutes
- Stoughton Utilities February 2017 Financial Summary
- Stoughton Utilities March 2017 Statistical Information



600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Jamin T. Friedl, CPA
Stoughton Utilities Finance Manager

Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Stoughton Utilities 2016 audit reports and management letter

The Stoughton Utilities audit reports and management letter will be presented to the Utilities Committee at their May 15, 2017 meeting. Ms. Jodi Dobson of Baker Tilly Virchow Krause, LLP is scheduled to present the audit information.

Please review the attached audit reports and management letter and contact us if you have any questions prior to the meeting.

We are requesting that the Utilities Committee accept the Stoughton Utilities 2016 audit report and management letter, and recommend the acceptance of the audit report and the management letter and the adoption of the corresponding resolution to the Stoughton Common Council on May June 13, 2017.

Encl.

cc: Jodi Dobson, CPA
Partner - Baker Tilly Virchow Krause, LLP

Bethany Ryers, CPA
Baker Tilly Virchow Krause, LLP

Tammy LaBorde, MPA, ICMA-CM
Stoughton Finance & Economic Development Director

STOUGHTON UTILITIES

Enterprise Funds of the
City of Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2016 and 2015

STOUGHTON UTILITIES

Enterprise Funds of the City of Stoughton, Wisconsin

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STOUGHTON UTILITIES

Enterprise Funds of the City of Stoughton, Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the Utilities Committee
Stoughton Utilities
Stoughton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Stoughton Utilities, enterprise funds of the City of Stoughton, Wisconsin, as of and for the years ended December 31, 2016 and 2015, 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 opinions 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 Stoughton Utilities' 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 Stoughton Utilities' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stoughton Utilities as of December 31, 2016 and 2015, 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.

To the Utilities Committee
Stoughton Utilities

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Stoughton Utilities enterprise funds and do not purport to, and do not, present fairly the financial position of the City of Stoughton, Wisconsin, as of December 31, 2016 and 2015 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 opinions are not modified with respect to this matter.

Other Matters

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.

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 24, 2017

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

STOUGHTON UTILITIES

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

The management of the Stoughton Utilities (utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview and analysis of the utilities' financial performance during the years ending December 31, 2016, 2015 and 2014. You are invited to read this narrative in conjunction with the utilities' financial statements.

FINANCIAL HIGHLIGHTS

ELECTRIC:

- Electric sales increased by .50% in 2016 due to a corresponding increase in power purchased.
- The electric division's net position increased by \$827,300 from the prior year.
- Completed \$1.2 million of capital improvements to accommodate developments and improve operations and electric system reliability.

WATER:

- Completed \$1.9 million of capital improvements and received \$972,200 in municipal and customer contributions.
- The water division's net position increased by \$1.0 million from the prior year.
- Sales increased by \$192,800 or 10.95% in 2016 due to a 13% increase in retail rates effective May 1, 2016.

WASTEWATER:

- Completed \$1.3 million of sewer projects and received \$846,800 in municipal and customer contributions.
- The utility experienced a slight increase in sales revenues of \$5,200 or .26% in 2016 due to a slight increase in residential and commercial sales offset by a decrease in industrial sales.
- The wastewater division's net position increased by \$921,100 from the prior year.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

The utilities are self-supporting entities and separate enterprise funds of the City of Stoughton (city). The utilities provide electric, water, and wastewater service to properties within the city and also provides electric service to the following Townships: Dunkirk, Dunn, Pleasant Springs, Porter and Rutland.

The water and electric utilities are managed by a Utilities Committee and operate under service rules and rates that are established by the Public Service Commission of Wisconsin (PSCW). The accounting records are maintained in accordance with the Uniform System of Accounts prescribed by the PSCW, and in accordance with the Governmental Accounting Standards Board.

The Utilities Committee also manages the wastewater utility. The Utilities Committee and the Common Council establish rates and service rules. Accounting records are maintained in accordance with the Governmental Accounting Standards Board.

This annual report consists of two parts: Management's Discussion and Analysis, and the basic financial statements, including the independent auditor's report.

An analysis of the utilities' financial position begins with a review of the Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the utilities' net position and changes therein. The utilities' net position – 'the difference between assets and liabilities' is key to measuring the financial health of the utilities. Over time, increases or decreases in the net position value are an indicator of whether the overall financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions and new regulations.

UTILITY FINANCIAL ANALYSIS

The Statement of Net Position includes all of the utilities' assets and liabilities and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the utilities.

A summary of the utilities' Statements of Net Position is presented below in Tables 1 through 3.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 1
Condensed Statement of Net Position – Electric Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| Current and Other Assets | \$ 13,309,505 | \$ 10,989,389 | \$ 10,529,265 | \$ 2,320,116 |
| Capital Assets | 14,402,176 | 14,249,247 | 14,350,749 | 152,929 |
| Total Assets | <u>27,711,681</u> | <u>25,238,636</u> | <u>24,880,014</u> | <u>2,473,045</u> |
| Deferred Outflows of Resources | <u>575,914</u> | <u>158,933</u> | - | <u>416,981</u> |
| Long-Term Debt Outstanding | 6,250,000 | 4,460,000 | 4,460,000 | 1,790,000 |
| Other Liabilities | <u>2,275,608</u> | <u>2,223,030</u> | <u>2,628,423</u> | <u>52,578</u> |
| Total Liabilities | <u>8,525,608</u> | <u>6,683,030</u> | <u>7,088,423</u> | <u>1,842,578</u> |
| Deferred Inflows of Resources | <u>221,246</u> | <u>1,063</u> | - | <u>220,183</u> |
| Investment in Capital Assets | 9,860,679 | 9,740,384 | 9,349,914 | 120,295 |
| Restricted | 1,090,228 | 1,198,784 | 1,089,205 | (108,556) |
| Unrestricted | <u>8,589,834</u> | <u>7,774,308</u> | <u>7,352,472</u> | <u>815,526</u> |
| Total Net Position | <u>\$ 19,540,741</u> | <u>\$ 18,713,476</u> | <u>\$ 17,791,591</u> | <u>\$ 827,265</u> |

In 2016, the electric utility net position increased \$827,265, an increase of 4.42%. The increase was as anticipated and in line with the 2016 operating budget.

In 2015, the electric utility net position increased \$921,885, an increase of 5.19%. The increase was as anticipated and in line with the 2015 operating budget.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 2
Condensed Statement of Net Position – Water Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| Current and Other Assets | \$ 2,416,880 | \$ 1,610,745 | \$ 1,203,476 | \$ 806,135 |
| Capital Assets | 15,281,587 | 13,898,850 | 12,747,318 | 1,382,737 |
| Total Assets | <u>17,698,467</u> | <u>15,509,595</u> | <u>13,950,794</u> | <u>2,188,872</u> |
| Deferred Outflows of Resources | <u>206,806</u> | <u>57,424</u> | - | <u>149,382</u> |
| Long-Term Debt Outstanding | 3,417,424 | 2,297,381 | 1,775,381 | 1,120,043 |
| Other Liabilities | 656,534 | 560,512 | 624,686 | 96,022 |
| Total Liabilities | <u>4,073,958</u> | <u>2,857,893</u> | <u>2,400,067</u> | <u>1,216,065</u> |
| Deferred Inflows of Resources | <u>77,947</u> | <u>390</u> | - | <u>77,557</u> |
| Investment in Capital Assets | 12,041,652 | 11,601,469 | 10,820,680 | 440,183 |
| Restricted | 528,997 | 442,722 | 406,334 | 86,275 |
| Unrestricted | <u>1,182,719</u> | <u>664,545</u> | <u>323,713</u> | <u>518,174</u> |
| Total Net Position | <u>\$ 13,753,368</u> | <u>\$ 12,708,736</u> | <u>\$ 11,550,727</u> | <u>\$ 1,044,632</u> |

In 2016, the water utility net position increased \$1,044,632, an increase of 8.22%. The increase was mainly due to capital improvements that were financed by customers or developers and the implementation of a 13% retail rate adjustment effective May 1, 2016.

In 2015, the water utility net position increased \$1,158,009, an increase of 10.03%. The increase was mainly due to capital improvements that were financed by customers or developers and the implementation of a 3% retail rate adjustment in July 2015.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 3
Condensed Statements of Net Position – Wastewater Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--------------------------------|---------------------|----------------------|----------------------|---------------------|
| Current and Other Assets | \$ 3,523,717 | \$ 3,551,473 | \$ 2,890,768 | \$ (27,756) |
| Capital Assets | 18,723,878 | 18,211,980 | 17,931,136 | 511,898 |
| Total Assets | <u>22,247,595</u> | <u>21,763,453</u> | <u>20,821,904</u> | <u>484,142</u> |
| Deferred Outflows of Resources | <u>227,166</u> | <u>62,601</u> | - | <u>164,565</u> |
| Long-Term Debt Outstanding | 5,474,363 | 5,908,753 | 5,312,592 | (434,390) |
| Other Liabilities | 277,920 | 202,878 | 633,136 | 75,042 |
| Total Liabilities | <u>5,752,283</u> | <u>6,111,631</u> | <u>5,945,728</u> | <u>(359,348)</u> |
| Deferred Inflows of Resources | <u>87,394</u> | <u>418</u> | - | <u>86,976</u> |
| Investment in Capital Assets | 13,249,636 | 12,303,350 | 12,236,966 | 946,286 |
| Restricted | 1,472,409 | 1,494,868 | 1,489,947 | (22,459) |
| Unrestricted | <u>1,913,039</u> | <u>1,915,787</u> | <u>1,149,263</u> | <u>(2,748)</u> |
| Total Net Position | <u>\$16,635,084</u> | <u>\$ 15,714,005</u> | <u>\$ 14,876,176</u> | <u>\$ 921,079</u> |

In 2016, the wastewater utility net position increased \$921,079, an increase of 5.86%. The increase was mainly due to capital improvements that were financed by customers or developers.

In 2015, the wastewater utility net position increased \$837,829, an increase of 5.63%. The increase was mainly due to capital improvements that were financed by customers or developers and the implementation of a 2.74% retail rate adjustment on January 1, 2015.

The restricted portion of net position includes accounts that are limited by bond covenants. Listed below are restricted assets:

- Redemption – Used for debt service payments.
- Reserve – Used for any deficiencies in the redemption account.
- Depreciation – Used to restore deficiencies in the redemption and reserve accounts, and for funding plant replacements.
- Construction – Bond issue proceeds used only for the restricted construction project(s).
- Replacement – Used for plant replacement.

The specific nature or source of these changes becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown in Tables 4 through 6.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the utilities' financial health.

Table 4
Condensed Statement of Revenues,
Expenses and Changes in Net Position -
Electric Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--|----------------------|----------------------|----------------------|---------------------|
| Operating Revenues | \$ 15,116,204 | \$ 15,057,028 | \$ 15,603,989 | \$ 59,176 |
| Non-Operating Revenues | 103,266 | 113,721 | 94,519 | (10,455) |
| Total Revenues | <u>15,219,470</u> | <u>15,170,749</u> | <u>15,698,508</u> | <u>48,721</u> |
| Depreciation Expense | 996,954 | 965,661 | 934,151 | 31,293 |
| Other Operating Expense | 13,329,607 | 13,261,410 | 13,770,271 | 68,197 |
| Non-Operating Expenses | 262,172 | 149,159 | 158,954 | 113,013 |
| Total Expenses | <u>14,588,733</u> | <u>14,376,230</u> | <u>14,863,376</u> | <u>212,503</u> |
| Income Before Capital Contributions and Transfers | 630,737 | 794,519 | 835,132 | (163,782) |
| Capital Contributions | 324,625 | 220,414 | 80,949 | 104,211 |
| Capital Contribution - Municipal | 269,901 | - | - | 269,901 |
| Transfers - Tax Equivalent | (376,785) | (370,260) | (366,032) | (6,525) |
| Transfers | <u>(21,213)</u> | <u>(23,455)</u> | <u>(19,212)</u> | <u>2,242</u> |
| Changes in Net Position | 827,265 | 621,218 | 530,837 | 206,047 |
| Beginning Net Position | <u>18,713,476</u> | <u>17,791,591</u> | <u>17,260,754</u> | <u>921,885</u> |
| Cumulative Effect of Change in Accounting Principle | <u>-</u> | <u>300,667</u> | <u>-</u> | <u>(300,667)</u> |
| Total Net Position - Ending | <u>\$ 19,540,741</u> | <u>\$ 18,713,476</u> | <u>\$ 17,791,591</u> | <u>\$ 827,265</u> |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

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

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--|----------------------|----------------------|----------------------|---------------------|
| Operating Revenues | \$ 2,001,124 | \$ 1,784,416 | \$ 1,750,961 | \$ 216,708 |
| Non-Operating Revenues | 27,981 | 8,608 | 2,118 | 19,373 |
| Total Revenues | <u>2,029,105</u> | <u>1,793,024</u> | <u>1,753,079</u> | <u>236,081</u> |
| Depreciation Expense | 428,084 | 408,632 | 390,653 | 19,452 |
| Other Operating Expense | 1,012,205 | 885,770 | 924,261 | 126,435 |
| Non-Operating Expenses | 126,093 | 87,136 | 84,281 | 38,957 |
| Total Expenses | <u>1,566,382</u> | <u>1,381,538</u> | <u>1,399,195</u> | <u>184,844</u> |
| Income Before Capital Contributions and Transfers | 462,723 | 411,486 | 353,884 | 51,237 |
| Capital Contributions | 756,373 | 501,276 | 26,500 | 255,097 |
| Capital Contribution - Municipal | 215,803 | 498,076 | - | (282,273) |
| Transfers - Tax Equivalent | (387,855) | (363,249) | (352,700) | (24,606) |
| Transfers | <u>(2,412)</u> | <u>(59)</u> | <u>(6,001)</u> | <u>(2,353)</u> |
| Changes in Net Position | 1,044,632 | 1,047,530 | 21,683 | (2,898) |
| Beginning Net Position | <u>12,708,736</u> | <u>11,550,727</u> | <u>11,529,044</u> | <u>1,158,009</u> |
| Cumulative Effect of Change in Accounting Principle | <u>-</u> | <u>110,479</u> | <u>-</u> | <u>(110,479)</u> |
| Total Net Position - Ending | <u>\$ 13,753,368</u> | <u>\$ 12,708,736</u> | <u>\$ 11,550,727</u> | <u>\$ 1,044,632</u> |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

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

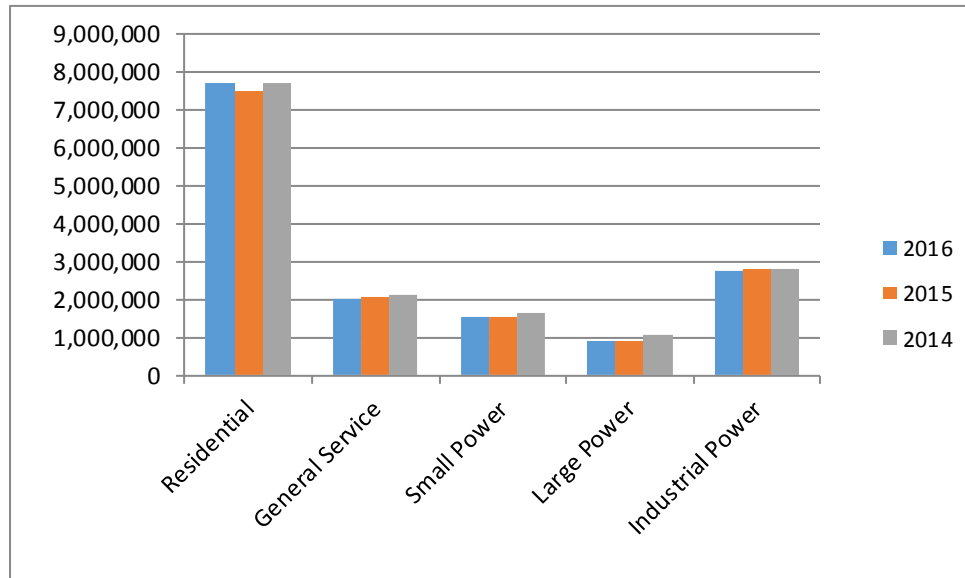
| | 2016 | 2015 | 2014 | 2016-2014 Change |
|--|----------------------|----------------------|----------------------|---------------------|
| Operating Revenues | \$ 2,036,002 | \$ 2,037,835 | \$ 2,050,885 | \$ (1,833) |
| Non-Operating Revenues | 2,485 | 9,863 | 11,559 | (7,378) |
| Total Revenues | <u>2,038,487</u> | <u>2,047,698</u> | <u>2,062,444</u> | <u>(9,211)</u> |
| Depreciation Expense | 796,285 | 777,150 | 726,884 | 19,135 |
| Other Operating Expense | 1,020,298 | 1,042,161 | 944,780 | (21,863) |
| Non-Operating Expenses | 147,663 | 156,284 | 105,611 | (8,621) |
| Total Expenses | <u>1,964,246</u> | <u>1,975,595</u> | <u>1,777,275</u> | <u>(11,349)</u> |
| Income Before Capital Contributions and Transfers | 74,241 | 72,103 | 285,169 | 2,138 |
| Capital Contributions | <u>846,838</u> | <u>647,528</u> | <u>37,600</u> | <u>199,310</u> |
| Changes in Net Position | 921,079 | 719,631 | 322,769 | 201,448 |
| Beginning Net Position | <u>15,714,005</u> | <u>14,876,176</u> | <u>14,553,407</u> | <u>837,829</u> |
| Cumulative Effect of Change in Accounting Principle | <u>-</u> | <u>118,198</u> | <u>-</u> | <u>(118,198)</u> |
| Total Net Position - Ending | <u>\$ 16,635,084</u> | <u>\$ 15,714,005</u> | <u>\$ 14,876,176</u> | <u>\$ 921,079</u> |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Electric Sales



Electric sales increased by .50% in 2016. The increase is mainly due to a slight increase in electric consumption and the lingering effects of a .60% retail rate increase effective September 1, 2015.

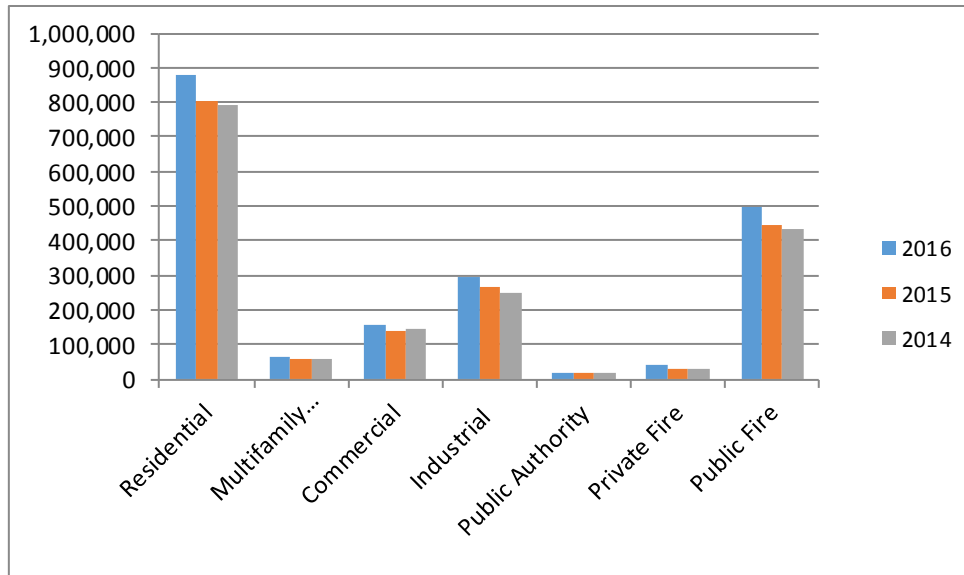
| | 2016 | 2015 | 2014 |
|-----------------------------|----------------------|----------------------|----------------------|
| Residential | \$ 7,708,713 | \$ 7,467,797 | \$ 7,705,020 |
| General Service | 1,975,648 | 2,049,345 | 2,099,107 |
| Small Power | 1,509,874 | 1,548,289 | 1,618,430 |
| Large Power | 914,513 | 885,980 | 1,044,735 |
| Industrial Power | 2,742,903 | 2,814,381 | 2,805,130 |
| Public Lighting | 129,286 | 140,565 | 147,079 |
| Total Electric Sales | \$ 14,980,937 | \$ 14,906,357 | \$ 15,419,501 |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Water Sales



Sales increased by \$192,800 or 10.95% in 2016 mainly due to the implementation of a 13% retail rate adjustment effective May 1, 2016.

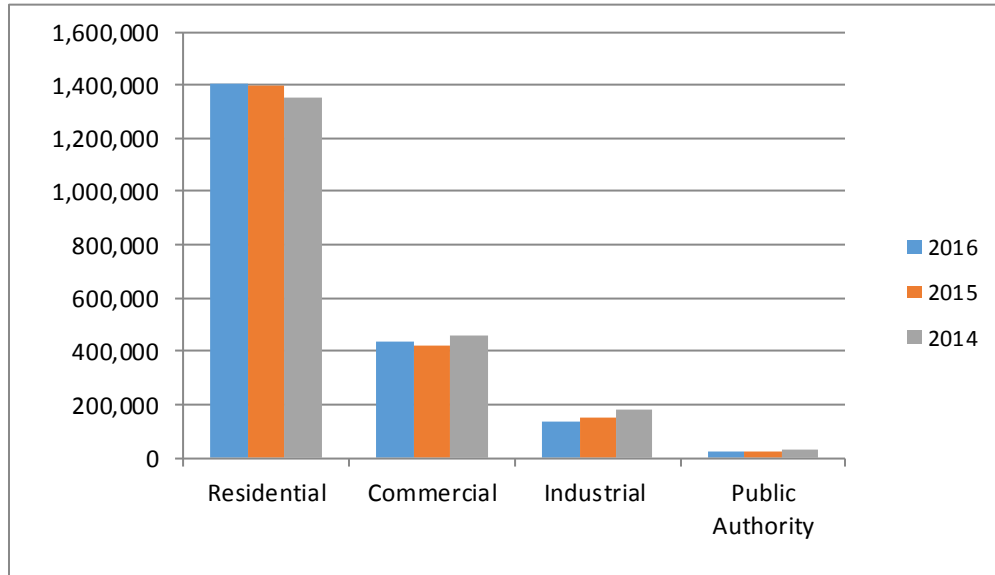
| | 2016 | 2015 | 2014 |
|--------------------------|---------------------|---------------------|---------------------|
| Residential | \$ 876,828 | \$ 805,271 | \$ 793,284 |
| Multifamily Residential | 65,660 | 56,463 | 59,595 |
| Commercial | 158,636 | 136,433 | 146,790 |
| Industrial | 296,674 | 268,342 | 251,139 |
| Public Authority | 18,747 | 18,485 | 16,738 |
| Private Fire | 38,842 | 29,373 | 28,385 |
| Public Fire | 498,439 | 446,666 | 432,068 |
| Total Water Sales | \$ 1,953,826 | \$ 1,761,033 | \$ 1,727,999 |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Wastewater Sales



The utility experienced a slight increase in revenues of \$5,200 or .26% in 2016 due to a slight increase in residential and commercial sales offset by a decrease in industrial sales.

| | 2016 | 2015 | 2014 |
|-------------------------------|---------------------|---------------------|---------------------|
| Residential | \$ 1,405,052 | \$ 1,399,906 | \$ 1,354,439 |
| Commercial | 434,528 | 417,257 | 456,341 |
| Industrial | 135,789 | 150,898 | 180,296 |
| Public Authority | 23,174 | 25,331 | 26,590 |
| Total Wastewater Sales | \$ 1,998,543 | \$ 1,993,392 | \$ 2,017,666 |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

Table 7
Condensed Statements of Cash Flows
Electric Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|---|--------------|--------------|--------------|---------------------|
| Cash Flows From: | | | | |
| Operating activities | \$ 1,855,536 | \$ 2,082,750 | \$ 1,665,622 | \$ (227,214) |
| Non-capital financing activities | (341,973) | (340,958) | (352,219) | (1,015) |
| Capital and related financing activities | 838,779 | (1,147,670) | (1,200,647) | 1,986,449 |
| Investing activities | 30,632 | 115,694 | (289,421) | (85,062) |
| Net Change in Cash and Cash Equivalents | 2,382,974 | 709,816 | (176,665) | 1,673,158 |
| Cash and Cash Equivalents Beginning of Year | 4,285,700 | 3,575,884 | 3,752,549 | 709,816 |
| Cash and Cash Equivalents End of Year | \$ 6,668,674 | \$ 4,285,700 | \$ 3,575,884 | \$ 2,382,974 |

The increase in cash and cash equivalents in 2016 is mainly the result of cash flows from normal operating activities and proceeds from long-term debt issued during 2016.

The increase in cash and cash equivalents in 2015 is a result of cash flows from normal operating activities and maturity of long-term investments during the year.

The electric utility's goal is to maintain unrestricted cash and cash equivalent balances to cover a minimum of 6 months of average operating expenditures.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 8
Condensed Statements of Cash Flows -
Water Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--|--------------|------------|------------|---------------------|
| Cash Flows From: | | | | |
| Operating activities | \$ 1,020,539 | \$ 940,902 | \$ 824,521 | \$ 79,637 |
| Non-Capital financing activities | (359,016) | (343,995) | (367,821) | (15,021) |
| Capital and related financing activities | 120,688 | (738,915) | (819,346) | 859,603 |
| Investing activities | 37,294 | 53,308 | 40,654 | (16,014) |
| Net Change in Cash and Cash Equivalents | 819,505 | (88,700) | (321,992) | 908,205 |
| Cash and Cash Equivalents | | | | |
| Beginning of Year | 259,711 | 348,411 | 670,403 | (88,700) |
| Cash and Cash Equivalents | | | | |
| End of Year | \$ 1,079,216 | \$ 259,711 | \$ 348,411 | \$ 819,505 |

The water utility experienced an increase in cash and cash equivalents in 2016 resulting mainly from the 13% increase in retail rates effective May 1, 2016 and proceeds from long-term debt issued during 2016.

The water utility experienced a decrease in cash and cash equivalents of \$88,700 in 2015. The decrease was anticipated and is primarily due to the acquisition and construction of capital assets.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 9
Condensed Statements of Cash Flows -
Wastewater Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|---|--------------|--------------|--------------|---------------------|
| Cash Flows From: | | | | |
| Operating activities | \$ 1,067,230 | \$ 1,033,828 | \$ 1,061,317 | \$ 33,402 |
| Capital and related financing activities | (1,052,534) | (762,538) | (504,963) | (289,996) |
| Investing activities | (336,570) | 35,624 | 42,552 | (372,194) |
| Net Change in Cash and Cash Equivalents | (321,874) | 306,914 | 598,906 | (628,788) |
| Cash and Cash Equivalents Beginning of Year | 2,355,598 | 2,048,684 | 1,449,778 | 306,914 |
| Cash and Cash Equivalents End of Year | \$ 2,033,724 | \$ 2,355,598 | \$ 2,048,684 | \$ (321,874) |

The utility experienced a decrease in cash and cash equivalents in 2016 resulting mainly from increased purchases of long-term investments throughout the year.

The utility experienced an increase in cash and cash equivalents of \$306,914 in 2015. The increase is mainly due to a retail rate adjustment of 2.74% implemented on January 1, 2015.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 10
Capital Assets – Electric Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| Capital Assets | | | | |
| Transmission and distribution | \$ 24,173,466 | \$ 23,013,424 | \$ 22,522,693 | \$ 1,160,042 |
| General | 4,116,528 | 4,109,843 | 4,396,696 | 6,685 |
| Total Capital Assets | <u>28,289,994</u> | <u>27,123,267</u> | <u>26,919,389</u> | <u>1,166,727</u> |
| Less: Accumulated depreciation | (14,429,881) | (13,478,535) | (12,594,695) | (951,346) |
| Construction in progress | <u>189,399</u> | <u>251,853</u> | <u>26,055</u> | <u>(62,454)</u> |
| Net Capital Assets | <u>\$ 14,049,512</u> | <u>\$ 13,896,585</u> | <u>\$ 14,350,749</u> | <u>\$ 152,927</u> |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 11
Capital Assets – Water Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| Capital Assets | | | | |
| Source of supply | \$ 607,365 | \$ 607,365 | \$ 581,758 | \$ - |
| Pumping | 1,489,440 | 1,468,519 | 1,461,653 | 20,921 |
| Water treatment | 90,763 | 90,763 | 90,763 | - |
| Transmission and distribution | 18,550,405 | 16,779,796 | 15,354,937 | 1,770,609 |
| General | 1,241,535 | 1,248,562 | 1,208,737 | (7,027) |
| Total Capital Assets | <u>21,979,508</u> | <u>20,195,005</u> | <u>18,697,848</u> | <u>1,784,503</u> |
| Less: Accumulated depreciation | (6,778,559) | (6,402,633) | (5,981,157) | (375,926) |
| Construction in progress | <u>80,638</u> | <u>106,478</u> | <u>30,627</u> | <u>(25,840)</u> |
| Net Capital Assets | <u>\$ 15,281,587</u> | <u>\$ 13,898,850</u> | <u>\$ 12,747,318</u> | <u>\$ 1,382,737</u> |

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

UTILITY FINANCIAL ANALYSIS (cont.)

Table 12
Capital Assets – Wastewater Utility

| | 2016 | 2015 | 2014 | 2016-2015 Change |
|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| Capital Assets | | | | |
| Collection system | \$ 11,214,653 | \$ 10,363,837 | \$ 9,360,156 | \$ 850,816 |
| Collection system pumping | 733,519 | 401,065 | 401,065 | 332,454 |
| Treatment and disposal | 15,554,351 | 15,554,351 | 15,550,149 | - |
| General | 1,376,617 | 1,314,953 | 1,308,895 | 61,664 |
| Total Capital Assets | <u>28,879,140</u> | <u>27,634,206</u> | <u>26,620,265</u> | <u>1,244,934</u> |
| Less: Accumulated depreciation | (10,250,053) | (9,483,326) | (8,727,985) | (766,727) |
| Construction in progress | <u>94,791</u> | <u>61,100</u> | <u>38,856</u> | <u>33,691</u> |
| Net Capital Assets | <u>\$ 18,723,878</u> | <u>\$ 18,211,980</u> | <u>\$ 17,931,136</u> | <u>\$ 511,898</u> |

LONG-TERM DEBT

As of December 31, 2016, the electric utility had total mortgage revenue bond debt outstanding of \$6,250,000 payable from and secured by a pledge of income and revenue to be derived from the operation of the electric utility. These issues were issued for electric system improvements, the construction of new substation, an east substation transformer, and costs associated with the implementation of automated meter reading (AMR).

As of December 31, 2016, the water utility had total mortgage revenue bond debt outstanding of \$2,943,424 payable from and secured by a pledge of income and revenue to be derived from the operation of the water utility and \$474,000 of general obligation bonds. These issues were primarily for additions and improvements to the water system, street improvement projects, AMR implementation and a new tower.

The wastewater utility had \$5,158,363 of clean water fund loans and \$316,000 of general obligation bonds outstanding as of December 31, 2016. These bonds were issued for a sewer main extension to 5 customers, a series of wastewater treatment plant upgrade and expansion projects, and an electrical upgrade in 2014.

Tables of separate bond issues are included in note 6 of this audit report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2016 and 2015

CONTACTING UTILITY MANAGEMENT

This financial report is designed to provide our customers, investors and creditors with a general overview of the utilities' finances. If you have questions about this report, or need additional financial information, contact Jamin Friedl, CPA, Finance and Administrative Manager, Stoughton Utilities, 600 South Fourth Street, P.O. Box 383, Stoughton, WI 53589.

General information relating to the Stoughton Utilities can be found at the utilities' web site at www.stoughtonutilities.com.

ELECTRIC UTILITY

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF NET POSITION As of December 31, 2016 and 2015

| ASSETS | <u>2016</u> | <u>2015</u> |
|--|-----------------------|-----------------------|
| CURRENT ASSETS | | |
| Cash and investments | \$ 6,951,441 | \$ 6,493,536 |
| Interest receivable | 49,995 | 22,562 |
| Restricted Assets | | |
| Redemption account | 486,538 | 408,357 |
| Customer accounts receivable | 1,526,861 | 1,449,831 |
| Other accounts receivable | 161,218 | 205,779 |
| Due from municipality | 15,289 | 6,652 |
| Materials and supplies | 163,294 | 129,405 |
| Prepayments | 3,276 | 2,535 |
| Current portion of advance | <u>39,190</u> | <u>37,088</u> |
| Total Current Assets | <u>9,397,102</u> | <u>8,755,745</u> |
| NONCURRENT ASSETS | | |
| Restricted Assets | | |
| Reserve account | 649,338 | 649,338 |
| Depreciation account | 25,000 | 25,000 |
| Construction account | 1,840,074 | - |
| Net pension asset | - | 150,770 |
| Other Assets | | |
| Electric plant and maintenance reserve account | 508,914 | 507,821 |
| Sick leave reserve account | 171,811 | 170,083 |
| Advances to other funds | 337,463 | 376,653 |
| Investment in ATC | 361,850 | 336,026 |
| Property held for future use | 352,664 | 352,664 |
| Non-utility property, net | 17,953 | 17,953 |
| Capital Assets | | |
| Plant in service | 28,289,994 | 27,123,265 |
| Accumulated depreciation | (14,429,881) | (13,478,535) |
| Construction work in progress | <u>189,399</u> | <u>251,853</u> |
| Total Noncurrent Assets | <u>18,314,579</u> | <u>16,482,891</u> |
| Total Assets | <u>27,711,681</u> | <u>25,238,636</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pension | <u>575,914</u> | <u>158,933</u> |

| LIABILITIES | <u>2016</u> | <u>2015</u> |
|--|--------------------------|--------------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,068,767 | \$ 1,099,327 |
| Due to municipality | 462,554 | 409,561 |
| Customer deposits | 106,064 | 97,350 |
| Accrued wages | 2,973 | 6,919 |
| Accrued interest | 2,005 | 1,640 |
| Accrued liabilities | 102,073 | 103,131 |
| Commitment to Community | 26,651 | 26,088 |
| Current Liabilities Payable from Restricted Assets | | |
| Current portion of revenue bonds | 610,000 | 490,000 |
| Accrued interest | <u>70,648</u> | <u>34,681</u> |
| Total Current Liabilities | <u>2,451,735</u> | <u>2,268,697</u> |
| NONCURRENT LIABILITIES | | |
| Revenue bonds | 5,640,000 | 3,970,000 |
| Unamortized debt premium | 131,571 | 48,863 |
| Accrued sick leave | 171,811 | 170,083 |
| Customer advances for construction | 27,141 | 225,387 |
| Net pension liability | <u>103,350</u> | <u>-</u> |
| Total Noncurrent Liabilities | <u>6,073,873</u> | <u>4,414,333</u> |
| Total Liabilities | <u>8,525,608</u> | <u>6,683,030</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pension | <u>221,246</u> | <u>1,063</u> |
| NET POSITION | | |
| Net investment in capital assets | 9,860,679 | 9,740,384 |
| Restricted for: | | |
| Debt service | 1,090,228 | 1,048,014 |
| Pension | - | 150,770 |
| Unrestricted | <u>8,589,834</u> | <u>7,774,308</u> |
| TOTAL NET POSITION | <u>\$ 19,540,741</u> | <u>\$ 18,713,476</u> |

See accompanying notes to the financial statements.

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|---------------|---------------|
| OPERATING REVENUES | | |
| Sales of electricity | \$ 14,980,937 | \$ 14,906,357 |
| Other | 135,267 | 150,671 |
| Total Operating Revenues | 15,116,204 | 15,057,028 |
| OPERATING EXPENSES | | |
| Operation and maintenance | 13,329,607 | 13,261,410 |
| Depreciation | 996,954 | 965,661 |
| Total Operating Expenses | 14,326,561 | 14,227,071 |
| OPERATING INCOME | 789,643 | 829,957 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 92,308 | 101,749 |
| Debt issuance costs | (110,140) | - |
| Interest expense | (148,952) | (142,393) |
| Amortization of premium | 10,958 | 11,972 |
| Miscellaneous expenses | (3,080) | (6,766) |
| Total Nonoperating Revenues (Expenses) | (158,906) | (35,438) |
| Income Before Contributions and Transfers | 630,737 | 794,519 |
| CAPITAL CONTRIBUTIONS | 324,625 | 220,414 |
| CAPITAL CONTRIBUTIONS - MUNICIPAL | 269,901 | - |
| TRANSFER IN (OUT) | (21,213) | (23,455) |
| TRANSFERS - TAX EQUIVALENT | (376,785) | (370,260) |
| CHANGE IN NET POSITION | 827,265 | 621,218 |
| NET POSITION - Beginning of Year | 18,713,476 | 17,791,591 |
| Cumulative effect of a change in accounting principle | - | 300,667 |
| NET POSITION - END OF YEAR | \$ 19,540,741 | \$ 18,713,476 |

See accompanying notes to the financial statements.

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 14,973,046 | \$ 15,288,234 |
| Received for street lighting | 129,286 | 132,627 |
| Paid to suppliers for goods and services | (12,486,322) | (12,517,485) |
| Paid to employees for operating payroll | <u>(760,474)</u> | <u>(820,626)</u> |
| Net Cash Flows From Operating Activities | <u>1,855,536</u> | <u>2,082,750</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Paid to municipality for tax equivalent | (370,260) | (366,032) |
| Received from municipality principal on Wisconsin Retirement UAAL liability | 37,088 | 35,065 |
| Received from municipality interest on Wisconsin Retirement UAAL liability | 12,412 | 13,464 |
| Transfers to other funds | <u>(21,213)</u> | <u>(23,455)</u> |
| Net Cash Flows From Noncapital Financing Activities | <u>(341,973)</u> | <u>(340,958)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (1,196,807) | (793,426) |
| Received from the sale of capital assets | - | 6,148 |
| Capital contributions received | 374,680 | 265,332 |
| Premium on debt issue | 93,666 | - |
| Debt retired | (2,215,000) | (480,000) |
| Interest paid | (112,620) | (145,724) |
| Proceeds from debt issue | 4,005,000 | - |
| Debt issuance costs | <u>(110,140)</u> | <u>-</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>838,779</u> | <u>(1,147,670)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments purchased | (1,926,705) | (976,900) |
| Investments sold and matured | 1,893,138 | 1,027,522 |
| Dividends/(Investment) in ATC | 15,064 | 18,082 |
| Investment income | <u>49,135</u> | <u>46,990</u> |
| Net Cash Flows From Investing Activities | <u>30,632</u> | <u>115,694</u> |
| Net Change in Cash and Cash Equivalents | 2,382,974 | 709,816 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>4,285,700</u> | <u>3,575,884</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 6,668,674</u> | <u>\$ 4,285,700</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| ATC earnings allocated | <u>\$ 10,016</u> | <u>\$ 18,900</u> |
| Unrealized gain (loss) on investments | <u>\$ (37,560)</u> | <u>\$ (29,432)</u> |
| Capital Contribution | <u>\$ -</u> | <u>\$ 94,320</u> |

| | <u>2016</u> | <u>2015</u> |
|---|----------------------------|----------------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income | \$ 789,643 | \$ 829,957 |
| Nonoperating revenue (expense) | (3,080) | (3,106) |
| Noncash items in operating income | | |
| Depreciation | 996,954 | 965,661 |
| Depreciation charged to clearing and other utilities | 45,600 | 39,600 |
| Changes in assets and liabilities | | |
| Customer accounts receivable | (77,030) | 302,140 |
| Other accounts receivable | 66,161 | 96,244 |
| Due from other funds | (8,637) | 6,677 |
| Materials and supplies | (33,889) | 686 |
| Prepayments | (741) | 383 |
| Pension related deferrals and liabilities | 57,322 | (7,973) |
| Accounts payable | (29,236) | (106,421) |
| Due to other funds | 46,468 | 1,408 |
| Customer deposits | 8,714 | (38,122) |
| Accrued sick leave | 1,728 | 3,210 |
| Other current liabilities | (5,004) | (2,630) |
| Commitment to community | 563 | (4,964) |
| | <u>563</u> | <u>(4,964)</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,855,536</u> | <u>\$ 2,082,750</u> |

| | | |
|---|----------------------------|----------------------------|
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS | | |
| Cash and investments | \$ 6,951,441 | \$ 6,493,536 |
| Redemption account | 486,538 | 408,357 |
| Reserve account | 649,338 | 649,338 |
| Depreciation account | 25,000 | 25,000 |
| Construction account | 1,840,074 | - |
| Electric plant and maintenance reserve account | 508,914 | 507,821 |
| Sick leave reserve account | 171,811 | 170,083 |
| Total Cash and Investments | 10,633,116 | 8,254,135 |
| Less: Noncash equivalents | (3,964,442) | (3,968,435) |
| CASH AND CASH EQUIVALENTS | <u>\$ 6,668,674</u> | <u>\$ 4,285,700</u> |

See accompanying notes to the financial statements.

WATER UTILITY

STOUGHTON WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2016 and 2015

| | ASSETS | <u>2016</u> | <u>2015</u> |
|---|---------------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and investments | | \$ 412,856 | \$ 130,189 |
| Interest receivable | | 3,858 | 665 |
| Restricted Assets | | | |
| Redemption account | | 267,550 | 129,523 |
| Customer accounts receivable | | 198,827 | 167,110 |
| Other accounts receivable | | 38,421 | 19,662 |
| Due from municipality | | 70,394 | 2,419 |
| Materials and supplies | | 34,812 | 29,831 |
| Prepayments | | 828 | 551 |
| Current portion of special assessments | | <u>50,103</u> | <u>50,103</u> |
| Total Current Assets | | <u>1,077,649</u> | <u>530,053</u> |
| NONCURRENT ASSETS | | | |
| Restricted Assets | | | |
| Reserve account | | 244,677 | 244,677 |
| Depreciation account | | 25,000 | 25,000 |
| Construction account | | 213,127 | - |
| Net pension asset | | - | 55,400 |
| Other Assets | | | |
| Water plant and maintenance reserve account | | 328,378 | 176,688 |
| Sick leave reserve account | | 96,587 | 93,082 |
| Special assessments receivable | | 400,824 | 450,927 |
| Non-utility property, net | | 30,638 | 34,918 |
| Capital Assets | | | |
| Plant in service | | 21,979,508 | 20,195,005 |
| Accumulated depreciation | | (6,778,559) | (6,402,633) |
| Construction work in progress | | <u>80,638</u> | <u>106,478</u> |
| Total Noncurrent Assets | | <u>16,620,818</u> | <u>14,979,542</u> |
| Total Assets | | <u>17,698,467</u> | <u>15,509,595</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pension | | <u>206,806</u> | <u>57,424</u> |

| LIABILITIES | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 75,473 | \$ 73,563 |
| Due to municipality | 403,264 | 372,013 |
| Customer deposits | - | 1,615 |
| Accrued wages | 8,515 | 4,486 |
| Accrued interest | 2,423 | 3,875 |
| Current portion of general obligation debt | 51,000 | 48,000 |
| Current Liabilities Payable from Restricted Assets | | |
| Current portion of revenue bonds | 322,677 | 176,958 |
| Accrued interest | 8,230 | 11,878 |
| Total Current Liabilities | <u>871,582</u> | <u>692,388</u> |
| NONCURRENT LIABILITIES | | |
| General obligation debt | 423,000 | 474,000 |
| Revenue bonds | 2,620,747 | 1,598,423 |
| Unamortized debt premium | 35,638 | - |
| Accrued sick leave | 86,587 | 93,082 |
| Net pension liability | 36,404 | - |
| Total Noncurrent Liabilities | <u>3,202,376</u> | <u>2,165,505</u> |
| Total Liabilities | <u>4,073,958</u> | <u>2,857,893</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pension | <u>77,947</u> | <u>390</u> |
| NET POSITION | | |
| Net investment in capital assets | 12,041,652 | 11,601,469 |
| Restricted for: | | |
| Debt service | 528,997 | 387,322 |
| Pension | - | 55,400 |
| Unrestricted | <u>1,182,719</u> | <u>664,545</u> |
| TOTAL NET POSITION | <u>\$ 13,753,368</u> | <u>\$ 12,708,736</u> |

See accompanying notes to the financial statements.

STOUGHTON WATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|-----------------------------|-----------------------------|
| OPERATING REVENUES | | |
| Sales of water | \$ 1,953,826 | \$ 1,761,033 |
| Other | <u>47,298</u> | <u>23,383</u> |
| Total Operating Revenues | <u>2,001,124</u> | <u>1,784,416</u> |
| OPERATING EXPENSES | | |
| Operation and maintenance | 1,012,205 | 885,770 |
| Depreciation | <u>428,084</u> | <u>408,632</u> |
| Total Operating Expenses | <u>1,440,289</u> | <u>1,294,402</u> |
| OPERATING INCOME | <u>560,835</u> | <u>490,014</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 25,029 | 8,608 |
| Interest expense | (74,001) | (76,423) |
| Amortization of premium | 2,952 | - |
| Miscellaneous expenses | (4,280) | (4,280) |
| Debt issuance costs | <u>(47,812)</u> | <u>(6,433)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(98,112)</u> | <u>(78,528)</u> |
| Income Before Contributions | 462,723 | 411,486 |
| CAPITAL CONTRIBUTIONS | 756,373 | 501,276 |
| CAPITAL CONTRIBUTIONS - MUNICIPAL | 215,803 | 498,076 |
| TRANSFER IN (OUT) | (2,412) | (59) |
| TRANSFERS - TAX EQUIVALENT | <u>(387,855)</u> | <u>(363,249)</u> |
| CHANGE IN NET POSITION | 1,044,632 | 1,047,530 |
| NET POSITION - Beginning of Year | 12,708,736 | 11,550,727 |
| Cumulative effect of a change in accounting principle | <u>-</u> | <u>110,479</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 13,753,368</u></u> | <u><u>\$ 12,708,736</u></u> |

See accompanying notes to the financial statements.

STOUGHTON WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 2,000,726 | \$ 1,803,916 |
| Paid to suppliers for goods and services | (600,919) | (541,844) |
| Paid to employees for operating payroll | (379,268) | (321,170) |
| Net Cash Flows From Operating Activities | 1,020,539 | 940,902 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Paid to municipality for tax equivalent | (356,604) | (343,936) |
| Transfers to other funds | (2,412) | (59) |
| Net Cash Flows From Noncapital Financing Activities | (359,016) | (343,995) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (1,497,384) | (1,057,693) |
| Capital contributions received | 586,352 | 22,311 |
| Premium on debt issue | 38,590 | - |
| Debt retired | (1,399,957) | (151,257) |
| Interest paid | (79,101) | (74,276) |
| Proceeds from debt issue | 2,520,000 | 522,000 |
| Debt issuance costs | (47,812) | - |
| Net Cash Flows From Capital and Related Financing Activities | 120,688 | (738,915) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments purchased | (200,000) | (399,392) |
| Investments sold and matured | 222,122 | 442,818 |
| Investment income | 15,172 | 9,882 |
| Net Cash Flows From Investing Activities | 37,294 | 53,308 |
| Net Change in Cash and Cash Equivalents | 819,505 | (88,700) |
| CASH AND CASH EQUIVALENTS - Beginning of Year | 259,711 | 348,411 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,079,216 | \$ 259,711 |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital costs special assessed to customers | \$ - | \$ 501,030 |
| Capital contributions | \$ 352,096 | \$ 476,011 |
| Unrealized gain (loss) on investments | \$ (8,367) | \$ (2,007) |

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|-------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income | \$ 560,835 | \$ 490,014 |
| Nonoperating revenue (expense) | - | (6,434) |
| Noncash items in operating income | | |
| Depreciation | 428,084 | 408,632 |
| Depreciation charged to clearing and other utilities | 31,606 | 31,875 |
| Changes in assets and liabilities | | |
| Customer accounts receivable | (31,717) | 22,728 |
| Other accounts receivable | 14,969 | (13,740) |
| Due from other funds | (2,841) | (2,419) |
| Materials and supplies | (4,981) | 4,766 |
| Prepayments | (277) | 147 |
| Pension related deferrals and liabilities | 19,979 | (1,955) |
| Accounts payable | 8,963 | 8,302 |
| Customer deposits | (1,615) | (118) |
| Accrued wages | 4,029 | (10,547) |
| Accrued sick leave | (6,495) | 9,651 |
| | <u>\$ 1,020,539</u> | <u>\$ 940,902</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | |

| | | |
|---|---------------------|-------------------|
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS | | |
| Cash and investments | \$ 412,856 | \$ 130,189 |
| Redemption account | 267,550 | 129,523 |
| Reserve account | 244,677 | 244,677 |
| Depreciation account | 25,000 | 25,000 |
| Construction account | 213,127 | - |
| Water plant and maintenance reserve account | 328,378 | 176,688 |
| Sick leave reserve account | 96,587 | 93,082 |
| Total Cash and Investments | 1,588,175 | 799,159 |
| Less: Noncash equivalents | (508,959) | (539,448) |
| | <u>\$ 1,079,216</u> | <u>\$ 259,711</u> |
| CASH AND CASH EQUIVALENTS | | |

See accompanying notes to the financial statements.

WASTEWATER UTILITY

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2016 and 2015

| ASSETS | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash and investments | \$ 1,333,682 | \$ 1,377,187 |
| Interest receivable | 1,921 | 1,609 |
| Restricted Assets | | |
| Redemption account | 365,599 | 296,992 |
| Customer accounts receivable | 205,564 | 191,564 |
| Other accounts receivable | 6,718 | 8,389 |
| Due from municipality | 49,361 | 3,023 |
| Prepayments | 1,035 | 701 |
| Current portion of special assessments | <u>34,359</u> | <u>34,359</u> |
| Total Current Assets | <u>1,998,239</u> | <u>1,913,824</u> |
| NONCURRENT ASSETS | | |
| Restricted Assets | | |
| Depreciation account | 33,283 | 33,283 |
| Replacement account | 1,096,288 | 1,129,917 |
| Construction account | 123 | 123 |
| Net pension asset | - | 59,271 |
| Other Assets | | |
| Sick leave reserve account | 120,910 | 105,822 |
| Special assessments receivable | 274,874 | 309,233 |
| Capital Assets | | |
| Plant in service | 28,879,140 | 27,634,206 |
| Accumulated depreciation | (10,250,053) | (9,483,326) |
| Construction work in progress | <u>94,791</u> | <u>61,100</u> |
| Total Noncurrent Assets | <u>20,249,356</u> | <u>19,849,629</u> |
| Total Assets | <u>22,247,595</u> | <u>21,763,453</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pension | <u>227,166</u> | <u>62,601</u> |

| LIABILITIES | | <u>2016</u> | <u>2015</u> |
|--|--|-----------------------------|-----------------------------|
| CURRENT LIABILITIES | | | |
| Accounts payable | | \$ 66,855 | \$ 53,138 |
| Due to municipality | | 9,073 | 5,843 |
| Accrued wages | | 15,881 | 10,896 |
| Accrued interest | | 1,615 | 2,584 |
| Current portion of general obligation debt | | 34,000 | 32,000 |
| Current Liabilities Payable from Restricted Assets | | | |
| Current portion of revenue bonds | | 413,395 | 402,390 |
| Accrued interest | | <u>22,761</u> | <u>24,595</u> |
| Total Current Liabilities | | <u>563,580</u> | <u>531,446</u> |
| NONCURRENT LIABILITIES | | | |
| General obligation debt | | 282,000 | 316,000 |
| Revenue bonds | | 4,744,968 | 5,158,363 |
| Accrued sick leave | | 120,910 | 105,822 |
| Net pension liability | | <u>40,825</u> | - |
| Total Noncurrent Liabilities | | <u>5,188,703</u> | <u>5,580,185</u> |
| | | | |
| Total Liabilities | | <u>5,752,283</u> | <u>6,111,631</u> |
| | | | |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pension | | <u>87,394</u> | <u>418</u> |
| | | | |
| NET POSITION | | | |
| Net investment in capital assets | | 13,249,638 | 12,303,350 |
| Restricted for: | | | |
| Debt service | | 376,121 | 305,680 |
| Equipment replacement | | 1,096,288 | 1,129,917 |
| Pension | | - | 59,271 |
| Unrestricted | | <u>1,913,037</u> | <u>1,915,787</u> |
| | | | |
| TOTAL NET POSITION | | <u><u>\$ 16,635,084</u></u> | <u><u>\$ 15,714,005</u></u> |

See accompanying notes to the financial statements.

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Treatment charges | \$ 1,998,543 | \$ 1,993,392 |
| Other | <u>37,459</u> | <u>44,443</u> |
| Total Operating Revenues | <u>2,036,002</u> | <u>2,037,835</u> |
| OPERATING EXPENSES | | |
| Operation and maintenance | 1,020,298 | 1,042,161 |
| Depreciation | <u>796,285</u> | <u>777,150</u> |
| Total Operating Expenses | <u>1,816,583</u> | <u>1,819,311</u> |
| OPERATING INCOME | <u>219,419</u> | <u>218,524</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 2,485 | 9,863 |
| Interest expense | (147,663) | (151,995) |
| Debt issuance costs | <u>-</u> | <u>(4,289)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(145,178)</u> | <u>(146,421)</u> |
| Income Before Contributions | 74,241 | 72,103 |
| CAPITAL CONTRIBUTIONS | 660,959 | 328,994 |
| CAPITAL CONTRIBUTIONS - MUNICIPAL | <u>185,879</u> | <u>318,534</u> |
| CHANGE IN NET POSITION | 921,079 | 719,631 |
| NET POSITION - Beginning of Year | 15,714,005 | 14,876,176 |
| Cumulative effect of a change in accounting principle | <u>-</u> | <u>118,198</u> |
| NET POSITION - END OF YEAR | <u>\$ 16,635,084</u> | <u>\$ 15,714,005</u> |

See accompanying notes to the financial statements.

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 2,027,899 | \$ 2,056,686 |
| Paid to suppliers for goods and services | (579,463) | (648,839) |
| Paid to employees for operating payroll | (381,206) | (374,019) |
| Net Cash Flows From Operating Activities | 1,067,230 | 1,033,828 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (745,230) | (827,288) |
| Capital contributions received | 277,552 | - |
| Debt retired | (434,390) | (391,680) |
| Interest paid | (150,466) | (149,710) |
| Proceeds from debt issue | - | 606,140 |
| Net Cash Flows From Capital and Related Financing Activities | (1,052,534) | (762,538) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments purchased | (825,095) | (447,009) |
| Investments sold and matured | 469,943 | 472,918 |
| Investment income | 18,582 | 9,715 |
| Net Cash Flows From Investing Activities | (336,570) | 35,624 |
| Net Change in Cash and Cash Equivalents | (321,874) | 306,914 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | 2,355,598 | 2,048,684 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 2,033,724 | \$ 2,355,598 |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital costs special assessed to customers | \$ - | \$ 343,592 |
| Unrealized gain (loss) on investments | \$ (26,717) | \$ (1,111) |
| Capital Contributions | \$ 563,389 | \$ 303,936 |

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH | | |
| FLAWS FROM OPERATING ACTIVITIES | | |
| Operating income | \$ 219,419 | \$ 218,524 |
| Nonoperating revenue (expense) | - | (4,289) |
| Noncash items in operating income | | |
| Depreciation | 796,285 | 777,150 |
| Changes in assets and liabilities | | |
| Customer accounts receivable | (14,000) | 20,126 |
| Other accounts receivable | 7,568 | 6,037 |
| Due from municipality | 1,559 | 2,820 |
| Prepayments | (334) | 171 |
| Pension related deferrals and liabilities | 22,507 | (3,256) |
| Accounts payable | 14,153 | 7,502 |
| Accrued sick leave | 15,088 | 14,817 |
| Other current liabilities | <u>4,985</u> | <u>(5,774)</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,067,230</u> | <u>\$ 1,033,828</u> |

| | | |
|---|---------------------|---------------------|
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO | | |
| STATEMENTS OF NET POSITION ACCOUNTS | | |
| Cash and investments | \$ 1,333,682 | \$ 1,377,187 |
| Redemption account | 365,599 | 296,992 |
| Depreciation account | 33,283 | 33,283 |
| Replacement account | 1,096,288 | 1,129,917 |
| Construction account | 123 | 123 |
| Sick leave reserve account | <u>120,910</u> | <u>105,822</u> |
| Total Cash and Investments | 2,949,885 | 2,943,324 |
| Less: Noncash equivalents | <u>(916,161)</u> | <u>(587,726)</u> |
| CASH AND CASH EQUIVALENTS | <u>\$ 2,033,724</u> | <u>\$ 2,355,598</u> |

See accompanying notes to the financial statements.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The utilities are separate enterprise funds of the City of Stoughton (municipality). The utilities were managed by a utilities committee. The utilities provide electric, water, and wastewater service to properties within the municipality. The utilities also provide electric service to the Townships of Dunkirk, Dunn, Pleasant Springs, Porter and Rutland.

The electric and water utilities operate under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The wastewater utility operates under rules and rates established by the utilities committee. The utilities are also regulated by the Wisconsin Department of Natural Resources.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. The statement addresses accounting and financial reporting issues to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Deposits and Investments

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

Investment of the utilities' funds were restricted by state statutes. Investments are limited to:

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

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

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

Receivables/Payables

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

The utilities have the right under Wisconsin statutes to place delinquent electric, water, and wastewater 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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

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.

Investment in American Transmission Company (ATC)

The electric utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The utility owns less than 1/2 of 1% of ATC.

The investment earns dividends quarterly, some of which is paid in cash and some of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The investment is valued at net asset value per share which is equal to the original cost plus additional contributions and reinvested dividends and approximates fair value.

Sick Leave Reserve Account

Upon retirement, these funds are used for insurance coverage for utility employees.

Plant and Maintenance Reserve Account

These accounts are utilized to segregate funds for the future repairs and replacements of electric and water utility capital assets as designated by the committee.

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.

Non-Utility Property

Electric utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,458 at December 31, 2016 and 2015. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2016 and 2015. The costs are being amortized on a straight-line basis over their useful life.

Capital Assets

Capital assets are generally defined by the utilities as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Capital Assets (cont.)

Capital assets of the utilities are recorded at cost or the estimated acquisition value at the time of contribution to the utilities. Major outlays for utility plant are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

| | <u>Years</u> |
|-------------------------------|--------------|
| Electric Plant | |
| Transmission | 33 |
| Distribution | 25 - 54 |
| General | 5 - 30 |
| Water Plant | |
| Source of supply | 34 |
| Pumping | 23 - 31 |
| Water treatment | 30 - 31 |
| Transmission and distribution | 18 - 77 |
| General | 4 - 34 |
| Wastewater Plant | |
| Collecting system | 100 |
| Collecting system pumping | 25 - 50 |
| Treatment and disposal | 15 - 40 |
| General | 5 - 20 |

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, 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.

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 utilities.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (cont.)

Customer Advances for Construction

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

Commitment to Community

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

Customer Deposits

This account represents amounts deposited with the utilities by customers as security for payment of bills.

Accrued liabilities

The balance represents collections of various payroll and sales taxes due to the state and federal government.

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 effective interest 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.

REVENUES AND EXPENSES

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

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The utilities do accrue revenues beyond billing dates.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

REVENUES AND EXPENSES (cont.)

Charges for Services (cont.)

Current electric rates were approved by the PSCW on September 1, 2015. The rates are designed to provide a 5.1% return on rate base.

Current water rates were approved by the PSCW effective May 1, 2016. The rates are designed to earn a 5.25% return on rate base.

Current wastewater rates were approved by the utilities committee effective January 1, 2015.

Capital Contributions

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

Transfers

Transfers include the payment in lieu of taxes to the municipality and other operating transfers.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*, Statement No. 81, *Irrevocable Split-Interest Agreements*, and Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. When they become effective, application of these standards may restate portions of these financial statements.

COMPARATIVE DATA

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 2 - DEPOSITS AND INVESTMENTS

| | Carrying Value as of December 31, | | Risks |
|------------------------------------|--------------------------------------|----------------------|--|
| | 2016 | 2015 | |
| Checking or savings | \$ 8,664,392 | \$ 6,065,386 | Custodial credit risk |
| Local government investment pool | 1,119,688 | 834,873 | Credit and interest rate risks |
| Negotiable certificates of deposit | 2,643,412 | 3,146,931 | Custodial credit, credit, concentration, and interest rate risks |
| State and local bonds | 1,029,196 | - | Custodial credit, credit, concentration and interest rate risks |
| U.S. agency securities | 1,713,738 | 1,948,678 | Custodial credit, credit, concentration and interest rate risks |
| Petty cash | 750 | 750 | |
| Totals | <u>\$ 15,171,176</u> | <u>\$ 11,996,618</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.

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

\$500,000 of the utilities' investments have coverage from the Securities Investor Protection Corporation (SIPC).

In addition, the utilities and other funds of the city have collateral or depository insurance agreements in the amount of \$4,848,162 and \$2,514,834 at December 31, 2016 and 2015 respectively.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016 and 2015, the fair value of the LGIP's assets were substantially equal to the utilities' share.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Fair Value Measurements

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

The utilities value the fair value measurements using the market approach.

| Investment Type | December 31, 2016 | | | | December 31, 2015 | | | |
|-------------------------|-------------------|---------------------|-------------|---------------------|-------------------|---------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Certificates of deposit | \$ - | \$ 2,643,412 | \$ - | \$ 2,643,412 | \$ - | \$ 3,146,931 | \$ - | \$ 3,146,931 |
| U.S. agency securities | - | 1,713,738 | - | 1,713,738 | - | 1,948,678 | - | 1,948,678 |
| State and local bonds | - | 1,029,196 | - | 1,029,196 | - | - | - | - |
| Total | \$ - | \$ 5,386,346 | \$ - | \$ 5,386,346 | \$ - | \$ 5,095,609 | \$ - | \$ 5,095,609 |

The investment in ATC is measured at the net asset value (NAV) per share of ownership. As of December 31, 2016 and 2015 the fair value of the investment was \$361,850 and \$336,026, respectively. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The utility elected to receive an investment in ATC at its inception rather than directly sell its transmission facilities. The utility owns less than 1/2 of 1 percent of ATC. The utility has no unfunded commitment at year end. The investment in ATC can only be redeemed by ATC or another existing member.

Custodial Credit Risk

Deposits

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

The utilities maintain certain deposits in the same institutions as the municipality. The custodial credit risk pertaining specifically to the utilities' resources at these institutions cannot be determined individually for those accounts. The following is a summary of the utilities' total deposit balances at these institutions.

| | 2016 | | 2015 | |
|------------------------|---------------------|---------------------|---------------------|---------------------|
| | Bank Balance | Carrying Value | Bank Balance | Carrying Value |
| Wells Fargo | \$ 5,228,864 | \$ 5,108,339 | \$ 3,495,891 | \$ 3,265,756 |
| Wells Fargo Brokerage | 928 | 928 | 928 | 928 |
| Associated Bank | 3,554,084 | 3,553,875 | 2,798,702 | 2,798,702 |
| USB Financial Services | 1,250 | 1,250 | - | - |
| Totals | <u>\$ 8,785,126</u> | <u>\$ 8,664,392</u> | <u>\$ 6,295,521</u> | <u>\$ 6,065,386</u> |

The utilities' investment policy does not address this risk.

Investments

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

As of December 31, 2016 and 2015 the utilities' investments were exposed to custodial credit risk as follows:

| Neither Insured nor Registered and Held by Counterparty | 2016 | 2015 |
|--|---------------------|---------------------|
| U.S. agencies - implicitly guaranteed | \$ 1,713,738 | \$ 1,948,678 |
| State and local bonds | 1,029,196 | - |
| Total Neither Insured nor Registered and Held by Counterparty | <u>\$ 2,742,934</u> | <u>\$ 1,948,678</u> |

The utilities' investment policy does not address this risk.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

As of December 31, 2016, the utilities' investments were rated as follows:

| Investment Type | Standard & Poors | Moody's Investors Services |
|---------------------------------------|---------------------|----------------------------------|
| U.S. agencies - implicitly guaranteed | AAA | Aa |
| State and local bonds | AA | Aa1 - Aa2 |
| Negotiable certificates of deposit | not rated | |

As of December 31, 2015, the utilities' investments were rated as follows:

| Investment Type | Standard & Poors | Moody's Investors Services |
|---------------------------------------|---------------------|----------------------------------|
| U.S. agencies - implicitly guaranteed | AAA | Aa |
| Negotiable certificates of deposit | not rated | |

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

The utilities' investment policy follows state statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2016 and 2015, the utilities' investment portfolio was concentrated as follows:

| Issuer | Investment Type | Percentage of Portfolio | |
|--------------------|---------------------------------------|-------------------------|--------|
| | | 2016 | 2015 |
| Ginnie Mae | U.S. agencies - implicitly guaranteed | 8.78% | 15.89% |
| FHLMC | U.S. agencies - implicitly guaranteed | 7.65% | 10.22% |
| FHLB | U.S. agencies - implicitly guaranteed | 6.09% | 6.75% |
| State of Wisconsin | State and local bonds | 10.30% | -% |
| Arkansas State | State and local bonds | 5.51% | -% |

The utilities' investment policy does not address this risk.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2016, the utilities' investments were as follows:

| Investment Type | Maturity (In Years) | | | |
|---------------------------------------|---------------------|-------------------|---------------------|---------------------|
| | Fair Value | Less than 1 | 1 - 3 | 3 or more |
| U.S. agencies - implicitly guaranteed | \$ 1,713,738 | \$ - | \$ - | \$ 1,713,738 |
| State and local bonds | 1,029,196 | - | - | 1,029,196 |
| Negotiable certificates of deposit | <u>2,643,412</u> | <u>682,461</u> | <u>1,960,951</u> | <u>-</u> |
| Totals | <u>\$ 5,386,346</u> | <u>\$ 682,461</u> | <u>\$ 1,960,951</u> | <u>\$ 2,742,934</u> |

As of December 31, 2015, the utilities' investments were as follows:

| Investment Type | Maturity (In Years) | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Fair Value | Less than 1 | 1 - 3 | 3 or more |
| U.S. agencies - implicitly guaranteed | \$ 1,948,678 | \$ - | \$ - | \$ 1,948,678 |
| Negotiable Certificates of Deposit | <u>3,146,931</u> | <u>1,986,925</u> | <u>1,160,006</u> | <u>-</u> |
| Totals | <u>\$ 5,095,609</u> | <u>\$ 1,986,925</u> | <u>\$ 1,160,006</u> | <u>\$ 1,948,678</u> |

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

The utilities' investment policy does not address this risk.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances for the years ending December 31, 2016 and 2015:

| Due To | Due From | 2016 | | 2015 | |
|--------------------|--------------------|------------|-----------------------------------|------------|--------------------------|
| | | Amount | Principal Purpose | Amount | Principal Purpose |
| Municipality | Water utility | \$ 387,855 | Payment in lieu of taxes | \$ 363,249 | Payment in lieu of taxes |
| Municipality | Water utility | 15,409 | Operating | 8,764 | Operating |
| Electric utility | Municipality | 15,289 | Operating | 6,652 | Operating |
| Water utility | Municipality | 70,394 | Operating and special assessments | 2,419 | Operating |
| Wastewater utility | Municipality | 49,361 | Operating and special assessments | 3,023 | Operating |
| Municipality | Electric utility | 85,769 | Stormwater | 39,301 | Stormwater |
| Municipality | Electric utility | 376,785 | Payment in lieu of taxes | 370,260 | Payment in lieu of taxes |
| Municipality | Wastewater utility | 9,073 | Operating | 5,843 | Operating |

The following is a schedule of transfer balances for the years ending December 31, 2016 and 2015:

| To | From | 2016 | | 2015 | |
|--------------|------------------|-----------|--------------------------|-----------|--------------------------|
| | | Amount | Principal Purpose | Amount | Principal Purpose |
| Municipality | Electric utility | \$ 21,213 | Operating | \$ 23,455 | Operating |
| Municipality | Electric utility | 376,785 | Payment in lieu of taxes | 370,260 | Payment in lieu of taxes |
| Municipality | Water utility | 2,412 | Operating | 59 | Operating |
| Municipality | Water utility | 387,855 | Payment in lieu of taxes | 363,249 | Payment in lieu of taxes |

NOTE 4 - RESTRICTED ASSETS

Restricted Accounts

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

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 4 - RESTRICTED ASSETS (cont.)

Restricted Accounts (cont.)

Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Construction - Used to report debt proceeds restricted for use in construction.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the utilities have established an account for replacement of certain mechanical equipment.

Net Pension Asset

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

Restricted Net Position

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

| | 2016 | 2015 |
|--|--------------|--------------|
| Restricted Assets | | |
| Redemption account | \$ 486,538 | \$ 408,357 |
| Reserve account | 649,338 | 649,338 |
| Depreciation account | 25,000 | 25,000 |
| Construction account | 1,840,074 | - |
| Net pension asset | - | 150,770 |
| Total Restricted Assets | 3,000,950 | 1,233,465 |
| Less: Restricted Assets Not Funded by Revenues | | |
| Construction account | (1,840,074) | - |
| Current Liabilities Payable From Restricted Assets | (70,648) | (34,681) |
| Total Restricted Net Position as Calculated | \$ 1,090,228 | \$ 1,198,784 |

The purpose of the restricted net position is as follows:

| | 2016 | 2015 |
|--------------|--------------|--------------|
| Debt service | \$ 1,090,228 | \$ 1,048,014 |
| Pension | - | 150,770 |
| Totals | \$ 1,090,228 | \$ 1,198,784 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 4 - RESTRICTED ASSETS (cont.)

Restricted Net Position (cont.)

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

| | 2016 | 2015 |
|--|------------|------------|
| Restricted Assets | | |
| Redemption account | \$ 267,550 | \$ 129,523 |
| Reserve account | 244,677 | 244,677 |
| Depreciation account | 25,000 | 25,000 |
| Construction account | 213,127 | - |
| Net pension asset | - | 55,400 |
| Total Restricted Assets | 750,354 | 454,600 |
| Less: Restricted Assets Not Funded by Revenues | | |
| Construction account | (213,127) | - |
| Current Liabilities Payable From Restricted Assets | (8,230) | (11,878) |
| Total Restricted Net Position as Calculated | \$ 528,997 | \$ 442,722 |

The purpose of the restricted net position is as follows:

| | 2016 | 2015 |
|--------------|------------|------------|
| Debt service | \$ 528,997 | \$ 387,322 |
| Pension | - | 55,400 |
| Totals | \$ 528,997 | \$ 442,722 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 4 - RESTRICTED ASSETS (cont.)

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

| | 2016 | 2015 |
|--|--------------|--------------|
| Restricted Assets | | |
| Redemption account | \$ 365,599 | \$ 296,992 |
| Depreciation account | 33,283 | 33,283 |
| Replacement account | 1,096,288 | 1,129,917 |
| Construction account | 123 | 123 |
| Net pension asset | - | 59,271 |
| Total Restricted Assets | 1,495,293 | 1,519,586 |
| Less: Restricted Assets Not Funded by Revenues | | |
| Construction account | (123) | (123) |
| Current Liabilities Payable From Restricted Assets | (22,761) | (24,595) |
| Total Restricted Net Position as Calculated | \$ 1,472,409 | \$ 1,494,868 |

The purpose of the restricted net position is as follows:

| | 2016 | 2015 |
|-----------------------|--------------|--------------|
| Debt service | \$ 376,121 | \$ 305,680 |
| Equipment replacement | 1,096,288 | 1,129,917 |
| Pension | - | 59,271 |
| Totals | \$ 1,472,409 | \$ 1,494,868 |

NOTE 5 - ADVANCES TO OTHER FUNDS

In December 2011, the Electric Utility provided an advance to the General Fund in the amount of \$554,744 for the purpose of full payment of the Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The General Fund will repay the Electric Utility over a period of fourteen years at 3.0% annual interest. The amount outstanding at December 31, 2016 is \$376,653.

Repayment requirements to maturity follow:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|------------|-----------|------------|
| 2017 | \$ 39,190 | \$ 11,300 | \$ 50,490 |
| 2018 | 41,375 | 10,124 | 51,499 |
| 2019 | 43,646 | 8,883 | 52,529 |
| 2020 | 46,007 | 7,573 | 53,580 |
| 2021 | 48,459 | 6,193 | 54,652 |
| 2022-2025 | 157,976 | 9,726 | 167,702 |
| Totals | \$ 376,653 | \$ 53,799 | \$ 430,452 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 6 - CHANGES IN CAPITAL ASSETS

Electric Utility

A summary of changes in electric capital assets for 2016 follows:

| | Balance 1/1/16 | Increases | Decreases | Balance 12/31/16 |
|---|-------------------|-------------|-----------|---------------------|
| Capital assets, not being depreciated | | | | |
| Land and land rights | \$ 220,797 | \$ - | \$ - | \$ 220,797 |
| Capital assets being depreciated | | | | |
| Transmission | 15,019 | - | - | 15,019 |
| Distribution | 22,777,607 | 1,251,311 | 91,267 | 23,937,651 |
| General | 4,109,842 | 6,685 | - | 4,116,527 |
| Total Capital Assets Being Depreciated | 26,902,468 | 1,257,996 | 91,267 | 28,069,197 |
| Total Capital Assets | 27,123,265 | 1,257,996 | 91,267 | 28,289,994 |
| Less: Accumulated depreciation | | | | |
| Transmission | (19,366) | - | - | (19,366) |
| Distribution | (10,731,629) | (845,302) | 91,267 | (11,485,664) |
| General | (2,727,540) | (197,311) | - | (2,924,851) |
| Total Accumulated Depreciation | (13,478,535) | (1,042,613) | 91,267 | (14,429,881) |
| Construction in progress | 251,853 | 187,437 | 249,891 | 189,399 |
| Net Capital Assets | \$ 13,896,583 | | | \$ 14,049,512 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Electric Utility (cont.)

A summary of changes in electric capital assets for 2015 follows:

| | Balance 1/1/15 | Increases | Decreases | Balance 12/31/15 |
|---|----------------------|--------------------|----------------|----------------------|
| Capital assets, not being depreciated | | | | |
| Land and land rights | \$ 220,797 | \$ - | \$ - | \$ 220,797 |
| Capital assets being depreciated | | | | |
| Transmission | 15,019 | - | - | 15,019 |
| Distribution | 22,286,877 | 612,671 | 121,941 | 22,777,607 |
| General | 4,044,032 | 65,810 | - | 4,109,842 |
| Total Capital Assets Being Depreciated | <u>26,345,928</u> | <u>678,481</u> | <u>121,941</u> | <u>26,902,468</u> |
| Total Capital Assets | <u>26,566,725</u> | <u>678,481</u> | <u>121,941</u> | <u>27,123,265</u> |
| Less: Accumulated depreciation | | | | |
| Transmission | (19,366) | - | - | (19,366) |
| Distribution | (10,037,217) | (821,978) | 127,566 | (10,731,629) |
| General | (2,538,112) | (189,428) | - | (2,727,540) |
| Total Accumulated Depreciation | <u>(12,594,695)</u> | <u>(1,011,406)</u> | <u>127,566</u> | <u>(13,478,535)</u> |
| Construction in progress | <u>26,055</u> | <u>496,480</u> | <u>270,682</u> | <u>251,853</u> |
| Net Capital Assets | <u>\$ 13,998,085</u> | | | <u>\$ 13,896,583</u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility

A summary of changes in water capital assets for 2016 follows:

| | Balance 1/1/16 | Increases | Decreases | Balance 12/31/16 |
|---|-------------------|-----------|-----------|---------------------|
| Capital assets, not being depreciated | | | | |
| Land and land rights | \$ 430,131 | \$ - | \$ - | \$ 430,131 |
| Capital assets being depreciated | | | | |
| Source of supply | 595,730 | - | - | 595,730 |
| Pumping | 1,468,520 | 20,920 | - | 1,489,440 |
| Water treatment | 90,763 | - | - | 90,763 |
| Transmission and distribution | 16,766,589 | 1,827,934 | 66,782 | 18,527,741 |
| General | 843,272 | 2,431 | - | 845,703 |
| Total Capital Assets Being Depreciated | 19,764,874 | 1,851,285 | 66,782 | 21,549,377 |
| Total Capital Assets | 20,195,005 | 1,851,285 | 66,782 | 21,979,508 |
| Less: Accumulated depreciation | | | | |
| Source of supply | (352,437) | (17,276) | - | (369,713) |
| Pumping | (1,214,858) | (43,630) | - | (1,258,488) |
| Water treatment | (88,203) | (437) | - | (88,640) |
| Transmission and distribution | (3,999,252) | (316,262) | 86,457 | (4,229,057) |
| General | (747,883) | (84,778) | - | (832,661) |
| Total Accumulated Depreciation | (6,402,633) | (462,383) | 86,457 | (6,778,559) |
| Construction in progress | 106,478 | 883,885 | 909,725 | 80,638 |
| Net Capital Assets | \$ 13,898,850 | | | \$ 15,281,587 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility (cont.)

A summary of changes in water capital assets for 2015 follows:

| | Balance 1/1/15 | Increases | Decreases | Balance 12/31/15 |
|---|-------------------|-----------|-----------|---------------------|
| Capital assets, not being depreciated | | | | |
| Land and land rights | \$ 430,131 | \$ - | \$ - | \$ 430,131 |
| Capital assets being depreciated | | | | |
| Source of supply | 570,123 | 25,607 | - | 595,730 |
| Pumping | 1,461,654 | 6,866 | - | 1,468,520 |
| Water treatment | 90,763 | - | - | 90,763 |
| Transmission and distribution | 15,341,730 | 1,442,390 | 17,531 | 16,766,589 |
| General | 803,447 | 41,325 | 1,500 | 843,272 |
| Total Capital Assets Being Depreciated | 18,267,717 | 1,516,188 | 19,031 | 19,764,874 |
| Total Capital Assets | 18,697,848 | 1,516,188 | 19,031 | 20,195,005 |
| Less: Accumulated depreciation | | | | |
| Source of supply | (335,532) | (16,905) | - | (352,437) |
| Pumping | (1,157,612) | (57,246) | - | (1,214,858) |
| Water treatment | (87,766) | (437) | - | (88,203) |
| Transmission and distribution | (3,723,745) | (293,038) | 17,531 | (3,999,252) |
| General | (676,502) | (72,881) | 1,500 | (747,883) |
| Total Accumulated Depreciation | (5,981,157) | (440,507) | 19,031 | (6,402,633) |
| Construction in progress | 30,627 | 995,690 | 919,839 | 106,478 |
| Net Capital Assets | \$ 12,747,318 | | | \$ 13,898,850 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Wastewater Utility

A summary of changes in wastewater capital assets for 2016 follows:

| | Balance 1/1/16 | Increases | Decreases | Balance 12/31/16 |
|--|-------------------|------------|-----------|---------------------|
| Capital assets being depreciated | | | | |
| Collecting system | \$ 10,363,837 | \$ 868,844 | \$ 18,028 | \$ 11,214,653 |
| Collecting system pumping | 401,065 | 332,454 | - | 733,519 |
| Treatment and disposal | 15,554,351 | - | - | 15,554,351 |
| General | 1,314,953 | 61,664 | - | 1,376,617 |
| Total Capital Assets Being Depreciated | 27,634,206 | 1,262,962 | 18,028 | 28,879,140 |
| Less: Accumulated depreciation | (9,483,326) | (796,285) | 29,558 | (10,250,053) |
| Construction in progress | 61,100 | 39,244 | 5,553 | 94,791 |
| Net Capital Assets | \$ 18,211,980 | | | \$ 18,723,878 |

A summary of changes in wastewater capital assets for 2015 follows:

| | Balance 1/1/15 | Increases | Decreases | Balance 12/31/15 |
|--|-------------------|--------------|-----------|---------------------|
| Capital assets being depreciated | | | | |
| Collecting system | \$ 9,360,156 | \$ 1,023,865 | \$ 20,184 | \$ 10,363,837 |
| Collecting system pumping | 401,065 | - | - | 401,065 |
| Treatment and disposal | 15,550,149 | 5,702 | 1,500 | 15,554,351 |
| General | 1,308,895 | 6,058 | - | 1,314,953 |
| Total Capital Assets Being Depreciated | 26,620,265 | 1,035,625 | 21,684 | 27,634,206 |
| Less: Accumulated depreciation | (8,727,985) | (777,025) | 21,684 | (9,483,326) |
| Construction in progress | 38,856 | 783,193 | 760,949 | 61,100 |
| Net Capital Assets | \$ 17,931,136 | | | \$ 18,211,980 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS

Revenue Bonds - Electric

The following bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rate | Original Amount | Outstanding Amount 12/31/16 |
|-------------------|---|----------------|---------------|-----------------|-----------------------------|
| May 3, 2016 | Electric system improvements, refund 2006 bonds | April 1, 2036 | 2.00 - 3.00% | \$ 4,005,000 | \$ 4,005,000 |
| February 15, 2013 | Electric system improvements | April 1, 2023 | 2.00 - 2.25 | 3,170,000 | 2,245,000 |
| November 15, 2006 | Electric system improvements | April 1, 2023 | 4.00 - 4.50 | 2,550,000 | - |

Revenue bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2017 | \$ 610,000 | \$ 165,948 | \$ 775,948 |
| 2018 | 610,000 | 121,613 | 731,613 |
| 2019 | 620,000 | 109,313 | 729,313 |
| 2020 | 660,000 | 96,513 | 756,513 |
| 2021 | 670,000 | 82,813 | 752,813 |
| 2022 - 2026 | 1,715,000 | 251,844 | 1,966,844 |
| 2027 - 2031 | 635,000 | 157,575 | 792,575 |
| 2032 - 2036 | 730,000 | 55,950 | 785,950 |
| Totals | <u>\$ 6,250,000</u> | <u>\$ 1,041,569</u> | <u>\$ 7,291,569</u> |

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2016 and 2015 were \$602,450 and \$625,724, respectively, not including the refunding in the current year. Total customer gross revenues as defined for the same periods were \$15,208,512 and \$15,158,777. Annual principal and interest payments are expected to require 2% of gross revenues on average.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds - Water

The following bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rate | Original Amount | Outstanding Amount 12/31/16 |
|-------------------|---|----------------|---------------|-----------------|-----------------------------|
| May 3, 2016 | Additions and improvements, refund 2006 bonds | May 1, 2026 | 1.00 - 2.75% | \$ 2,520,000 | \$ 2,520,000 |
| January 27, 2010 | Additions and improvements | May 1, 2029 | 2.668 | 575,018 | 423,424 |
| November 15, 2006 | Additions and improvements | May 1, 2023 | 4.00 - 4.50 | 1,925,000 | - |

Revenue bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2017 | \$ 322,677 | \$ 47,540 | \$ 370,217 |
| 2018 | 318,415 | 43,867 | 362,282 |
| 2019 | 314,173 | 39,867 | 354,040 |
| 2020 | 339,952 | 35,360 | 375,312 |
| 2021 | 335,751 | 30,325 | 366,076 |
| 2022 - 2026 | 1,201,507 | 74,078 | 1,275,585 |
| 2027 - 2029 | 110,949 | 4,492 | 115,441 |
| Totals | <u>\$ 2,943,424</u> | <u>\$ 275,529</u> | <u>\$ 3,218,953</u> |

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2016 and 2015 were \$243,450 and \$225,533, respectively, not including the refunding in the current year. Total customer gross revenues as defined for the same periods were \$2,026,153 and \$1,793,025. Annual principal and interest payments are expected to require 12% of gross revenues on average.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds - Wastewater

The following bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rate | Original Amount | Outstanding Amount 12/31/16 |
|--------------------|------------------------|----------------|---------------|-----------------|-----------------------------|
| December 22, 1999 | Wastewater interceptor | May 1, 2019 | 3.049% | \$ 623,465 | \$ 120,341 |
| July 12, 2000 | WWTP improvements | May 1, 2020 | 3.049 | 1,116,259 | 280,959 |
| September 10, 2003 | WWTP improvements | May 1, 2023 | 2.766 | 1,670,624 | 695,113 |
| June 27, 2007 | WWTP improvements | May 1, 2027 | 2.475 | 1,539,762 | 1,015,168 |
| November 1, 2014 | WWTP improvements | May 1, 2034 | 2.625 | 3,305,713 | 3,046,782 |

Revenue bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|---------------------|---------------------|---------------------|
| 2017 | \$ 413,395 | \$ 130,912 | \$ 544,307 |
| 2018 | 424,703 | 119,449 | 544,152 |
| 2019 | 436,322 | 107,670 | 543,992 |
| 2020 | 405,676 | 96,216 | 501,892 |
| 2021 | 340,971 | 86,252 | 427,223 |
| 2022 - 2026 | 1,503,032 | 304,203 | 1,807,235 |
| 2027 - 2031 | 1,022,944 | 143,079 | 1,166,023 |
| 2032 - 2034 | 611,320 | 24,348 | 635,668 |
| Totals | <u>\$ 5,158,363</u> | <u>\$ 1,012,129</u> | <u>\$ 6,170,492</u> |

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2016 and 2015 were \$544,459 and \$541,390, respectively. Total customer gross revenues as defined for the same periods were \$2,038,487 and \$2,047,698. Annual principal and interest payments are expected to require 17% of gross revenues on average.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt - Water

The following general obligation bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rate | Original Amount | Outstanding Amount 12/31/16 |
|--------------|----------------------------|----------------|---------------|-----------------|-----------------------------|
| July 9, 2015 | Additions and improvements | April 1, 2025 | 2.00 - 2.25% | \$ 522,000 | \$ 474,000 |

General obligation bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|-------------------|------------------|-------------------|
| 2017 | \$ 51,000 | \$ 9,180 | \$ 60,180 |
| 2018 | 51,000 | 8,160 | 59,160 |
| 2019 | 51,000 | 7,140 | 58,140 |
| 2020 | 51,000 | 6,120 | 57,120 |
| 2021 | 51,000 | 5,100 | 56,100 |
| 2022 - 2025 | <u>219,000</u> | <u>9,518</u> | <u>228,518</u> |
| Totals | <u>\$ 474,000</u> | <u>\$ 45,218</u> | <u>\$ 519,218</u> |

General Obligation Debt - Wastewater

The following general obligation bonds have been issued:

| Date | Purpose | Final Maturity | Interest Rate | Original Amount | Outstanding Amount 12/31/16 |
|--------------|----------------------------|----------------|---------------|-----------------|-----------------------------|
| July 9, 2015 | Additions and improvements | April 1, 2025 | 2.00 - 2.25% | \$ 348,000 | \$ 316,000 |

General obligation bonds debt service requirements to maturity follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|-------------------|------------------|-------------------|
| 2017 | \$ 34,000 | \$ 6,120 | \$ 40,120 |
| 2018 | 34,000 | 5,440 | 39,440 |
| 2019 | 34,000 | 4,760 | 38,760 |
| 2020 | 34,000 | 4,080 | 38,080 |
| 2021 | 34,000 | 3,400 | 37,400 |
| 2022-2025 | <u>146,000</u> | <u>6,345</u> | <u>152,345</u> |
| Totals | <u>\$ 316,000</u> | <u>\$ 30,145</u> | <u>\$ 346,145</u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Electric

Long-term obligation activity for the year ended December 31, 2016 is as follows:

| | 1/1/16 Balance | Additions | Reductions | 12/31/16 Balance | Due Within One Year |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| Revenue bonds | \$ 4,460,000 | \$ 4,005,000 | \$ 2,215,000 | \$ 6,250,000 | \$ 610,000 |
| Accrued sick leave | 170,083 | 24,501 | 22,773 | 171,811 | - |
| Customer advances for construction | 225,387 | 175,808 | 374,054 | 27,141 | - |
| Unamortized premium on bonds | 48,863 | 93,666 | 10,958 | 131,571 | - |
| Net pension liability | - | 103,350 | - | 103,350 | - |
| Totals | <u>\$ 4,904,333</u> | <u>\$ 4,402,325</u> | <u>\$ 2,622,785</u> | <u>\$ 6,683,873</u> | <u>\$ 610,000</u> |

Long-term obligation activity for the year ended December 31, 2015 is as follows:

| | 1/1/15 Balance | Additions | Reductions | 12/31/15 Balance | Due Within One Year |
|---------------------------------------|----------------------------|--------------------------|--------------------------|----------------------------|--------------------------|
| Revenue bonds | \$ 4,940,000 | \$ - | \$ 480,000 | \$ 4,460,000 | \$ 490,000 |
| Accrued sick leave | 166,873 | 32,565 | 29,355 | 170,083 | - |
| Customer advances for construction | 14,350 | 267,967 | 56,930 | 225,387 | - |
| Unamortized premium on bonds | 60,835 | - | 11,972 | 48,863 | - |
| Totals | <u>\$ 5,182,058</u> | <u>\$ 300,532</u> | <u>\$ 578,257</u> | <u>\$ 4,904,333</u> | <u>\$ 490,000</u> |

Long-Term Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2016 is as follows:

| | 1/1/16 Balance | Additions | Reductions | 12/31/16 Balance | Due Within One Year |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| Revenue bonds | \$ 1,775,381 | \$ 2,520,000 | \$ 1,351,957 | \$ 2,943,424 | \$ 322,677 |
| General obligation debt | 522,000 | - | 48,000 | 474,000 | 51,000 |
| Accrued sick leave | 93,082 | - | 6,495 | 86,587 | - |
| Unamortized premium on bonds | - | 38,590 | 2,952 | 35,638 | - |
| Net pension liability | - | 36,404 | - | 36,404 | - |
| Totals | <u>\$ 2,390,463</u> | <u>\$ 2,594,994</u> | <u>\$ 1,409,404</u> | <u>\$ 3,576,053</u> | <u>\$ 373,677</u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Water (cont.)

Long-term obligation activity for the year ended December 31, 2015 is as follows:

| | <u>1/1/15 Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/15 Balance</u> | <u>Due Within One Year</u> |
|----------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------------|
| Revenue bonds | \$ 1,926,638 | \$ - | \$ 151,257 | \$ 1,775,381 | \$ 176,958 |
| General obligation debt | - | 522,000 | - | 522,000 | 48,000 |
| Accrued sick leave | <u>83,431</u> | <u>19,736</u> | <u>10,085</u> | <u>93,082</u> | <u>-</u> |
| Totals | <u>\$ 2,010,069</u> | <u>\$ 541,736</u> | <u>\$ 161,342</u> | <u>\$ 2,390,463</u> | <u>\$ 224,958</u> |

Long-Term Obligations Summary - Wastewater

Long-term obligation activity for the year ended December 31, 2016 is as follows:

| | <u>1/1/16 Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/16 Balance</u> | <u>Due Within One Year</u> |
|----------------------------|----------------------------|-------------------------|--------------------------|-----------------------------|--------------------------------|
| Revenue bonds | \$ 5,560,753 | \$ - | \$ 402,390 | \$ 5,158,363 | \$ 413,395 |
| General obligation debt | 348,000 | - | 32,000 | 316,000 | 34,000 |
| Accrued sick leave | 105,822 | 19,691 | 4,603 | 120,910 | - |
| Net pension liability | <u>-</u> | <u>40,825</u> | <u>-</u> | <u>40,825</u> | <u>-</u> |
| Totals | <u>\$ 6,014,575</u> | <u>\$ 60,516</u> | <u>\$ 438,993</u> | <u>\$ 5,636,098</u> | <u>\$ 447,395</u> |

Long-term obligation activity for the year ended December 31, 2015 is as follows:

| | <u>1/1/15 Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/15 Balance</u> | <u>Due Within One Year</u> |
|----------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------------|
| Revenue bonds | \$ 5,694,293 | \$ 258,140 | \$ 391,680 | \$ 5,560,753 | \$ 402,390 |
| General obligation debt | - | 348,000 | - | 348,000 | 32,000 |
| Accrued sick leave | <u>91,005</u> | <u>20,399</u> | <u>5,582</u> | <u>105,822</u> | <u>-</u> |
| Totals | <u>\$ 5,785,298</u> | <u>\$ 626,539</u> | <u>\$ 397,262</u> | <u>\$ 6,014,575</u> | <u>\$ 434,390</u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On May 26, 2016, the electric utility issued bonds in the amount of \$4,005,000 with an average interest rate of 2.2% to refund \$1,725,000 of outstanding 2006 electric bonds with an average interest rate of 3.71% and provide \$2,445,000 of proceeds to fund new construction. \$1,560,000 of the net proceeds, along with \$188,616 of restricted funds on hand, were used to prepay the outstanding debt service requirements on the 2006 bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$2,058,000 from 2017 through 2023. The cash flow requirements on the new refunding bonds are \$1,685,833 from 2017 through 2023. The current refunding resulted in an economic gain of \$157,590.

On May 26, 2016, the water utility issued bonds in the amount of \$2,650,000 with an average interest rate of 1.77% to refund \$1,175,000 of outstanding 2006 water bonds with an average interest rate of 3.77% and provide \$1,320,000 of proceeds to fund new construction. \$1,200,000 of the net proceeds were used to prepay the outstanding debt service requirements on the 2006 bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$1,396,625 from 2017 through 2023. The cash flow requirements on the new refunding bonds are \$1,269,531 from 2017 through 2023. The current refunding resulted in an economic gain of \$122,199.

Bond Covenant Disclosures

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

Insurance

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

The utilities were covered under the following insurance policies at December 31, 2016:

| Type | Coverage | Expiration |
|----------------------|------------------------------------|------------|
| Automobile | \$ 10,000,000 CVMIC Self-Insured | 1/1/17 |
| Excess Liability | 5,000,000 CVMIC Self-Insured | 1/1/17 |
| Workers Compensation | 5,000,000 CVMIC Self-Insured | 1/1/17 |
| | 1,000,000 CVMIC Self-Insured | 1/1/17 |
| Boiler Insurance | 100,000,000 CVMIC Self-Insured | 1/1/17 |
| Property | Wisconsin Local Property Insurance | |
| | 54,116,364 Fund | 2/1/17 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Debt Coverage - Electric

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.3 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2016 and 2015 as follows:

| | 2016 | 2015 |
|---|---------------|---------------|
| Operating revenues | \$ 15,116,204 | \$ 15,057,028 |
| Investment income | 92,308 | 101,749 |
| Less: Operation and maintenance expenses | (13,329,607) | (13,261,410) |
| Net Defined Earnings | \$ 1,878,905 | \$ 1,897,367 |
| Minimum Required Earnings per Resolution: | | |
| Highest annual debt service | \$ 775,948 | \$ 649,338 |
| Coverage factor | 1.30 | 1.30 |
| Minimum Required Earnings | \$ 1,008,732 | \$ 844,139 |
| Actual Debt Coverage | 2.42 | 2.92 |

Debt Coverage - Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.3 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2016 and 2015 as follows:

| | 2016 | 2015 |
|---|--------------|--------------|
| Operating revenues | \$ 2,001,124 | \$ 1,784,416 |
| Investment income | 25,029 | 8,609 |
| Less: Operation and maintenance expenses | (1,012,205) | (885,770) |
| Net Defined Earnings | \$ 1,013,948 | \$ 907,255 |
| Minimum Required Earnings per Resolution: | | |
| Highest annual debt service | \$ 375,312 | \$ 244,677 |
| Coverage factor | 1.30 | 1.30 |
| Minimum Required Earnings | \$ 487,906 | \$ 318,080 |
| Actual Debt Coverage | 2.70 | 3.71 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Debt Coverage - Wastewater

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.1 times the highest annual debt service of the bonds. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was in 2016 and 2015 as follows:

| | 2016 | 2015 |
|---|--------------|--------------|
| Operating revenues | \$ 2,036,002 | \$ 2,037,835 |
| Investment income | 2,485 | 9,863 |
| Less: Operation and maintenance expenses | (1,020,298) | (1,042,161) |
| Net Defined Earnings | \$ 1,018,189 | \$ 1,005,537 |
| Minimum Required Earnings per Resolution: | | |
| Highest annual debt service | \$ 544,307 | \$ 544,459 |
| Coverage factor | 1.10 | 1.10 |
| Minimum Required Earnings | \$ 598,738 | \$ 598,905 |
| Actual Debt Coverage | 1.87 | 1.85 |

Number of Customers and Billed Volumes - Electric

The utility has the following number of customers and billed volumes for 2016 and 2015:

| | Customers | | Sales (000 kWh) | |
|-----------------------------|-----------|-------|-----------------|---------|
| | 2016 | 2015 | 2016 | 2015 |
| Residential | 7,714 | 7,659 | 69,348 | 63,093 |
| General | 833 | 817 | 14,157 | 17,069 |
| Small power | 52 | 48 | 13,291 | 15,539 |
| Large power | 10 | 8 | 10,164 | 9,524 |
| Industrial | 6 | 6 | 31,257 | 31,431 |
| Street and highway lighting | 7 | 7 | 735 | 937 |
| Totals | 8,622 | 8,545 | 138,952 | 137,593 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2016 and 2015:

| | Customers | | Sales (000 gals) | |
|-------------------------|--------------|--------------|------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Residential | 4,444 | 4,423 | 206,657 | 206,473 |
| Multifamily residential | 63 | 65 | 25,465 | 25,561 |
| Commercial | 366 | 355 | 53,304 | 51,253 |
| Industrial | 25 | 25 | 179,746 | 179,961 |
| Public authority | 44 | 42 | 5,304 | 6,336 |
| Interdepartmental | 6 | 6 | 533 | 773 |
| Totals | <u>4,948</u> | <u>4,916</u> | <u>471,009</u> | <u>470,357</u> |

Number of Customers and Billed Volumes - Wastewater

The utility has the following number of customers and billed volumes for 2016 and 2015:

| | Customers | | Sales (000 gals) | |
|-------------------------|--------------|--------------|------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Residential | 4,440 | 4,417 | 230,659 | 204,935 |
| Multifamily residential | 63 | 65 | 25,465 | 25,561 |
| Commercial | 349 | 341 | 50,898 | 48,780 |
| Industrial | 21 | 21 | 26,567 | 29,639 |
| Public authority | 32 | 31 | 3,554 | 4,191 |
| Interdepartmental | 1 | 1 | 50 | 44 |
| Totals | <u>4,906</u> | <u>4,876</u> | <u>337,193</u> | <u>313,150</u> |

Utility Budget

The 2016 and 2015 utility budgets were prepared and approved as required by the bond resolutions.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 8 - NET POSITION

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

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

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

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

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

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

| | 2016 | 2015 |
|---|--------------|--------------|
| Construction work in progress | \$ 189,399 | \$ 251,853 |
| Plant in service | 28,289,994 | 27,123,265 |
| Accumulated depreciation | (14,429,881) | (13,478,535) |
| Property held for future use | 352,664 | 352,664 |
| Sub-Totals | 14,402,176 | 14,249,247 |
| Less: Capital related debt | | |
| Current portion of capital related long-term debt | 610,000 | 490,000 |
| Long-term portion of capital related long-term debt | 5,640,000 | 3,970,000 |
| Unamortized debt premium | 131,571 | 48,863 |
| Sub-Totals | 6,381,571 | 4,508,863 |
| Add: Unspent debt proceeds | | |
| Construction funds | 1,840,074 | - |
| Total Net Investment in Capital Assets | \$ 9,860,679 | \$ 9,740,384 |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 8 - NET POSITION (cont.)

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

| | 2016 | 2015 |
|---|----------------------|----------------------|
| Construction work in progress | \$ 80,638 | \$ 106,478 |
| Plant in service | 21,979,508 | 20,195,005 |
| Accumulated depreciation | <u>(6,778,559)</u> | <u>(6,402,633)</u> |
| Sub-Totals | <u>15,281,587</u> | <u>13,898,850</u> |
| Less: Capital related debt | | |
| Current portion of capital related long-term debt | 373,677 | 224,958 |
| Long-term portion of capital related long-term debt | 3,043,747 | 2,072,423 |
| Unamortized debt premium | <u>35,638</u> | <u>-</u> |
| Sub-Totals | <u>3,453,062</u> | <u>2,297,381</u> |
| Add: Unspent debt proceeds | | |
| Construction funds | <u>213,127</u> | <u>-</u> |
| Total Net Investment in Capital Assets | <u>\$ 12,041,652</u> | <u>\$ 11,601,469</u> |

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

| | 2016 | 2015 |
|---|----------------------|----------------------|
| Construction work in progress | \$ 94,791 | \$ 61,100 |
| Plant in service | 28,879,140 | 27,634,206 |
| Accumulated depreciation | <u>(10,250,053)</u> | <u>(9,483,326)</u> |
| Sub-Totals | <u>18,723,878</u> | <u>18,211,980</u> |
| Less: Capital related debt | | |
| Current portion of capital related long-term debt | 447,395 | 434,390 |
| Long-term portion of capital related long-term debt | <u>5,026,968</u> | <u>5,474,363</u> |
| Sub-Totals | <u>5,474,363</u> | <u>5,908,753</u> |
| Add: Unspent debt proceeds | | |
| Reserve from borrowing | <u>123</u> | <u>123</u> |
| Total Net Investment in Capital Assets | <u>\$ 13,249,638</u> | <u>\$ 12,303,350</u> |

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM

The utilities implemented GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective January 1, 2015. The cumulative effect of the change in net position due to the change in accounting standard is shown as a change in beginning net position for 2015.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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 (CAFR), 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) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2006 | .8% | 3% |
| 2007 | 3 | 10 |
| 2008 | 6.6 | 0 |
| 2009 | -2.1 | -42 |
| 2010 | -1.3 | 22 |
| 2011 | -1.2 | 11 |
| 2012 | -7 | -7 |
| 2013 | -9.6 | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |

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. 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 \$111,938 and \$107,183 in contributions from the utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31 are:

| | 2016 | | 2015 | |
|------------------------------------|----------|----------|----------|----------|
| | Employee | Employer | Employee | Employer |
| General (including teachers) | 6.6% | 6.6% | 6.8% | 6.8% |
| Executives & Elected Officials | 6.6% | 6.6% | 7.7% | 7.7% |
| Protective with Social Security | 6.6% | 9.4% | 6.8% | 9.5% |
| Protective without Social Security | 6.6% | 13.2% | 6.8% | 13.1% |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

At December 31, 2016, the utilities reported a liability (asset) of \$180,579 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The utilities's proportion of the net pension liability (asset) was based on the utilities's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City of Stoughton's proportion was 0.045976740%, which was an increase of 0.001111810% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, and 2015 the utilities recognized pension expense of \$218,179 and \$178,973.

At December 31, 2016, the utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Electric Utility | | Water Utility | | Wastewater Utility | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 17,236 | \$ 217,499 | \$ 6,411 | \$ 76,611 | \$ 6,765 | \$ 85,916 |
| Changes in assumption | 422,315 | - | 149,893 | - | 166,680 | - |
| Net differences between project and actual earnings on pension plan | 72,308 | - | 25,470 | - | 28,563 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 3,747 | - | 1,336 | - | 1,478 |
| Employer contributions subsequent to the measurement date | <u>64,055</u> | <u>-</u> | <u>25,032</u> | <u>-</u> | <u>25,158</u> | <u>-</u> |
| Total | <u><u>\$ 575,914</u></u> | <u><u>\$ 221,246</u></u> | <u><u>\$ 206,806</u></u> | <u><u>\$ 77,947</u></u> | <u><u>\$ 227,166</u></u> | <u><u>\$ 87,394</u></u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

At December 31, 2015, the utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Electric Utility</u> | | <u>Water Utility</u> | | <u>Wastewater Utility</u> | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 21,858 | \$ - | \$ 8,031 | \$ - | \$ 8,592 | \$ - |
| Changes in assumption | 73,010 | - | 26,827 | - | 28,702 | - |
| Net differences between project and actual earnings on pension plan | - | - | - | - | - | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 1,063 | - | 390 | - | 418 |
| Employer contributions subsequent to the measurement date | <u>64,065</u> | <u>-</u> | <u>22,566</u> | <u>-</u> | <u>25,307</u> | <u>-</u> |
| Total | <u>\$ 158,933</u> | <u>\$ 1,063</u> | <u>\$ 57,424</u> | <u>\$ 390</u> | <u>\$ 62,601</u> | <u>\$ 418</u> |

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the subsequent year ended December 31, 2017. \$64,055, \$25,032, and \$25,158 are reported for the electric, water, and wastewater utilities, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31 | <u>Electric Utility</u> | | <u>Water Utility</u> | | <u>Wastewater Utility</u> | |
|---------------------------|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflow of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| 2017 | \$ 133,178 | \$ 53,589 | \$ 46,911 | \$ 18,876 | \$ 52,608 | \$ 21,169 |
| 2018 | 133,178 | 53,589 | 46,911 | 18,876 | 52,608 | 21,169 |
| 2019 | 133,178 | 53,589 | 46,911 | 18,876 | 52,608 | 21,169 |
| 2020 | 111,088 | 53,438 | 39,130 | 18,823 | 43,882 | 21,109 |
| 2021 | 1,237 | 7,041 | 1,911 | 2,496 | 302 | 2,778 |
| Thereafter | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 511,859</u> | <u>\$ 221,246</u> | <u>\$ 181,774</u> | <u>\$ 77,947</u> | <u>\$ 202,008</u> | <u>\$ 87,394</u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--------------------------------|
| Actuarial valuation date | December 31, 2014 |
| Measurement date of net pension liability (asset) | December 31, 2015 |
| Actuarial cost method | Entry age |
| Asset valuation method | Fair market value |
| Long-term expected rate of return | 7.2% |
| Discount rate | 7.2% |
| Salary increases | |
| Inflation | 3.2% |
| Seniority / Merit | 0.2% - 5.6% |
| Mortality | Wisconsin 2012 Mortality Table |
| Post-retirement adjustments | 2.1% |

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 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 arithmetic real rates of return for each major asset class are summarized in the following table:

| Core Fund Asset Class | Long-term Real Rate of Return | Target Allocation |
|----------------------------|----------------------------------|----------------------|
| US Equities | 4.7% | 23.0% |
| International Equities | 5.6 | 22.0 |
| Fixed Income | 1.6 | 37.0 |
| Inflation Sensitive Assets | 1.4 | 20.0 |
| Real Estate | 3.6 | 7.0 |
| Private Equity/Debt | 6.5 | 7.0 |
| Multi-Asset | <u>3.8</u> | <u>4.0</u> |
| Total Core Fund | <u>4.5%</u> | <u>120.0%</u> |
| | | |
| Variable Fund Asset Class | Long-term Real Rate of Return | Target Allocation |
| US Equities | 4.7% | 70.0% |
| International Equities | <u>5.6</u> | <u>30.0</u> |
| Total Variable Fund | <u>5.0%</u> | <u>100.0%</u> |

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the utilities's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the utilities's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the utilities'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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

The sensitivity analysis as of December 31, 2016 follows:

| | 1% Decrease to Discount Rate (6.20%) | Current Discount Rate (7.20%) | 1% Increase to Discount Rate (8.20%) |
|--|--|-------------------------------------|--|
| Electric Utility's proportionate share of the net position liability (asset) | \$ 724,899 | \$ 103,350 | \$ (382,091) |
| Water Utility's proportionate share of the net position liability (asset) | 255,338 | 36,404 | (134,588) |
| Wastewater Utility's proportionate share of the net position liability (asset) | 286,347 | 40,825 | (150,932) |

The sensitivity analysis as of December 31, 2015 follows:

| | 1% Decrease to Discount Rate (6.20%) | Current Discount Rate (7.20%) | 1% Increase to Discount Rate (8.20%) |
|--|--|-------------------------------------|--|
| Electric Utility's's proportionate share of the net position liability (asset) | \$ 425,350 | \$ (150,770) | \$ (605,768) |
| Water Utility's's proportionate share of the net position liability (asset) | 156,292 | (55,400) | (222,586) |
| Wastewater Utility's's proportionate share of the net position liability (asset) | 167,213 | (59,271) | (238,138) |

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/Publications/cafr.htm>.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Long-Term Contracts - WPPI Energy

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

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

In 2015, a majority of WPPI Energy members ratified an eighteen year extension to their existing contracts. All but two of the remaining members ratified the same extension in 2016. The new contract expires at midnight on December 31, 2055.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract is \$411 million as of December 31, 2016.

Claims and Judgments

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

NOTE 11 - RISK MANAGEMENT

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment, and capitalization of the CVMIC, and has numerous municipalities as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the municipalities which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The municipality's share of such losses is approximately 1%.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 11 - RISK MANAGEMENT (cont.)

***Wisconsin Municipal Insurance Commission (WMIC)
Cities and Villages Mutual Insurance Company (CVMIC) (cont.)***

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The municipality shows the general obligation bond that it owes to WMIC in the insurance internal service fund (governmental activities column of government-wide statement of net position). The transactions of the organization are not included in these financial statements.

NOTE 12 - SELF INSURANCE

In 2015, the utilities were part of the municipality's self-funded health insurance program with claims processed by an administrative firm on behalf of the municipality. A separate fund was established into which deposits were made and actual claims are paid out. As part of the plan, a reinsurance policy had been purchased which covers claims in excess of \$45,000 per individual up to a maximum of \$1,000,000. Deposits to the self-insured fund in excess of the claims and other costs paid are retained by the municipality. The utilities' total contributions to the program during 2015 were \$262,239. The plan was not continued in 2016. Details of the plan can be found in the basic financial statements of the City of Stoughton.

NOTE 13 - SUBSEQUENT EVENTS

The utilities evaluated subsequent events through April 24, 2017, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

West Substation Project

The PSCW provided authorization for the electric utility to construct a new substation and five feeders on the west side of the City of Stoughton in order to reliably serve planned and expected load growth. The estimated cost of the project is \$2.77 million.

Rate Adjustment

New electric rates were approved by the PSCW effective April 1, 2017. The new rates are designed to earn a 5.0% rate of return.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2016 and 2015

NOTE 14 - CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

The utilities adopted GASB Statement No. 68 effective January 1, 2015. The cumulative effect of implementation is reflected as a change in net position at December 31, 2015 as follows:

Electric Utility

| | |
|---|-------------------|
| Net pension liability (asset) January 1, 2014 | \$ 239,787 |
| Deferred outflows January 1, 2014 | <u>60,880</u> |
| Cumulative Effect of a Change in Accounting Principle | <u>\$ 300,667</u> |

Water Utility

| | |
|---|-------------------|
| Net pension liability (asset) January 1, 2014 | \$ 88,109 |
| Deferred outflows January 1, 2014 | <u>22,370</u> |
| Cumulative Effect of a Change in Accounting Principle | <u>\$ 110,479</u> |

Wastewater Utility

| | |
|---|-------------------|
| Net pension liability (asset) January 1, 2014 | \$ 94,265 |
| Deferred outflows January 1, 2014 | <u>23,933</u> |
| Cumulative Effect of a Change in Accounting Principle | <u>\$ 118,198</u> |

Additional information required for retroactive implementation was not provided by the pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

STOUGHTON UTILITIES

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

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

| Fiscal Year Ending | Proportion of the Net Pension Liability (Asset) - City | Utilities' Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|-----------------------|---|---|--------------------|--|--|
| 12/31/16 | 0.04597674% | \$ 180,579 | \$ 1,643,602 | 10.99% | 98.20% |
| 12/31/15 | 0.04486493% | (265,441) | 1,372,152 | 19.34% | 102.74% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------------|--|---|--|--------------------|---|
| 12/31/16 | \$ 114,245 | \$ 114,245 | - | \$ 1,730,985 | 6.60% |
| 12/31/15 | 111,938 | 111,938 | - | 1,643,602 | 6.81% |

See independent auditors' report and accompanying notes to the required supplementary information.

STOUGHTON UTILITIES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTAL INFORMATION

ELECTRIC UTILITY

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY PLANT
As of and for the Year Ended December 31, 2016

| | Balance 1/1/16 | Additions | Retirements | Balance 12/31/16 |
|-------------------------------------|----------------------------|----------------------------|-------------------------|----------------------------|
| TRANSMISSION | | | | |
| Land and land rights | \$ 1 | \$ - | \$ - | \$ 1 |
| Poles and fixtures | 5,035 | - | - | 5,035 |
| Overhead conductors and devices | 9,984 | - | - | 9,984 |
| Total Transmission | <u>15,020</u> | <u>-</u> | <u>-</u> | <u>15,020</u> |
| DISTRIBUTION | | | | |
| Land and land rights | 220,796 | - | - | 220,796 |
| Structures and improvements | 44,389 | 9,612 | 1,167 | 52,834 |
| Station equipment | 4,315,695 | 21,090 | - | 4,336,785 |
| Poles, towers and fixtures | 3,203,919 | 137,335 | 22,214 | 3,319,040 |
| Overhead conductors and devices | 5,761,558 | 92,288 | 23,698 | 5,830,148 |
| Underground conduit | 498,258 | 40,555 | - | 538,813 |
| Underground conductors and devices | 2,997,775 | 707,196 | 2,498 | 3,702,473 |
| Line transformers | 2,988,463 | 122,880 | 13,620 | 3,097,723 |
| Services | 1,781,830 | 43,121 | 2,174 | 1,822,777 |
| Meters | 662,502 | 10,441 | 1,021 | 671,922 |
| Street lighting and signal systems | 523,217 | 66,793 | 24,875 | 565,135 |
| Total Distribution | <u>22,998,402</u> | <u>1,251,311</u> | <u>91,267</u> | <u>24,158,446</u> |
| GENERAL | | | | |
| Structures and improvements | 1,649,974 | 6,685 | - | 1,656,659 |
| Office furniture and equipment | 215,401 | - | - | 215,401 |
| Computer equipment | 191,677 | - | - | 191,677 |
| Transportation equipment | 310,127 | - | - | 310,127 |
| Stores equipment | 9,984 | - | - | 9,984 |
| Tools, shop and garage equipment | 81,791 | - | - | 81,791 |
| Laboratory equipment | 60,822 | - | - | 60,822 |
| Power-operated equipment | 1,213,502 | - | - | 1,213,502 |
| Communication equipment | 92,122 | - | - | 92,122 |
| Fiber optic equipment | 279,453 | - | - | 279,453 |
| Miscellaneous equipment | 4,990 | - | - | 4,990 |
| Total General | <u>4,109,843</u> | <u>6,685</u> | <u>-</u> | <u>4,116,528</u> |
| TOTAL ELECTRIC UTILITY PLANT | <u><u>\$27,123,265</u></u> | <u><u>\$ 1,257,996</u></u> | <u><u>\$ 91,267</u></u> | <u><u>\$28,289,994</u></u> |

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|---------------------------------------|--------------|--------------|
| OPERATING REVENUES | | |
| Sales of Electricity | | |
| Residential | \$ 5,245,492 | \$ 5,039,326 |
| Rural | 2,860,599 | 2,834,039 |
| General service | 1,563,722 | 1,629,740 |
| Large commercial and industrial | 1,358,269 | 1,389,421 |
| Large power | 914,513 | 885,980 |
| Industrial | 2,742,903 | 2,814,381 |
| Public street and highway lighting | 121,306 | 132,627 |
| Interdepartmental | 174,133 | 180,843 |
| Total Sales of Electricity | 14,980,937 | 14,906,357 |
| Other Operating Revenues | | |
| Forfeited discounts | 35,433 | 38,202 |
| Other | 99,834 | 112,469 |
| Total Operating Revenues | 15,116,204 | 15,057,028 |
| OPERATING EXPENSES | | |
| Operation and Maintenance | | |
| Other Power Supply | | |
| Purchased power | 11,588,139 | 11,656,672 |
| Transmission | | |
| Operation supervision and engineering | 3,431 | 6,966 |
| Station | 34,522 | 40,006 |
| Overhead lines | 51,527 | 74,826 |
| Underground lines | 32,928 | 48,139 |
| Total Transmission | 122,408 | 169,937 |
| Distribution | | |
| Street lighting and signal system | (17) | 3,509 |
| Meter | 19,196 | 47,976 |
| Customer installations | 109 | 468 |
| Miscellaneous | 70,220 | 58,623 |
| Maintenance | | |
| Supervision and engineering | 21,774 | - |
| Station equipment | 18,992 | 7,278 |
| Overhead lines | 206,090 | 197,521 |
| Underground lines | 56,207 | 37,602 |
| Line transformers | 2,659 | 2,234 |
| Street lighting and signal system | 6,342 | 2,404 |
| Meters | 27,199 | 6,519 |
| Total Distribution | 428,771 | 364,134 |
| Customer Accounts | | |
| Meter reading | 3,900 | 4,315 |
| Customer records and collection | 261,008 | 248,349 |
| Miscellaneous | 19,486 | 2,007 |
| Total Customer Accounts | 284,394 | 254,671 |

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2016 and 2015

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|-----------------------|-----------------------|
| OPERATING EXPENSES (cont.) | | |
| Operation and Maintenance (cont.) | | |
| Administrative and General | | |
| Salaries | \$ 261,330 | \$ 320,666 |
| Office supplies | 54,679 | 46,455 |
| Outside services employed | 23,697 | 48,825 |
| Property insurance | 30,397 | 26,749 |
| Injuries and damages | 36,826 | 27,400 |
| Employee pensions and benefits | 255,655 | 115,050 |
| Regulatory commission | 2,783 | 8,842 |
| Miscellaneous | 500 | 1,470 |
| Rents | 11,680 | 11,354 |
| Maintenance | 57,664 | 38,000 |
| Total Administrative and General | <u>735,211</u> | <u>644,811</u> |
| Taxes | <u>170,684</u> | <u>171,185</u> |
| Total Operation and Maintenance | <u>13,329,607</u> | <u>13,261,410</u> |
| Depreciation | <u>996,954</u> | <u>965,661</u> |
| Total Operating Expenses | <u>14,326,561</u> | <u>14,227,071</u> |
| OPERATING INCOME | <u>\$ 789,643</u> | <u>\$ 829,957</u> |

STOUGHTON ELECTRIC UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2016 and 2015

| | Electric | |
|---|----------------------|----------------------|
| | 2016 | 2015 |
| Utility Financed Plant in Service | | |
| Beginning of year | \$ 24,260,890 | \$ 23,775,259 |
| End of year | <u>24,962,668</u> | <u>24,260,889</u> |
| Average | <u>24,611,779</u> | <u>24,018,074</u> |
| Utility Financed Accumulated Depreciation | | |
| Beginning of year | (11,973,321) | (11,183,405) |
| End of year | <u>(12,808,857)</u> | <u>(11,973,321)</u> |
| Average | <u>(12,391,089)</u> | <u>(11,578,363)</u> |
| Materials and Supplies | | |
| Beginning of year | 129,405 | 130,091 |
| End of year | <u>163,294</u> | <u>129,405</u> |
| Average | <u>146,350</u> | <u>129,748</u> |
| Regulatory Liability | | |
| Beginning of year | (177,284) | (199,444) |
| End of year | <u>(155,124)</u> | <u>(177,284)</u> |
| Average | <u>(166,204)</u> | <u>(188,364)</u> |
| Customer Advances for Construction | | |
| Beginning of year | (225,387) | (14,350) |
| End of year | <u>(27,141)</u> | <u>(225,387)</u> |
| Average | <u>(126,264)</u> | <u>(119,869)</u> |
| AVERAGE NET RATE BASE | <u>\$ 12,074,572</u> | <u>\$ 12,261,226</u> |
| OPERATING INCOME - REGULATORY BASIS | <u>\$ 597,291</u> | <u>\$ 569,058</u> |
| RATE OF RETURN (PERCENT) | <u>4.95</u> | <u>4.64</u> |

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

WATER UTILITY

STOUGHTON WATER UTILITY

WATER UTILITY PLANT
As of and for the Year Ended December 31, 2016

| | Balance 1/1/16 | Additions | Retirements | Balance 12/31/16 |
|---|----------------------------|----------------------------|-------------------------|----------------------------|
| SOURCE OF SUPPLY | | | | |
| Land and land rights | \$ 11,635 | \$ - | \$ - | \$ 11,635 |
| Wells and springs | 595,730 | - | - | 595,730 |
| Total Source of Supply | <u>607,365</u> | <u>-</u> | <u>-</u> | <u>607,365</u> |
| PUMPING | | | | |
| Structures and improvements | 604,891 | 20,920 | - | 625,811 |
| Other power production equipment | 278,732 | - | - | 278,732 |
| Electric pumping equipment | 584,896 | - | - | 584,896 |
| Total Pumping | <u>1,468,519</u> | <u>20,920</u> | <u>-</u> | <u>1,489,439</u> |
| WATER TREATMENT | | | | |
| Structures and improvements | 13,671 | - | - | 13,671 |
| Water treatment equipment | 77,092 | - | - | 77,092 |
| Total Water Treatment | <u>90,763</u> | <u>-</u> | <u>-</u> | <u>90,763</u> |
| TRANSMISSION AND DISTRIBUTION | | | | |
| Land and land rights | 13,206 | - | - | 13,206 |
| Structures and improvements | 1,611 | - | - | 1,611 |
| Distribution reservoirs and standpipes | 1,955,851 | - | - | 1,955,851 |
| Transmission and distribution mains | 10,429,182 | 1,317,437 | 25,966 | 11,720,653 |
| Services | 2,352,357 | 261,967 | 5,230 | 2,609,094 |
| Meters | 738,250 | 59,891 | 23,258 | 774,883 |
| Hydrants | 1,297,824 | 188,639 | 12,328 | 1,474,135 |
| Other transmission and distribution plant | 973 | - | - | 973 |
| Total Transmission and Distribution | <u>16,789,254</u> | <u>1,827,934</u> | <u>66,782</u> | <u>18,550,406</u> |
| GENERAL | | | | |
| Structures and improvements | 410,390 | 2,431 | - | 412,821 |
| Office furniture and equipment | 62,497 | - | - | 62,497 |
| Computer equipment | 55,313 | - | - | 55,313 |
| Transportation equipment | 63,006 | - | - | 63,006 |
| Stores equipment | 2,187 | - | - | 2,187 |
| Tools, shop and garage equipment | 47,309 | - | - | 47,309 |
| Power-operated equipment | 102,034 | - | - | 102,034 |
| Communication equipment | 37,858 | - | - | 37,858 |
| SCADA equipment | 458,421 | - | - | 458,421 |
| Miscellaneous equipment | 89 | - | - | 89 |
| Total General | <u>1,239,104</u> | <u>2,431</u> | <u>-</u> | <u>1,241,535</u> |
| TOTAL WATER UTILITY PLANT | <u><u>\$20,195,005</u></u> | <u><u>\$ 1,851,285</u></u> | <u><u>\$ 66,782</u></u> | <u><u>\$21,979,508</u></u> |

STOUGHTON WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|-------------------------------------|-----------|-----------|
| OPERATING REVENUES | | |
| Sales of Water | | |
| Unmetered | \$ 79 | \$ - |
| Metered | | |
| Residential | 876,749 | 805,271 |
| Multifamily residential | 65,660 | 56,463 |
| Commercial | 156,718 | 134,225 |
| Industrial | 296,674 | 268,342 |
| Public authorities | 18,747 | 18,485 |
| Interdepartmental | 1,918 | 2,208 |
| Total Metered Sales | 1,416,466 | 1,284,994 |
| Private fire protection | 38,842 | 29,373 |
| Public fire protection | 498,439 | 446,666 |
| Total Sales of Water | 1,953,826 | 1,761,033 |
| Other Operating Revenues | | |
| Forfeited discounts | 6,309 | 4,610 |
| Other | 40,989 | 18,773 |
| Total Operating Revenues | 2,001,124 | 1,784,416 |
| OPERATING EXPENSES | | |
| Operation and Maintenance | | |
| Source of Supply | | |
| Maintenance | | |
| Wells and springs | 4,675 | 8,640 |
| Pumping | | |
| Fuel or purchased power for pumping | 128,913 | 130,964 |
| Pumping labor | 15,995 | 818 |
| Miscellaneous | 2,498 | 2,076 |
| Maintenance | | |
| Structures and improvements | 19,526 | 26,003 |
| Pumping equipment | 34,724 | 7,578 |
| Total Pumping | 201,656 | 167,439 |
| Water Treatment | | |
| Chemicals | 14,569 | 17,962 |
| Operation labor | 44,842 | 36,615 |
| Maintenance | | |
| Structures and improvements | 900 | 750 |
| Water treatment equipment | 8,267 | 2,727 |
| Total Water Treatment | 68,578 | 58,054 |

STOUGHTON WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|-------------------------------------|------------|------------|
| OPERATING EXPENSES (cont.) | | |
| Operation and Maintenance (cont.) | | |
| Transmission and Distribution | | |
| Transmission and distribution lines | \$ 14,316 | \$ 6,590 |
| Meters | 25,178 | 21,709 |
| Miscellaneous | 40,808 | 65,299 |
| Maintenance | | |
| Reservoirs and standpipes | 53,069 | 49,895 |
| Mains | 51,540 | 45,609 |
| Services | 51,644 | 32,824 |
| Meters | 510 | 676 |
| Hydrants | 16,191 | 22,324 |
| Miscellaneous | 9,386 | 2,037 |
| Total Transmission and Distribution | 262,642 | 246,963 |
| Customer Accounts | | |
| Meter reading | 7,522 | 4,023 |
| Accounting and collecting labor | 92,476 | 85,373 |
| Total Customer Accounts | 99,998 | 89,396 |
| Administrative and General | | |
| Salaries | 157,264 | 156,259 |
| Office supplies | 14,581 | 12,379 |
| Outside services employed | 28,928 | 43,771 |
| Property insurance | 11,054 | 9,728 |
| Injuries and damages | 12,621 | 9,968 |
| Employee pensions and benefits | 112,281 | 49,491 |
| Regulatory commission | 4,991 | 2,192 |
| Miscellaneous | 470 | 473 |
| Rents | 4,247 | 4,129 |
| Maintenance | 5,948 | 8,322 |
| Total Administrative and General | 352,385 | 296,712 |
| Taxes | 22,271 | 18,566 |
| Total Operation and Maintenance | 1,012,205 | 885,770 |
| Depreciation | 428,084 | 408,632 |
| Total Operating Expenses | 1,440,289 | 1,294,402 |
| OPERATING INCOME | \$ 560,835 | \$ 490,014 |

STOUGHTON WATER UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2016 and 2015

| | Water | |
|---|---------------------|---------------------|
| | 2016 | 2015 |
| Utility Financed Plant in Service | | |
| Beginning of year | \$ 13,552,786 | \$ 12,555,894 |
| End of year | <u>14,600,959</u> | <u>13,552,786</u> |
| Average | <u>14,076,873</u> | <u>13,054,340</u> |
| Utility Financed Accumulated Depreciation | | |
| Beginning of year | (4,515,479) | (4,205,739) |
| End of year | <u>(4,786,329)</u> | <u>(4,515,479)</u> |
| Average | <u>(4,650,904)</u> | <u>(4,360,609)</u> |
| Materials and Supplies | | |
| Beginning of year | 29,831 | 34,597 |
| End of year | <u>34,812</u> | <u>29,831</u> |
| Average | <u>32,322</u> | <u>32,214</u> |
| Regulatory Liability | | |
| Beginning of year | (273,828) | (308,056) |
| End of year | <u>(239,600)</u> | <u>(273,828)</u> |
| Average | <u>(256,714)</u> | <u>(290,942)</u> |
| AVERAGE NET RATE BASE | <u>\$ 9,201,577</u> | <u>\$ 8,435,003</u> |
| OPERATING INCOME - REGULATORY BASIS | <u>\$ 318,087</u> | <u>\$ 236,548</u> |
| RATE OF RETURN (PERCENT) | <u>3.46</u> | <u>2.80</u> |

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

WASTEWATER UTILITY

STOUGHTON WASTEWATER UTILITY

WASTEWATER UTILITY PLANT
As of and for the Year Ended December 31, 2016

| | Balance 1/1/16 | Additions | Retirements | Balance 12/31/16 |
|---|----------------------------|----------------------------|-------------------------|----------------------------|
| COLLECTING SYSTEM | | | | |
| Land and land rights | \$ 100 | \$ - | \$ - | \$ 100 |
| Collecting mains | 8,450,708 | 868,844 | 18,028 | 9,301,524 |
| Interceptor mains | 1,864,084 | - | - | 1,864,084 |
| Force mains | 48,951 | - | - | 48,951 |
| Total Collecting System | <u>10,363,843</u> | <u>868,844</u> | <u>18,028</u> | <u>11,214,659</u> |
| COLLECTING SYSTEM PUMPING | | | | |
| Structures and improvements | 67,381 | 38,857 | - | 106,238 |
| Electric pumping equipment | 312,284 | 293,597 | - | 605,881 |
| Other power pumping equipment | 21,399 | - | - | 21,399 |
| Total Collecting System Pumping | <u>401,064</u> | <u>332,454</u> | <u>-</u> | <u>733,518</u> |
| TREATMENT AND DISPOSAL | | | | |
| Structures and improvements | 5,364,072 | - | - | 5,364,072 |
| Preliminary treatment equipment | 1,542,566 | - | - | 1,542,566 |
| Primary treatment equipment | 1,150,534 | - | - | 1,150,534 |
| Secondary treatment equipment | 529,291 | - | - | 529,291 |
| Advanced treatment equipment | 1,930,493 | - | - | 1,930,493 |
| Chlorination equipment | 366,162 | - | - | 366,162 |
| Sludge treatment and disposal equipment | 3,921,749 | - | - | 3,921,749 |
| Plant site pumping | 685,498 | - | - | 685,498 |
| Flow metering and monitoring equipment | 25,166 | - | - | 25,166 |
| Other treatment and disposal equipment | 38,818 | - | - | 38,818 |
| Total Treatment and Disposal | <u>15,554,349</u> | <u>-</u> | <u>-</u> | <u>15,554,349</u> |
| GENERAL | | | | |
| Structures and improvements | 238,607 | 3,039 | - | 241,646 |
| Office furniture and equipment | 64,900 | - | - | 64,900 |
| Computer equipment | 118,386 | - | - | 118,386 |
| Transportation equipment | 427,383 | - | - | 427,383 |
| Communication equipment | 433,162 | - | - | 433,162 |
| Other general equipment | 32,512 | 58,625 | - | 91,137 |
| Total General | <u>1,314,950</u> | <u>61,664</u> | <u>-</u> | <u>1,376,614</u> |
| TOTAL WASTEWATER UTILITY PLANT | <u><u>\$27,634,206</u></u> | <u><u>\$ 1,262,962</u></u> | <u><u>\$ 18,028</u></u> | <u><u>\$28,879,140</u></u> |

STOUGHTON WASTEWATER UTILITY

WASTEWATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2016 and 2015

| | 2016 | 2015 |
|--|----------------|----------------|
| OPERATING REVENUES | | |
| Wastewater Revenues | | |
| Residential | \$ 1,405,052 | \$ 1,399,906 |
| Commercial | 434,012 | 416,771 |
| Industrial | 135,789 | 150,898 |
| Public authorities | 23,174 | 25,331 |
| Interdepartmental sales | 516 | 486 |
| Total Wastewater Revenues | 1,998,543 | 1,993,392 |
| Other Operating Revenues | | |
| Forfeited discounts | 4,692 | 4,915 |
| Miscellaneous | 32,767 | 39,528 |
| Total Operating Revenues | 2,036,002 | 2,037,835 |
| OPERATING EXPENSES | | |
| Operation and Maintenance | | |
| Operation | | |
| Supervision and labor | 50 | 353 |
| Power and fuel for pumping | 85,390 | 92,495 |
| Sludge conditioning chemicals | 10,710 | 10,110 |
| Other operating supplies | 26,766 | 43,329 |
| Total Operation | 122,916 | 146,287 |
| Maintenance | | |
| Collection system | 104,074 | 49,081 |
| Treatment and disposal plant equipment | 118,943 | 125,867 |
| General plant structures and equipment | 75,878 | 97,420 |
| Total Maintenance | 298,895 | 272,368 |
| Customer Accounts | | |
| Accounting and collecting | 145,249 | 136,974 |
| Administrative and General | | |
| Salaries | 103,307 | 107,396 |
| Office supplies | 36,385 | 23,563 |
| Outside services employed | 25,019 | 64,852 |
| Insurance | 28,788 | 23,911 |
| Employees pensions and benefits | 142,767 | 152,995 |
| Miscellaneous | 22,719 | 23,823 |
| Rents | 65,298 | 62,420 |
| Total Administrative and General | 424,283 | 458,960 |
| Taxes | 28,955 | 27,572 |
| Total Operation and Maintenance | 1,020,298 | 1,042,161 |
| Depreciation | 796,285 | 777,150 |
| Total Operating Expenses | 1,816,583 | 1,819,311 |
| OPERATING INCOME | \$ 219,419 | \$ 218,524 |

STOUGHTON UTILITIES

Stoughton, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2016

STOUGHTON UTILITIES

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**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**

To the Stoughton Utilities Committee
Stoughton Utilities
Stoughton, Wisconsin

In planning and performing our audit of the financial statements of the Stoughton Utilities as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Stoughton Utilities' internal control to be material weaknesses:

> Internal Control Over Financial Reporting

This communication is intended solely for the information and use of management, the Stoughton Utilities' Committee, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Vorchaw Krause, LLP

Madison, Wisconsin
April 24, 2017

Auditing standards require that we perform procedures to obtain an understanding of your utilities and its internal control environment as part of the annual audit. This includes an analysis of significant transaction cycles and an analysis of the utilities' year-end financial reporting process and preparation of your financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Properly designed systems of internal control provides your organization with the ability to process and record monthly and year end transactions and prepare annual financial reports.

Our audit includes a review and evaluation of the utilities' internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- > There is adequate staffing to prepare financial reports throughout and at the end of the year.
- > Staff is able to perform all financial reporting functions.
- > Material misstatements are identified and corrected during the normal course of duties.
- > Complete and accurate financial statements, including footnotes, are prepared.
- > Financial reports are reviewed by an individual who is not the preparer for completeness and accuracy.

Our evaluation of the utilities' internal controls relating to financial reporting has identified control deficiencies that are considered a material weakness surrounding the preparation of complete and accurate financial statements and footnotes, and adjusting journal entries to correct misstatements. This is due to the timing of the Finance Director leaving the position near year end. The majority of the audit adjustments resulted from year end accruals, reconciliations, and closing capital work orders.

As a result of these deficiencies, in the current year, management is unable to prepare financial statements that are in conformity with generally accepted accounting principles. We do not anticipate these deficiencies to continue with the hiring of a new Finance Director.

**COMMUNICATION OF OTHER CONTROL COMMENTS, RECOMMENDATIONS
AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT
MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

OPERATIONAL RESULTS

ELECTRIC UTILITY OPERATING RESULTS

The electric utility's operating income decreased in 2016 to \$790,000 compared to \$830,000 in 2015. Electric operating revenue increased slightly due to a 3% increase in kilowatt hours sold compared to 2015. Operating expenses increased due to an increase in GASB 68 pension expense due to actual results versus actuarial assumptions and an increase in depreciation expense from additional development in the last year.

WATER UTILITY OPERATING RESULTS

The water utility's operating income increased in 2016 to \$561,000 compared to \$490,000 in 2015. Operating revenues increased \$217,000 due to the rate increase effective May 1, 2016. In addition, operating expenses increased due to the increase in GASB 68 pension expense and additional maintenance, such as a well rehabilitation.

WASTEWATER OPERATING RESULTS

The wastewater utility's operating income stayed the same in 2016 and 2015 at \$219,000.

INTERNAL CONTROL COMMENTS

COMPLETE SEGREGATION OF DUTIES NOT FEASIBLE

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in the utility's accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the utility does not have proper internal controls in place to achieve ideal segregation of duties. As a result, errors or irregularities could occur as part of the financial process that may not be discovered by the utility.

Procedures, designed to improve controls, have been established by management including:

- > Authorization of official depository.
- > Review and acceptance of the audit report and management letter.
- > Authorization of capital expenditures.
- > Approval of annual budgets.
- > Cross training of personnel and rotation of duties entailing custody of certain liquid assets.

These procedures are helpful in assuring that management is knowledgeable of and involved with the day-to-day system operations.

There are also key controls, which are listed below, that are not currently in place at the utility related to significant transaction cycles. These key controls are important in reducing the risk of errors or irregularities in the utility's accounting processes.

- > Review of the reconciliation of open work orders to the construction balance in the ledger.
- > Complete segregation of billing and receipting for miscellaneous services.

INTERNAL CONTROL COMMENTS (cont.)

COMPLETE SEGREGATION OF DUTIES NOT FEASIBLE (cont.)

Although we would like to see additional layers of internal review we understand that the size of the organization limits the ability to accomplish this and that management has segregated transactions from reconciliations.

Since these key controls are not currently in place, errors or irregularities could occur as part of the financial process that may not be discovered by the utility. Our review of internal control disclosed a control deficiency in that segregation of duties is not feasible due to the limited number of staff in the office. For example, many reconciliations are prepared by a person who is also involved in the day to day transactions. Although we do not feel this is a material weakness or significant deficiency we do believe it is important that the Committee is aware of this fact.

This situation necessitates an increased amount of management involvement in the day-to-day operation of the system. This is not unusual in utilities of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

INFORMATIONAL POINTS AND RECOMMENDATIONS

WISCONSIN RETIREMENT SYSTEM AND GASB No. 68

As you begin your second year reporting your pension activity under the requirements of GASB Statement No. 68, let's review how this information affects your financial statements.

Wisconsin Retirement System (WRS) pension information is reported on a one year lag in your financial statements, so current year balances are the WRS amounts reported for the plan year ended December 31, 2015. The following is a summary of the status of the WRS for the current and previous year (amounts are in billions).

| | Current Year 2015 | Previous Year 2014 | Change |
|-----------------------------------|----------------------|-----------------------|---------------|
| Total Pension Liability | \$ 90.1 | \$ 89.7 | \$ 0.4 |
| Net Assets Available for Benefits | 88.5 | 92.1 | (3.6) |
| Net Pension Liability (Asset) | <u>\$ 1.6</u> | <u>\$ (2.4)</u> | <u>\$ 4.0</u> |

As noted above, for the current year, WRS reports a net pension liability compared to a net pension asset for the previous year. Although 2015 contributions to WRS from employers and employees was consistent with the 2014 amounts, net investment income for 2015 decreased from \$4.9 billion to a net loss of \$0.7 billion, a \$5.6 billion swing. This decrease in net investment income was primarily due to declines in investment returns and market values as a result of the 2015 market closing at its lowest point since 2008. In addition, benefit payments increased \$0.3 billion or 6.3% from 2014 to 2015 partially as a result of an additional 6,200 retirees receiving benefits. Your government's proportionate share of the current year net pension liability is reported in your financial statements.

It should be noted that since the net pension liability (asset) is heavily dependent upon the market value of the net assets available for benefits, increases and decreases in the market can and will significantly change the amounts reported on your financial statements in the future.

INFORMATIONAL POINTS AND RECOMMENDATIONS (cont.)

CYBER SECURITY

It's no surprise that cybersecurity continues to be a top concern for management and those charged with governance across utilities and governments of all sizes and types. Protecting citizen's data is critical for any utility. In addition, there have been several incidents of critical malware or ransomware threats to communities of various sizes.

We recommend performing a cyber-risk assessment to identify the types and location of data on your system as well as considering the sensitivity or potential regulations associated with your data. In addition, a formal procedure should be in place for testing the backup media on a regular basis. This will allow you to make informed decisions about spending on cyber risk mitigation.

Our professionals are also available to assist with your cybersecurity questions, assessments, and programs.

OBSERVATIONS FROM PUBLIC SERVICE COMMISSION (PSC) WATER RATE CASES

PSC reviews of rate applications are very thorough and require diligence in application preparation. Even if you are not considering a rate increase in the near term, below are some items to be aware of to assist down the road.

- > Contributions in Aid of Construction (CIAC) – The PSC requests a reconciliation of CIAC revenue to CIAC plant additions. The utility should prepare a reconciliation since the last full rate case. Timing differences, if any, should be documented and reviewed annually so that proper allocations between utility financed and contributed plant are made before a rate application is submitted.
- > Construction Authorizations (CA) – The PSC is:
 - Reviewing all projects that require a CA to make sure there was an authorization obtained. This includes the PSC taking a look back of all utility projects since the last rate case. If a CA was not obtained the PSC will suggest one is filed now. Without a CA, these costs may not be allowed in rate base.
 - Comparing original authorized costs to actual costs and requiring an amended construction authorization to be filed for additional costs over a certain percentage.
 - Reviewing account coding and retirement values for all projects and reclassifying additions or revising retirements retroactively.
- > Retirements – The PSC reviews retirement values and asking for support from the utility. Support for retirements should be from your Continuing Property Records (CPRs) or documentation of a reasonable estimate.
- > Expenses – The PSC reviews expenses looking for particular items such as:
 - Unallowable costs i.e. credit card fees and lobbying costs
 - Unusually large miscellaneous accounts for reclassification
 - Support for shared costs with the municipality
- > Well Maintenance and Replacement Costs – During the average life of many assets, there is a certain amount of maintenance that will be required. The PSC has been reviewing repair and replacement costs generally capitalized to the wells plant account, such as well rehabilitation, and suggesting these be moved to expense for rate making purposes. We suggest the utility review its capitalization policy related to this account and consider following the PSC policy to avoid differences in annual reporting.

INFORMATIONAL POINTS AND RECOMMENDATIONS (cont.)

OBSERVATIONS FROM PUBLIC SERVICE COMMISSION (PSC) WATER RATE CASES (cont.)

It is important that your utility start planning now and begin preparing these items in advance of your next rate increase. Even if you don't anticipate needing a rate increase in the near future these items could significantly impact your approved rate and prolong your rate case process. We are available to discuss any of these items with you and in addition help you get started with documenting these items.

REVENUE BOND RESOLUTION REQUIREMENTS

The various revenue bond resolutions in the electric, water and sewer utilities require several separate and distinct accounts to be established and used as follows:

1. *Redemption fund* – a monthly sinking fund used to pay principal and interest on the bonds. The utilities are required to make a monthly payment into this account of 1/12th of the next principal payment and 1/6th of the next interest payment on the bonds so funds are available when the payment comes due.
2. *Reserve fund* – an investment of one year's debt service used to provide security on payment of principal and interest. This should remain on deposit for the life of the bonds. Please note this reserve requirement only applies to the electric and water revenue bonds. The sewer Clean Water Fund bonds do not have a reserve requirement.
3. *Depreciation fund* – used to restore deficiency in the special redemption or reserve account. If the special redemption and the reserve account are sufficient, then the money can be used for repairs, replacements or extensions to the system.
4. *Replacement fund* – used for the replacement of certain mechanical equipment in the wastewater treatment plant.

During the audit, we noticed some accounts were over/under funded in the current year. A summary of funding of the required restricted accounts is as follows:

| <u>Fund</u> | <u>Actual Balance</u> | <u>Required Balance at Year-End</u> | <u>Amount Over (Under) funded</u> |
|--------------------------------|---------------------------|---|---|
| Electric Reserve Account | \$ 649,338 | \$ 460,722 | \$ 188,616 |
| Electric Redemption Account | 486,538 | 528,148 | (41,610) |
| Water Reserve Account | 244,677 | 252,000 | (7,323) |
| Water Redemption Account | 267,550 | 223,349 | 44,201 |
| Wastewater Redemption Account | 365,599 | 298,358 | 67,241 |
| Wastewater Replacement Account | 1,096,288 | 1,110,991 | <u>(14,703)</u> |
| Total Amount Overfunded | | | <u>\$ 236,422</u> |

The overfunding is mostly due to debt being paid off or refunded, which would decrease the requirement. We recommend the accounts be reviewed and amounts unrestricted or restricted as necessary. We would be happy to assist the utilities with making sure all necessary accounts are established and properly funded to be in compliance with bond resolutions.

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the utilities committee has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of the utilities concerning:

- a. The utilities' internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of November or December. Our final financial fieldwork is scheduled during January to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-10 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

To Stoughton Utilities Committee
Stoughton Utilities
Stoughton, Wisconsin

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor. We have completed our audit of the financial statements of Stoughton Utilities for the year ended December 31, 2016, and have issued our report thereon dated April 24, 2017. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED
IN THE UNITED STATES OF AMERICA***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audits do not relieve management or the Utilities Committee of their responsibilities.

As part of the audits we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audits according to the planned scope and timing previously communicated to you in our city wide letter about planning matters.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the utilities are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Stoughton Utilities changed accounting policies related to financial reporting for investments by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 72, *Fair Value Measurement and Application* in 2016. The accounting change resulted in increased disclosure within the footnotes and had no impact on the financial statements. We noted no transactions entered into by the Stoughton Utilities during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

To Stoughton Utilities Committee
Stoughton Utilities

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES (cont.)

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were the accrual of compensated absence, the fair value of the ATC investment, and the net pension asset and related deferrals. We have reviewed managements' assumptions and methodologies for these estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements in 2016.

Management has chosen to record additional depreciation expense and miscellaneous receivables related to 2015 in 2016. Had these adjustments been recorded in 2015 the effect in 2016 would have been a decrease to revenues of \$2,283, a decrease to expenses of \$16,671, and an increase to current year income of \$14,388.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audits.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. These representations follow this required communication.

To Stoughton Utilities Committee
Stoughton Utilities

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Stoughton Utilities that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of Stoughton Utilities for the year ended December 31, 2016, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Stoughton Utilities in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the Stoughton Utilities other than audit services provided in connection with the audit of the current year's financial statements and the following nonaudit services which in our judgement do not impair our independence.

- > Financial statement preparation
- > Adjusting journal entries
- > Miscellaneous consultations

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Utilities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

RESTRICTIONS ON USE

This information is intended solely for the use of the Utilities Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 24, 2017

SUMMARY OF CORRECTED FINANCIAL STATEMENT MISSTATEMENTS

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

Date: 1/1/2016 To 12/31/2016

TB. 2

| | | |
|---------------|-------------|---------------|
| Done By | In-Charge | Manager |
| Partner | Preissuance | BLR 3/22/2017 |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference | Annotation | Debit | Credit | Recurrence | Misstatement |
|---|------------|--|----------------------|-----------|------------|-----------|------------|------------|--------------|
| A01 | 12/31/2016 | Taxes Accrued Default | 1-236-00-0000 ELECTR | LF | | 8,211.00 | | | |
| A01 | 12/31/2016 | Taxes Default | 1-408-00-0000 ELECTR | LF | | | 8,211.00 | | |
| To true up electric PILOT. | | | | | | | | | |
| A02 | 12/31/2016 | Taxes Accrued Default | 2-236-00-0000 WATER | LF | | | 7,851.00 | | |
| A02 | 12/31/2016 | Taxes Default | 2-408-00-0000 WATER | LF | | 7,851.00 | | | |
| To true up water PILOT. | | | | | | | | | |
| A03 | 12/31/2016 | Payables to Muni Default | 2-233-00-0000 WATER | LH. 1 | | | 4,845.00 | | |
| A03 | 12/31/2016 | Interest on Long-Term Debt Default | 2-427-00-0000 WATER | LH. 1 | | 4,845.00 | | | |
| A03 | 12/31/2016 | Payables to Muni | 3-233-00-0000 SEWER | LH. 1 | | | 3,230.00 | | |
| A03 | 12/31/2016 | Interest on Long-Term Debt Default | 3-427-00-0000 SEWER | LH. 1 | | 3,230.00 | | | |
| To record interest expense for the Hults Road General Obligation Bonds paid for by the City. | | | | | | | | | |
| A04 | 12/31/2016 | Stores Exp Default | 1-163-00-0000 ELECTR | LE. 2 | | | 10,089.56 | | |
| A04 | 12/31/2016 | Stores Exp Labor\ | 1-163-10-0000 ELECTR | LE. 2 | | | 14,794.98 | | |
| A04 | 12/31/2016 | Stores Exp | 1-163-41-0000 ELECTR | LE. 2 | | 11,585.54 | | | |
| A04 | 12/31/2016 | Station Exp Labor\ | 1-582-10-0000 ELECTR | LE. 2 | | 8,529.58 | | | |
| A04 | 12/31/2016 | OH line Exp Labor\ | 1-583-10-0000 ELECTR | LE. 2 | | 8,529.58 | | | |
| A04 | 12/31/2016 | Meter Exp Labor\ | 1-586-10-0000 ELECTR | LE. 2 | | 8,529.58 | | | |
| A04 | 12/31/2016 | Misc Dist Exp Labor\ | 1-588-10-0000 ELECTR | LE. 2 | | 17,059.17 | | | |
| A04 | 12/31/2016 | Maint of OH Lines Labor\ | 1-593-10-0000 ELECTR | LE. 2 | | 34,118.34 | | | |
| A04 | 12/31/2016 | Maint of UG Lines Labor\ | 1-594-10-0000 ELECTR | LE. 2 | | 8,529.58 | | | |
| A04 | 12/31/2016 | Customer Records & Cict Exp Labor\ | 1-903-10-0000 ELECTR | LE. 2 | | 25,588.74 | | | |
| A04 | 12/31/2016 | Admin & General Salaries Labor\ | 1-920-10-0000 ELECTR | LE. 2 | | 51,177.51 | | | |
| A04 | 12/31/2016 | Employee Pensions and Benefits Compensated | 1-926-11-0000 ELECTR | LE. 2 | | | 106,237.19 | | |
| A04 | 12/31/2016 | Maint of General Plt Labor\ | 1-932-10-0000 ELECTR | LE. 2 | | 8,529.58 | | | |
| A04 | 12/31/2016 | Vehicle Clearing Default | 1-933-00-0000 ELECTR | LE. 2 | | 27,062.47 | | | |
| A04 | 12/31/2016 | Vehicle Clearing Labor\ | 1-933-10-0000 ELECTR | LE. 2 | | | 6,491.64 | | |
| A04 | 12/31/2016 | Pwr Operated Eq Clearing Default | 1-934-00-0000 ELECTR | LE. 2 | | | 45,238.77 | | |
| A04 | 12/31/2016 | Pwr Operated Eq Clearing Labor\ | 1-934-10-0000 ELECTR | LE. 2 | | | 26,302.48 | | |
| A04 | 12/31/2016 | WO Clearing Labor\ | 1-936-10-0000 ELECTR | LE. 2 | | | 85.05 | | |
| A04 | 12/31/2016 | Stores Exp Default | 2-163-00-0000 WATER | LE. 2 | | | 3,714.50 | | |
| A04 | 12/31/2016 | Stores Exp Labor\ | 2-163-10-0000 WATER | LE. 2 | | | 1,508.49 | | |
| A04 | 12/31/2016 | Stores Exp | 2-163-41-0000 WATER | LE. 2 | | 14.79 | | | |
| A04 | 12/31/2016 | Maint of Struct Labor\ | 2-631-10-0000 WATER | LE. 2 | | 4,280.93 | | | |
| A04 | 12/31/2016 | Oper Labor and Exp Labor\ | 2-642-10-0000 WATER | LE. 2 | | 8,561.86 | | | |
| A04 | 12/31/2016 | Trans and Dist Lines Exp Labor\ | 2-662-10-0000 WATER | LE. 2 | | 4,280.93 | | | |
| A04 | 12/31/2016 | Meter Exp Labor\ | 2-663-10-0000 WATER | LE. 2 | | 4,280.93 | | | |
| A04 | 12/31/2016 | Misc Exp misc exp/cad labor | 2-665-10-3516 WATER | LE. 2 | | 4,280.93 | | | |
| A04 | 12/31/2016 | Maint of Trans and Dist Mains Labor\ | 2-673-10-0000 WATER | LE. 2 | | 8,561.86 | | | |
| A04 | 12/31/2016 | Maint of Svcs Labor\ | 2-675-10-0000 WATER | LE. 2 | | 8,561.86 | | | |
| A04 | 12/31/2016 | Customer Records & Cict Exp Labor\ | 2-903-10-0000 WATER | LE. 2 | | 8,561.86 | | | |
| A04 | 12/31/2016 | Admin & General Salaries Labor\ | 2-920-10-0000 WATER | LE. 2 | | 34,247.44 | | | |
| A04 | 12/31/2016 | Employee Pensions and Benefits Compensated | 2-926-11-0000 WATER | LE. 2 | | | 46,087.93 | | |
| A04 | 12/31/2016 | Vehicle Clearing Default | 2-933-00-0000 WATER | LE. 2 | | | 30,880.31 | | |
| A04 | 12/31/2016 | Vehicle Clearing Labor\ | 2-933-10-0000 WATER | LE. 2 | | | 3,383.62 | | |
| A04 | 12/31/2016 | Pwr Operated Eq Clearing Default | 2-934-00-0000 WATER | LE. 2 | | | 58.54 | | |
| A04 | 12/31/2016 | Transportation Exp Default | 3-828-00-0000 SEWER | LE. 2 | | 4,563.23 | | | |
| A04 | 12/31/2016 | Transportation Exp Labor\ | 3-828-10-0000 SEWER | LE. 2 | | | 37.85 | | |
| A04 | 12/31/2016 | Maint of Sewage Clcton Sys Default | 3-831-00-0000 SEWER | LE. 2 | | 3,093.34 | | | |
| A04 | 12/31/2016 | Maint of Sewage Clcton Sys Labor\ | 3-831-10-0000 SEWER | LE. 2 | | 6,186.68 | | | |
| A04 | 12/31/2016 | Maint of Sewage Clcton Sys Televising | 3-831-10-3523 SEWER | LE. 2 | | 3,093.34 | | | |
| A04 | 12/31/2016 | Maint-Trtmt, Dispose Plt Eq Gbt/Daf | 3-833-10-3610 SEWER | LE. 2 | | 3,093.34 | | | |
| A04 | 12/31/2016 | Maint-Trtmt, Dispose Plt Eq Labor\ | 3-833-10-3611 SEWER | LE. 2 | | 6,186.68 | | | |
| A04 | 12/31/2016 | Maint-Genl Plt Struct & Eq Labor\ | 3-834-10-0000 SEWER | LE. 2 | | 9,280.01 | | | |
| A04 | 12/31/2016 | Billing, Clcting & Actcting Labor\ | 3-840-10-0000 SEWER | LE. 2 | | 12,373.37 | | | |
| A04 | 12/31/2016 | Admin & General Salaries Labor\ | 3-850-10-0000 SEWER | LE. 2 | | 12,373.37 | | | |
| A04 | 12/31/2016 | Ofc Supplies and Exp office supply scada | 3-851-10-3519 SEWER | LE. 2 | | 3,093.34 | | | |
| A04 | 12/31/2016 | Employees Pensions & Benefits Compensated | 3-854-11-0000 SEWER | LE. 2 | | | 66,392.19 | | |
| A04 | 12/31/2016 | Misc General Exp Labor\ | 3-856-10-0000 SEWER | LE. 2 | | 3,093.34 | | | |
| Adjustment to record annual allocation for compensated absences and clearing. | | | | | | | | | |

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

Date: 1/1/2016 To 12/31/2016

TB. 2-1

| | | |
|---------------|-------------|---------------|
| Done By | In-Charge | Manager |
| Partner | Preissuance | BLR 2/22/2017 |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference Annotation | Debit | Credit | Recurrence | Misstatement |
|--------|------------|---|----------------------|----------------------|--------------|--------------|------------|--------------|
| A05 | 12/31/2016 | Revenue Bond Special Redemption | 1-125-00-1003 ELECTR | A. 2 | 5,648.47 | | | |
| A05 | 12/31/2016 | Cash \Water - due to/from | 1-131-00-1050 ELECTR | A. 2 | | 5,648.47 | | |
| A05 | 12/31/2016 | Bond & Interest Redemption Account | 2-125-00-1003 WATER | A. 2 | | 5,648.47 | | |
| A05 | 12/31/2016 | Cash \Electric - due to/from | 2-131-00-1030 WATER | A. 2 | 5,648.47 | | | |
| | | Adjust Water and Electric redemption accounts to tie to local government investment pool december statement. | | | | | | Factual |
| A06 | 12/31/2016 | Cash | 1-131-00-0000 ELECTR | A. 1.1.1 | 1,085,244.91 | | | |
| A06 | 12/31/2016 | Cash \Water - due to/from | 1-131-00-1050 ELECTR | A. 1.1.1 | | 4,862.10 | | |
| A06 | 12/31/2016 | Cash \Wastewater - due to/from | 1-131-00-1060 ELECTR | A. 1.1.1 | | 14,989.58 | | |
| A06 | 12/31/2016 | Accounts Payable Default | 1-232-00-0000 ELECTR | A. 1.1.1 | | 1,065,132.34 | | |
| A06 | 12/31/2016 | Payable to Muni-Storm Water Payable | 1-233-00-1099 ELECTR | A. 1.1.1 | | 260.89 | | |
| A06 | 12/31/2016 | Cash \Electric - due to/from | 2-131-00-1030 WATER | A. 1.1.1 | 4,862.10 | | | |
| A06 | 12/31/2016 | Accounts Payable Default | 2-232-00-0000 WATER | A. 1.1.1 | | 4,862.10 | | |
| A06 | 12/31/2016 | Cash \Electric - due to/from | 3-131-00-1030 SEWER | A. 1.1.1 | 14,989.58 | | | |
| A06 | 12/31/2016 | Accounts Payable Default | 3-232-00-0000 SEWER | A. 1.1.1 | | 14,989.58 | | |
| | | Adjusting entry to reclassify amounts recorded as outstanding checks to accounts payable. The checks were cut in 2017 and recorded in 2016. | | | | | | |
| A07 | 12/31/2016 | Acc Dp Line Transformers// Default | 1-068-00-0000 ELECTR | H. E | 13,619.70 | | | |
| A07 | 12/31/2016 | Acc Dp Meters/Land & Land Rts/ Default | 1-070-00-0000 ELECTR | H. E | 1,021.00 | | | |
| A07 | 12/31/2016 | Line Transformers// \City | 1-368-00-3300 ELECTR | H. E | | 10,656.25 | | |
| A07 | 12/31/2016 | Line Transformers// \Township | 1-368-00-3301 ELECTR | H. E | | 2,963.45 | | |
| A07 | 12/31/2016 | Meters/Land & Land Rights/ \City | 1-370-00-3300 ELECTR | H. E | | 542.50 | | |
| A07 | 12/31/2016 | Meters/Land & Land Rights/ \Township | 1-370-00-3301 ELECTR | H. E | | 478.50 | | |
| | | To record electric retirements for meters and transformers. | | | | | | |
| A08 | 12/31/2016 | Acc Dp Struct & Imprv// Default | 1-061-00-0000 ELECTR | H. E | | 910.00 | | |
| A08 | 12/31/2016 | Acc Dp Station Eqp// Default | 1-062-00-0000 ELECTR | H. E | | 149,255.00 | | |
| A08 | 12/31/2016 | Acc Dp Poles, Twr & Fixtures// Default | 1-064-00-0000 ELECTR | H. E | | 103,789.00 | | |
| A08 | 12/31/2016 | A/D Poles, Towers Fixtures - CIAC | 1-064-55-0000 ELECTR | H. E | | 21,126.00 | | |
| A08 | 12/31/2016 | Acc Dp OH Conduct & Devices// Default | 1-065-00-0000 ELECTR | H. E | | 189,271.00 | | |
| A08 | 12/31/2016 | A/D Conductors, Device CIAC | 1-065-55-0000 ELECTR | H. E | | 30,391.00 | | |
| A08 | 12/31/2016 | Acc Dp UG Conduit// Default | 1-066-00-0000 ELECTR | H. E | | 10,703.00 | | |
| A08 | 12/31/2016 | Acc Dp UG Conduit// CIAC | 1-066-55-0000 ELECTR | H. E | | 2,261.00 | | |
| A08 | 12/31/2016 | Acc Dp UG Conduct & Devices// Default | 1-067-00-0000 ELECTR | H. E | | 88,067.00 | | |
| A08 | 12/31/2016 | A/D UG Conduit Devices CIAC | 1-067-55-0000 ELECTR | H. E | | 35,552.00 | | |
| A08 | 12/31/2016 | Acc Dp Line Transformers// Default | 1-068-00-0000 ELECTR | H. E | | 100,066.00 | | |
| A08 | 12/31/2016 | Acc Dp Line Transformers// CIAC | 1-068-55-0000 ELECTR | H. E | | 1,269.00 | | |
| A08 | 12/31/2016 | Acc Dp Services// Default | 1-069-00-0000 ELECTR | H. E | | 53,494.00 | | |
| A08 | 12/31/2016 | A/D Services CIAC | 1-069-55-0000 ELECTR | H. E | | 12,650.00 | | |
| A08 | 12/31/2016 | Acc Dp Meters/Land & Land Rts/ Default | 1-070-00-0000 ELECTR | H. E | | 24,490.00 | | |
| A08 | 12/31/2016 | Acc Dp Meters/Land & Land Rts/ CIAC | 1-070-55-0000 ELECTR | H. E | | 197.00 | | |
| A08 | 12/31/2016 | Acc Dp Str Lt & Signal/Transp/ Default | 1-073-00-0000 ELECTR | H. E | | 17,677.00 | | |
| A08 | 12/31/2016 | A/D Street Lights CIAC | 1-073-55-0000 ELECTR | H. E | | 4,090.00 | | |
| A08 | 12/31/2016 | Acc Dp Strt-Imprv/Oth Tan/Strt Default | 1-090-00-0000 ELECTR | H. E | | 55,055.00 | | |
| A08 | 12/31/2016 | Acc Dp Ofc F&E/Plt Sold/OfcF&E Default | 1-091-00-0000 ELECTR | H. E | | 14,001.00 | | |
| A08 | 12/31/2016 | Acc Dp Transp/Plt Recls/Transp Default | 1-092-00-0000 ELECTR | H. E | | 18,529.00 | | |
| A08 | 12/31/2016 | Acc Dp Stores/Pint Lsd/Stores Default | 1-093-00-0000 ELECTR | H. E | | 499.00 | | |
| A08 | 12/31/2016 | Acc Dp Lab Eqp Default | 1-095-00-0000 ELECTR | H. E | | 3,199.00 | | |
| A08 | 12/31/2016 | Acc Dp Pwr Eqp/Acq Adj/Pwr Op Default | 1-096-00-0000 ELECTR | H. E | | 49,155.00 | | |
| A08 | 12/31/2016 | Acc Dp Pwr Eqp/Acq Adj/Pwr Op CIAC | 1-096-55-0000 ELECTR | H. E | | 19,450.00 | | |
| A08 | 12/31/2016 | Acc Dp Cm Eqp/Oth Adj/Cm Eqp Default | 1-097-00-0000 ELECTR | H. E | | 37,158.00 | | |
| A08 | 12/31/2016 | Acc Dp Misc Eqp//Misc Eqp Default | 1-098-00-0000 ELECTR | H. E | | 125.00 | | |
| A08 | 12/31/2016 | Acc Dp Misc Eqp//Misc Eqp CIAC | 1-098-55-0000 ELECTR | H. E | | 125.00 | | |
| A08 | 12/31/2016 | Acc Dp of Util Plt in Svc Default | 1-111-00-0000 ELECTR | H. E | 949,404.00 | | | |
| A08 | 12/31/2016 | Acc Dp of Util Plt in Svc Default | 1-111-00-0000 ELECTR | H. E | 45,600.00 | | | |
| A08 | 12/31/2016 | Depr Exp Default | 1-403-00-0000 ELECTR | H. E | | 33,961.00 | | |
| A08 | 12/31/2016 | Depr Exp Default | 1-403-00-0000 ELECTR | H. E | | 45,600.00 | | |
| A08 | 12/31/2016 | Oth Income Deductions Default | 1-426-00-0000 ELECTR | H. E | 127,111.00 | | | |
| | | To adjust depreciation expense to actual for electric and classify to detailed accumulated depreciation accounts. | | | | | | |
| A09 | 12/31/2016 | Accounts Payable Default | 1-232-00-0000 ELECTR | LB. 1 | | 13,224.35 | | |

| | | |
|---------------|-------------|-----------------|
| Done By | In-Charge | Manager |
| Partner | Preissuance | B.L.R 2/22/2017 |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference | Annotation | Debit | Credit | Recurrence | Misstatement |
|--|------------|---|----------------------|-----------|------------|------------|------------|------------|--------------|
| A09 | 12/31/2016 | Misc Cur and Accrued Liabil \PEBSCO Payroll V | 1-242-00-2410 ELECTR | LB. 1 | | 15.89 | | | |
| A09 | 12/31/2016 | Misc Cur and Accrued Liabil \PEBSCO Payroll V | 1-242-00-2410 ELECTR | LB. 1 | | 15.89 | | | |
| A09 | 12/31/2016 | Misc Cur and Accrued Liabil \PEBSCO Payroll V | 1-242-00-2410 ELECTR | LB. 1 | | 5.78 | | | |
| A09 | 12/31/2016 | Misc Cur and Accrued Liabil \PEBSCO Payroll V | 1-242-00-2410 ELECTR | LB. 1 | | 5.78 | | | |
| A09 | 12/31/2016 | Misc Cur and Accrued Liabil \PEBSCO Payroll V | 1-242-00-2410 ELECTR | LB. 1 | | 7.23 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 76.96 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 69.14 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 7.83 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 4.34 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 26.09 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 7.23 | | | |
| A09 | 12/31/2016 | Health Insurance | 1-242-00-2419 ELECTR | LB. 1 | | 5.43 | | | |
| A09 | 12/31/2016 | Employee Pensions and Benefits \Health | 1-926-00-9262 ELECTR | LB. 1 | | 12,976.76 | | | |
| A09 | 12/31/2016 | Accounts Payable Default | 2-232-00-0000 WATER | LB. 1 | | | 6,695.74 | | |
| A09 | 12/31/2016 | Maint of Svcs Default | 2-675-00-0000 WATER | LB. 1 | | 175.00 | | | |
| A09 | 12/31/2016 | Employee Pensions and Benefits \Health | 2-926-00-9262 WATER | LB. 1 | | 6,520.74 | | | |
| A09 | 12/31/2016 | Accounts Payable Default | 3-232-00-0000 SEWER | LB. 1 | | | 6,741.88 | | |
| A09 | 12/31/2016 | Employees Pensions & Benefits Default | 3-854-00-0000 SEWER | LB. 1 | | 6,741.88 | | | |
| Adjustment for insurance invoices received in January related to 2016. Before booking this entry check accounts to make sure it has not already been posted. | | | | | | | | | |
| A10 | 12/31/2016 | Turbogen/Interpctr Mains/Wells Default | 2-314-00-0000 WATER | H. W | | | 20,889.00 | | |
| A10 | 12/31/2016 | Maint-Pmp Eqp Default | 2-633-00-0000 WATER | H. W | | 20,889.00 | | | |
| To reclassify well rehabilitation from a capital account to maintenance expense. | | | | | | | | | |
| A11 | 12/31/2016 | Watermains - CIAC | 2-343-55-0000 WATER | H. W. 2 | | 181,148.10 | | | |
| A11 | 12/31/2016 | Service - CIAC | 2-345-55-0000 WATER | H. W. 2 | | 79,555.64 | | | |
| A11 | 12/31/2016 | Hydrants CIAC | 2-348-55-0000 WATER | H. W. 2 | | 42,342.11 | | | |
| A11 | 12/31/2016 | Misc NonOper Income Default | 2-421-00-0000 WATER | H. W. 2 | | | 303,045.85 | | |
| A11 | 12/31/2016 | Boil Plt/Connect/Resvr Default | 3-312-00-0000 SEWER | H. W. 2 | | 44,650.08 | | | |
| A11 | 12/31/2016 | Engines/Clt Mains/Intks Default | 3-313-00-0000 SEWER | H. W. 2 | | 192,800.96 | | | |
| A11 | 12/31/2016 | /Struct & Imprv/Struct Default | 3-321-00-0000 SEWER | H. W. 2 | | 32,341.18 | | | |
| A11 | 12/31/2016 | /Elec Pmp Eqp/Oth Pwr Eqp Default | 3-323-00-0000 SEWER | H. W. 2 | | 293,596.92 | | | |
| A11 | 12/31/2016 | Misc NonOper Income Default | 3-421-00-0000 SEWER | H. W. 2 | | | 563,389.14 | | |
| To record the contribution for the Nordic Ridge development. | | | | | | | | | |
| A12 | 12/31/2016 | Acc Dp Misc Pwr Plt/Meters Default | 2-046-00-0000 WATER | H. W | | 23,258.45 | | | |
| A12 | 12/31/2016 | Misc Pwr Plt/Meters Default | 2-346-00-0000 WATER | H. W | | | 23,258.45 | | |
| To record water retirements for meters. | | | | | | | | | |
| A13 | 12/31/2016 | Unamortized Premium on Debt Default/bond pre | 1-251-00-0000 ELECTR | LH. 2 | | 10,958.00 | | | |
| A13 | 12/31/2016 | Amort of Premium on Debt Default | 1-429-00-0000 ELECTR | LH. 2 | | | 10,958.00 | | |
| A13 | 12/31/2016 | Unamortized Premium on Debt | 2-251-00-0000 WATER | LH. 2 | | 2,952.00 | | | |
| A13 | 12/31/2016 | Amort of Premium on Debt | 2-429-00-0000 WATER | LH. 2 | | | 2,952.00 | | |
| To record amortization of bond premium. | | | | | | | | | |
| A14 | 12/31/2016 | Investments | 1-125-00-1007 ELECTR | B | | | 386,082.84 | | |
| A14 | 12/31/2016 | Interest and Dividends Income Default | 1-419-00-0000 ELECTR | B | | 386,082.84 | | | |
| A14 | 12/31/2016 | Sinking Funds \LGIP Investments Vining Spark | 2-125-00-1007 WATER | B | | | 16,733.80 | | |
| A14 | 12/31/2016 | Interest and Dividends Income Default | 2-419-00-0000 WATER | B | | 16,733.80 | | | |
| A14 | 12/31/2016 | Sinking Funds \LGIP Investments Vining Spark | 3-125-00-1007 SEWER | B | | | 53,434.80 | | |
| A14 | 12/31/2016 | Interest and Dividends Income Default | 3-419-00-0000 SEWER | B | | 53,434.80 | | | |
| Adjust market value of investments to market based on bank confirmations and investment workpaper. | | | | | | | | | |
| A15 | 12/31/2016 | Cash \Water - due to/from | 1-131-00-1050 ELECTR | 14 | | 27,049.17 | | | |
| A15 | 12/31/2016 | Cash \Water - due to/from | 1-131-00-1050 ELECTR | 14 | | | 28,095.93 | | |
| A15 | 12/31/2016 | Cash \Wastewater - due to/from | 1-131-00-1060 ELECTR | 14 | | 1,046.76 | | | |
| A15 | 12/31/2016 | Cash \Electric - due to/from | 2-131-00-1030 WATER | 14 | | 28,095.92 | | | |
| A15 | 12/31/2016 | Cash \Electric - due to/from | 2-131-00-1030 WATER | 14 | | | 27,049.17 | | |

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

Date: 1/1/2016 To 12/31/2016

TB. 2-3

| | | |
|---------------|-------------|------------------|
| Done By | In-Charge | Manager |
| Partner | Preissuance | B.L.R. 2/22/2017 |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference | Annotation | Debit | Credit | Recurrence | Misstatement |
|--|------------|--|----------------------|-----------|------------|------------|------------|------------|--------------|
| A15 | 12/31/2016 | Depr Exp Default | 2-403-00-0000 WATER | 14 | | | 20,805.58 | | |
| A15 | 12/31/2016 | Taxes Default | 2-408-00-0000 WATER | 14 | | | 7,290.35 | | |
| A15 | 12/31/2016 | Oth Wtr Rev Default | 2-474-00-0000 WATER | 14 | | 27,049.18 | | | |
| A15 | 12/31/2016 | Cash \Electric - due to/from | 3-131-00-1030 SEWER | 14 | | | 1,046.76 | | |
| A15 | 12/31/2016 | Rents Default | 3-829-00-0000 SEWER | 14 | | 1,046.76 | | | |
| To record joint metering allocation. | | | | | | | | | |
| A16 | 12/31/2016 | Investments | 1-125-00-1007 ELECTR | LE. 1 | | | 1,728.09 | | |
| A16 | 12/31/2016 | Reserve Sickleave | 1-125-00-1009 ELECTR | LE. 1 | | 1,728.09 | | | |
| A16 | 12/31/2016 | Oth Long-Term Debt Default | 1-224-00-0000 ELECTR | LE. 1 | | | 7,232.28 | | |
| A16 | 12/31/2016 | Employee Pensions and Benefits Compensated | 1-926-11-0000 ELECTR | LE. 1 | | 7,232.28 | | | |
| A16 | 12/31/2016 | Sinking Funds \LGIP Investments Vining Spark | 2-125-00-1007 WATER | LE. 1 | | | 3,504.87 | | |
| A16 | 12/31/2016 | Sick Leave Reserve | 2-125-00-1009 WATER | LE. 1 | | 3,504.87 | | | |
| A16 | 12/31/2016 | Oth Long-Term Debt Default | 2-224-00-0000 WATER | LE. 1 | | 6,495.13 | | | |
| A16 | 12/31/2016 | Employee Pensions and Benefits Compensated | 2-926-11-0000 WATER | LE. 1 | | | 6,495.13 | | |
| A16 | 12/31/2016 | Sinking Funds \LGIP Investments Vining Spark | 3-125-00-1007 SEWER | LE. 1 | | | 15,088.23 | | |
| A16 | 12/31/2016 | Sick Leave | 3-125-00-1020 SEWER | LE. 1 | | 15,088.23 | | | |
| A16 | 12/31/2016 | Sick leave | 3-253-00-0000 SEWER | LE. 1 | | | 15,088.23 | | |
| A16 | 12/31/2016 | Employees Pensions & Benefits Compensated | 3-854-11-0000 SEWER | LE. 1 | | 15,088.23 | | | |
| To adjust accrued sick leave. | | | | | | | | | |
| A17 | 12/31/2016 | Acc Dp Movers//Trans&Dist Main Default | 2-043-00-0000 WATER | H. W. 2 | | 19,675.11 | | | |
| A17 | 12/31/2016 | Constr Work in Progress Default | 2-107-00-0000 WATER | H. W. 2 | | | 793,896.09 | | |
| A17 | 12/31/2016 | Prime Movers//Trans & Dist Mai Default | 2-343-00-0000 WATER | H. W. 2 | | 516,281.72 | | | |
| A17 | 12/31/2016 | Accessory Elect//Services Default | 2-345-00-0000 WATER | H. W. 2 | | 167,381.93 | | | |
| A17 | 12/31/2016 | //Hydrants Default | 2-348-00-0000 WATER | H. W. 2 | | 90,557.33 | | | |
| A17 | 12/31/2016 | Acc Dp Engine/CiCt Mains/Intks Default | 3-013-00-0000 SEWER | H. W. 2 | | 11,537.81 | | | |
| A17 | 12/31/2016 | Constr Work in Progress Default | 3-107-00-0000 SEWER | H. W. 2 | | | 342,615.20 | | |
| A17 | 12/31/2016 | Engines/CiCt Mains/Intks Default | 3-313-00-0000 SEWER | H. W. 2 | | 331,077.39 | | | |
| To close 2016 street projects to plant in service (work orders 15-0-902 and 16-0-905). | | | | | | | | | |
| A18 | 12/31/2016 | Constr Work in Progress Default | 2-107-00-0000 WATER | H. W. 2 | | | 14,101.72 | | |
| A18 | 12/31/2016 | Prime Movers//Trans & Dist Mai Default | 2-343-00-0000 WATER | H. W. 2 | | 206,072.84 | | | |
| A18 | 12/31/2016 | Watermains - CIAC | 2-343-55-0000 WATER | H. W. 2 | | 375,870.39 | | | |
| A18 | 12/31/2016 | //Hydrants Default | 2-348-00-0000 WATER | H. W. 2 | | 23,831.60 | | | |
| A18 | 12/31/2016 | Hydrants CIAC | 2-348-55-0000 WATER | H. W. 2 | | 28,406.36 | | | |
| A18 | 12/31/2016 | Misc NonOper Income Default | 2-421-00-0000 WATER | H. W. 2 | | | 404,276.75 | | |
| A18 | 12/31/2016 | Misc NonOper Income Default | 2-421-00-0000 WATER | H. W. 2 | | | 215,802.72 | | |
| A18 | 12/31/2016 | Constr Work in Progress Default | 3-107-00-0000 SEWER | H. W. 2 | | | 13,041.44 | | |
| A18 | 12/31/2016 | Engines/CiCt Mains/Intks Default | 3-313-00-0000 SEWER | H. W. 2 | | 296,490.53 | | | |
| A18 | 12/31/2016 | Misc NonOper Income Default | 3-421-00-0000 SEWER | H. W. 2 | | | 283,449.09 | | |
| To close the Kettle Park West project for water and sewer. | | | | | | | | | |
| A19 | 12/31/2016 | Acc Dp Movers//Trans&Dist Main Default | 2-043-00-0000 WATER | H. W. 3 | | 14,022.00 | | | |
| A19 | 12/31/2016 | A/D Mains CIAC | 2-043-55-0000 WATER | H. W. 3 | | 11,944.00 | | | |
| A19 | 12/31/2016 | Acc Dp Accessory Elect//Svc Default | 2-045-00-0000 WATER | H. W. 3 | | 2,755.00 | | | |
| A19 | 12/31/2016 | A/D Services CIAC | 2-045-55-0000 WATER | H. W. 3 | | 2,475.00 | | | |
| A19 | 12/31/2016 | Acc Dp //Hydrants Default | 2-048-00-0000 WATER | H. W. 3 | | 6,697.00 | | | |
| A19 | 12/31/2016 | A/D Hydrants CIAC | 2-048-55-0000 WATER | H. W. 3 | | 5,631.00 | | | |
| A19 | 12/31/2016 | Prime Movers//Trans & Dist Mai Default | 2-343-00-0000 WATER | H. W. 3 | | | 14,022.00 | | |
| A19 | 12/31/2016 | Watermains - CIAC | 2-343-55-0000 WATER | H. W. 3 | | | 11,944.00 | | |
| A19 | 12/31/2016 | Accessory Elect//Services Default | 2-345-00-0000 WATER | H. W. 3 | | 2,755.00 | | | |
| A19 | 12/31/2016 | Service - CIAC | 2-345-55-0000 WATER | H. W. 3 | | 2,475.00 | | | |
| A19 | 12/31/2016 | //Hydrants Default | 2-348-00-0000 WATER | H. W. 3 | | 6,697.00 | | | |
| A19 | 12/31/2016 | Hydrants CIAC | 2-348-55-0000 WATER | H. W. 3 | | 5,631.00 | | | |
| A19 | 12/31/2016 | Acc Dp Engine/CiCt Mains/Intks Default | 3-013-00-0000 SEWER | H. W. 3 | | 18,028.00 | | | |
| A19 | 12/31/2016 | Engines/CiCt Mains/Intks Default | 3-313-00-0000 SEWER | H. W. 3 | | | 18,028.00 | | |
| To record water and sewer retirements. | | | | | | | | | |
| A20 | 12/31/2016 | Watermains - CIAC | 2-343-55-0000 WATER | H. W. 2 | | 37,748.00 | | | |
| A20 | 12/31/2016 | Service - CIAC | 2-345-55-0000 WATER | H. W. 2 | | 7,800.00 | | | |

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

Date: 1/1/2016 To 12/31/2016

TB. 2-4

| | | |
|---------------|-------------|-----------------|
| Done By | In-Charge | Manager |
| Partner | Preissuance | B.L.R 2/22/2017 |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference Annotation | Debit | Credit | Recurrence | Misstatement |
|---|------------|--|---------------------|----------------------|------------|------------|------------|--------------|
| A20 | 12/31/2016 | Hydrants CIAC | 2-348-55-0000 WATER | H. W. 2 | 3,502.00 | | | |
| A20 | 12/31/2016 | Misc NonOper Income Default | 2-421-00-0000 WATER | H. W. 2 | | 49,050.00 | | |
| To close the Skaalen Homes project. | | | | | | | | |
| A21 | 12/31/2016 | Acc Dp Engine/Clct Mains/Intks Default | 3-013-00-0000 SEWER | H. S | | 88,761.00 | | |
| A21 | 12/31/2016 | Acc Dp Turbog/Interctr/Wells Default | 3-014-00-0000 SEWER | H. S | | 18,641.00 | | |
| A21 | 12/31/2016 | Acc Dp Access/Force/Infiltratn Default | 3-015-00-0000 SEWER | H. S | | 490.00 | | |
| A21 | 12/31/2016 | Acc Dp /Struct&Imprv/Struct Default | 3-021-00-0000 SEWER | H. S | | 2,170.00 | | |
| A21 | 12/31/2016 | Acc Dp /Elect Pmp/Oth Pwr Eqp Default | 3-023-00-0000 SEWER | H. S | | 18,363.00 | | |
| A21 | 12/31/2016 | Acc Dp /Oth Pmp Eqp/Steam Pmp Default | 3-024-00-0000 SEWER | H. S | | 428.00 | | |
| A21 | 12/31/2016 | Acc Dp Struct & Imprv Default | 3-031-00-0000 SEWER | H. S | | 134,102.00 | | |
| A21 | 12/31/2016 | Acc Dp Resvr/Pre Trtmt/Wtr Trt Default | 3-032-00-0000 SEWER | H. S | | 61,703.00 | | |
| A21 | 12/31/2016 | Acc Dp Turb Genrtr/Prim Trtmt/ Default | 3-033-00-0000 SEWER | H. S | | 46,021.00 | | |
| A21 | 12/31/2016 | Acc Dp Access Elect/2nd Trtmt/ Default | 3-034-00-0000 SEWER | H. S | | 21,172.00 | | |
| A21 | 12/31/2016 | Acc Dp Misc Pwr Eqp/Adv Trtmt/ Default | 3-035-00-0000 SEWER | H. S | | 77,220.00 | | |
| A21 | 12/31/2016 | Acc Dp Rd, Rail, Brid/Chlorin/ Default | 3-036-00-0000 SEWER | H. S | | 24,533.00 | | |
| A21 | 12/31/2016 | Acc Dp /Sludge Trtmt & Dispos/ Default | 3-037-00-0000 SEWER | H. S | | 156,870.00 | | |
| A21 | 12/31/2016 | Acc Dp /Plt Site Piping/ Default | 3-038-00-0000 SEWER | H. S | | 17,137.00 | | |
| A21 | 12/31/2016 | Acc Dp Struct/Oth Trtmt/Struct Default | 3-041-00-0000 SEWER | H. S | | 2,601.00 | | |
| A21 | 12/31/2016 | Acc Dp Lsd Prop/Ofc Furn Eqp/ Default | 3-072-00-0000 SEWER | H. S | | 3,855.00 | | |
| A21 | 12/31/2016 | Acc Dp Str Lt & Signal/Transp/ Default | 3-073-00-0000 SEWER | H. S | | 2,683.00 | | |
| A21 | 12/31/2016 | Acc Dp /Oth General Eqp/ Default | 3-079-00-0000 SEWER | H. S | | 3,091.00 | | |
| A21 | 12/31/2016 | Acc Dp/ PPD Meter Read Default | 3-080-00-0000 SEWER | H. S | | 110,441.00 | | |
| A21 | 12/31/2016 | Acc Dp Strt-Imprv/Oth Tan/Strt Default | 3-090-00-0000 SEWER | H. S | | 6,003.00 | | |
| A21 | 12/31/2016 | Acc Dp of Util Plt in Svc Default | 3-111-00-0000 SEWER | H. S | 819,996.00 | | | |
| A21 | 12/31/2016 | Depr Exp Default | 3-403-00-0000 SEWER | H. S | | 23,711.00 | | |
| To true up sewer depreciation expense and allocate accumulated depreciation to detailed accounts. | | | | | | | | |
| A22 | 12/31/2016 | Acc Dp Turbog/Interctr/Wells Default | 2-014-00-0000 WATER | H. W | | 17,276.00 | | |
| A22 | 12/31/2016 | Acc Dp/Non Util Prop Default | 2-020-00-0000 WATER | H. W | | 4,280.00 | | |
| A22 | 12/31/2016 | Acc Dp /Struct&Imprv/Struct Default | 2-021-00-0000 WATER | H. W | | 19,691.00 | | |
| A22 | 12/31/2016 | Acc Dp /Elect Pmp/Oth Pwr Eqp Default | 2-023-00-0000 WATER | H. W | | 12,264.00 | | |
| A22 | 12/31/2016 | Acc Dp /Misc Pmp Eqp/EI Pmp Eq Default | 2-025-00-0000 WATER | H. W | | 11,675.00 | | |
| A22 | 12/31/2016 | Acc Dp Struct & Imprv Default | 2-031-00-0000 WATER | H. W | | 437.00 | | |
| A22 | 12/31/2016 | Acc Dp Struct/Oth Trtmt/Struct Default | 2-041-00-0000 WATER | H. W | | 52.00 | | |
| A22 | 12/31/2016 | Acc Dp Fuel Hold//Dist Resvr Default | 2-042-00-0000 WATER | H. W | | 25,500.00 | | |
| A22 | 12/31/2016 | Acc Dp Fuel Hold//Dist Resvr CIAC | 2-042-55-0000 WATER | H. W | | 11,661.00 | | |
| A22 | 12/31/2016 | Acc Dp Movers//Trans&Dist Main Default | 2-043-00-0000 WATER | H. W | | 77,820.00 | | |
| A22 | 12/31/2016 | A/D Mains CIAC | 2-043-55-0000 WATER | H. W | | 66,154.00 | | |
| A22 | 12/31/2016 | Acc Dp Accessory Elect//Svcs Default | 2-045-00-0000 WATER | H. W | | 38,423.00 | | |
| A22 | 12/31/2016 | A/D Services CIAC | 2-045-55-0000 WATER | H. W | | 33,518.00 | | |
| A22 | 12/31/2016 | Acc Dp Misc Pwr Plt//Meters Default | 2-046-00-0000 WATER | H. W | | 41,611.00 | | |
| A22 | 12/31/2016 | Acc Dp //Hydrants Default | 2-048-00-0000 WATER | H. W | | 16,696.00 | | |
| A22 | 12/31/2016 | A/D Hydrants CIAC | 2-048-55-0000 WATER | H. W | | 13,795.00 | | |
| A22 | 12/31/2016 | Acc Dp Strt-Imprv/Oth Tan/Strt Default | 2-090-00-0000 WATER | H. W | | 11,937.00 | | |
| A22 | 12/31/2016 | Acc Dp Ofc F&E/Plt Sold/OfcF&E Default | 2-091-00-0000 WATER | H. W | | 3,625.00 | | |
| A22 | 12/31/2016 | Acc Dp Transp/Plt Recls/Transp Default | 2-092-00-0000 WATER | H. W | | 6,247.00 | | |
| A22 | 12/31/2016 | Acc Dp Transp/Plt Recls/Transp CIAC | 2-092-55-0000 WATER | H. W | | | | |
| A22 | 12/31/2016 | Acc Dp Stores/Pint Lsd/Stores Default | 2-093-00-0000 WATER | H. W | | 127.00 | | |
| A22 | 12/31/2016 | Acc Dp Tools-Shop/Fut Use/Tool Default | 2-094-00-0000 WATER | H. W | | 2,744.00 | | |
| A22 | 12/31/2016 | Acc Dp Pwr Eqp/Acq Adj/Pwr Op Default | 2-096-00-0000 WATER | H. W | | 6,262.00 | | |
| A22 | 12/31/2016 | Acc Dp Cm Eqp/Oth Adj/Cm Eqp WO SCADA | 2-097-49-0000 WATER | H. W | | 42,175.00 | | |
| A22 | 12/31/2016 | Acc Dp of Util Plt in Svc Default | 2-111-00-0000 WATER | H. W | 440,004.00 | | | |
| A22 | 12/31/2016 | Depr Exp Default | 2-403-00-0000 WATER | H. W | | 105,442.00 | | |
| A22 | 12/31/2016 | NonOper Rental Income Default | 2-418-00-0000 WATER | H. W | | 4,280.00 | | |
| A22 | 12/31/2016 | Oth Income Deductions Default | 2-426-00-0000 WATER | H. W | | 125,128.00 | | |
| To adjust water depreciation and allocate among detailed accumulated depreciation accounts. | | | | | | | | |
| A23 | 12/31/2016 | Constr Work in Progress Default | 2-107-00-0000 WATER | H. 1 | | 2,294.84 | | |
| A23 | 12/31/2016 | Maint of Misc Plt Default | 2-678-00-0000 WATER | H. 1 | 2,294.84 | | | |
| A23 | 12/31/2016 | Constr Work in Progress Default | 3-107-00-0000 SEWER | H. 1 | | 19,825.68 | | |
| A23 | 12/31/2016 | Maint of Sewage Clcton Sys Default | 3-831-00-0000 SEWER | H. 1 | 19,825.68 | | | |
| To close work orders related to maintenance. | | | | | | | | |

| | | |
|---------------|-------------|---------------|
| Done By | In-Charge | Manager |
| Partner | Preissuance | BLR 2/22/2017 |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference | Annotation | Debit | Credit | Recurrence | Misstatement |
|--|------------|--|----------------------|------------|------------|------------|------------|------------|--------------|
| A24 | 12/31/2016 | Customer Advs for Constr Default | 1-252-00-0000 ELECTR | H.E. LB. 3 | | 374,054.47 | | | |
| A24 | 12/31/2016 | Misc NonOper Income Default | 1-421-00-0000 ELECTR | H.E. LB. 3 | | | 374,054.47 | | |
| To reclassify customer advances received to contributed revenue. | | | | | | | | | |
| A25 | 12/31/2016 | Receivables from Muni Default | 2-145-00-0000 WATER | K. 1 | | 65,134.03 | | | |
| A25 | 12/31/2016 | Misc Cur and Accrued Assets | 2-174-00-0000 WATER | K. 1 | | | 50,103.10 | | |
| A25 | 12/31/2016 | Interest and Dividends Income Default | 2-419-00-0000 WATER | K. 1 | | | 15,030.93 | | |
| A25 | 12/31/2016 | Receivables from Muni Default | 3-145-00-0000 SEWER | K. 1 | | 44,666.96 | | | |
| A25 | 12/31/2016 | Misc Cur and Accrued Assets | 3-174-00-0000 SEWER | K. 1 | | | 34,359.20 | | |
| A25 | 12/31/2016 | Interest and Dividends Income Default | 3-419-00-0000 SEWER | K. 1 | | | 10,307.76 | | |
| To record principal and interest on the Hulls Road special assessments. | | | | | | | | | |
| A26 | 12/31/2016 | Pit Materials & Oper Supplies Inventory\ | 1-154-40-0000 ELECTR | F. 1 | | | 18,170.00 | | |
| A26 | 12/31/2016 | UG Conduct & Devices// \Township | 1-367-00-3301 ELECTR | F. 1 | | 18,170.00 | | | |
| To adjust inventory for materials used for a project. | | | | | | | | | |
| A27 | 12/31/2016 | Misc Cur and Accrued Assets GASB68 | 1-174-00-1097 ELECTR | | | | 254,079.00 | | |
| A27 | 12/31/2016 | Misc Deferred Debits GASB68 | 1-186-00-1097 ELECTR | | | 374,625.00 | | | |
| A27 | 12/31/2016 | Public Benefit GASB68 | 1-253-00-1097 ELECTR | | | | 220,428.00 | | |
| A27 | 12/31/2016 | Employee pensions and benefits | 1-926-00-1097 ELECTR | | | 99,882.00 | | | |
| A27 | 12/31/2016 | Misc Cur and Accrued Assets GASB68 | 2-174-00-1097 WATER | | | | 91,789.00 | | |
| A27 | 12/31/2016 | Misc Deferred Debits GASB68 | 2-186-00-1097 WATER | | | 131,957.00 | | | |
| A27 | 12/31/2016 | Public Benefit GASB68 | 2-253-00-1097 WATER | | | | 77,643.00 | | |
| A27 | 12/31/2016 | Employee Pensions and benefits | 2-926-00-1097 WATER | | | 37,475.00 | | | |
| A27 | 12/31/2016 | Misc Cur and Accrued Assets GASB68 | 3-174-00-1097 SEWER | | | | 100,079.00 | | |
| A27 | 12/31/2016 | Misc Deferred Debits GASB68 | 3-186-00-1097 SEWER | | | 147,984.00 | | | |
| A27 | 12/31/2016 | Public Benefit GASB68 | 3-253-00-1097 SEWER | | | | 87,073.00 | | |
| A27 | 12/31/2016 | Employee pensions and benefits | 3-926-00-1097 SEWER | | | 39,168.00 | | | |
| Entry to record deferred outflows/inflows, pension expense and adjust the net pension asset/liability. | | | | | | | | | |
| A28 | 12/31/2016 | Misc Deferred Debits GASB68 | 1-186-00-1097 ELECTR | | | | 24,084.00 | | |
| A28 | 12/31/2016 | Public Benefit GASB68 | 1-253-00-1097 ELECTR | | | 245.00 | | | |
| A28 | 12/31/2016 | Employee pensions and benefits | 1-926-00-1097 ELECTR | | | 23,839.00 | | | |
| A28 | 12/31/2016 | Misc Deferred Debits GASB68 | 2-186-00-1097 WATER | | | | 8,484.00 | | |
| A28 | 12/31/2016 | Public Benefit GASB68 | 2-253-00-1097 WATER | | | 86.00 | | | |
| A28 | 12/31/2016 | Employee Pensions and benefits | 2-926-00-1097 WATER | | | 8,398.00 | | | |
| A28 | 12/31/2016 | Misc Deferred Debits GASB68 | 3-186-00-1097 SEWER | | | | 9,514.00 | | |
| A28 | 12/31/2016 | Public Benefit GASB68 | 3-253-00-1097 SEWER | | | 97.00 | | | |
| A28 | 12/31/2016 | Employee pensions and benefits | 3-926-00-1097 SEWER | | | 9,417.00 | | | |
| Entry to record amortization of deferred outflows and inflows. | | | | | | | | | |
| A29 | 12/31/2016 | Misc Deferred Debits GASB68 | 1-186-00-1097 ELECTR | | | 64,055.00 | | | |
| A29 | 12/31/2016 | Employee pensions and benefits | 1-926-00-1097 ELECTR | | | | 64,055.00 | | |
| A29 | 12/31/2016 | Misc Deferred Debits GASB68 | 2-186-00-1097 WATER | | | 25,032.00 | | | |
| A29 | 12/31/2016 | Employee Pensions and benefits | 2-926-00-1097 WATER | | | | 25,032.00 | | |
| A29 | 12/31/2016 | Misc Deferred Debits GASB68 | 3-186-00-1097 SEWER | | | 25,158.00 | | | |
| A29 | 12/31/2016 | Employee pensions and benefits | 3-926-00-1097 SEWER | | | | 25,158.00 | | |
| Entry to record employer pension payments subsequent to the measurement date. | | | | | | | | | |
| A30 | 12/31/2016 | Misc Cur and Accrued Assets GASB68 | 1-174-00-1097 ELECTR | 70. 2 | | | 41.00 | | |
| A30 | 12/31/2016 | Misc Deferred Debits GASB68 | 1-186-00-1097 ELECTR | 70. 2 | | 2,385.00 | | | |
| A30 | 12/31/2016 | Employee pensions and benefits | 1-926-00-1097 ELECTR | 70. 2 | | | 2,344.00 | | |
| A30 | 12/31/2016 | Misc Cur and Accrued Assets GASB68 | 2-174-00-1097 WATER | 70. 2 | | | 15.00 | | |
| A30 | 12/31/2016 | Misc Deferred Debits GASB68 | 2-186-00-1097 WATER | 70. 2 | | 877.00 | | | |
| A30 | 12/31/2016 | Employee Pensions and benefits | 2-926-00-1097 WATER | 70. 2 | | | 862.00 | | |
| A30 | 12/31/2016 | Misc Cur and Accrued Assets GASB68 | 3-174-00-1097 SEWER | 70. 2 | | | 17.00 | | |
| A30 | 12/31/2016 | Misc Deferred Debits GASB68 | 3-186-00-1097 SEWER | 70. 2 | | 937.00 | | | |
| A30 | 12/31/2016 | Employee pensions and benefits | 3-926-00-1097 SEWER | 70. 2 | | | 920.00 | | |

Stoughton Utilities
Year End: December 31, 2016
Adjusting Journal Entries
Date: 1/1/2016 To 12/31/2016

TB. 2-6

| | | |
|----------------|--------------------|----------------|
| Done By | In-Charge | Manager |
| | | BLR 2/22/2017 |
| Partner | Preissuance | |
| JLD 3/22/2017 | | |

| Number | Date | Name | Account No | Reference | Annotation | Debit | Credit | Recurrence | Misstatement |
|---|------------|---------------------------------|----------------------|-----------|------------|---------------------|---------------------|------------|--------------|
| To adjust beginning balances of the net pension liability and deferred outflows of resources for the WRS implementation of GASB 82. Amounts were immaterial and included in current income. | | | | | | | | | |
| A31 | 12/31/2016 | Oth Accounts Receivable Default | 1-143-00-0000 ELECTR | D. 2 | | | 20,681.21 | | |
| A31 | 12/31/2016 | Receivables from Muni Default | 1-145-00-0000 ELECTR | D. 2 | | 20,681.21 | | | |
| A31 | 12/31/2016 | Oth Accounts Receivable Default | 2-143-00-0000 WATER | D. 2 | | | 2,841.51 | | |
| A31 | 12/31/2016 | Receivables from Muni Default | 2-145-00-0000 WATER | D. 2 | | 2,841.51 | | | |
| A31 | 12/31/2016 | Oth Accounts Receivable Default | 3-143-00-0000 SEWER | D. 2 | | | 1,670.63 | | |
| A31 | 12/31/2016 | Receivables from Muni Default | 3-145-00-0000 SEWER | D. 2 | | 1,670.63 | | | |
| To reclassify amounts placed on the tax roll from other accounts receivable to due from the City. | | | | | | | | | |
| | | | | | | 9,287,569.14 | 9,287,569.14 | | |
| Net Income (Loss) | | | 2,792,974.17 | | | | | | |

MANAGEMENT REPRESENTATIONS



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Needs Since 1886

April 24, 2017

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the Stoughton Utilities as of December 31, 2016 and 2015 and for the years then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the financial position of the Stoughton Utilities (utilities) results of operations, and cash flows of its proprietary funds in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the utilities required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.



Office 608-873-3379
Fax 608-873-4878
stoughtonutilities.com



5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We believe the effects of the uncorrected financial statement misstatements listed here are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. Additional depreciation and miscellaneous receivables were identified related to 2015 but recorded in 2016. Had these been recorded in 2015 the 2016 revenues would have been \$2,283 lower, expenses would have been \$16,671 lower, and income would have been \$14,388 higher. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
9. All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
10. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
11. Guarantees, whether written or oral, under which the utilities are contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Stoughton Utilities Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or

c. Others where the fraud could have a material effect on the financial statements.

15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
16. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. There are no known related parties or related party relationships and transactions of which we are aware.

Other

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. The utilities have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
23. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
24. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - d. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

25. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

- a. Financial statement preparation
- b. Adjusting journal entries
- c. Miscellaneous consultations

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

26. The Stoughton Utilities has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27. The Stoughton Utilities has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

28. The financial statements properly classify all funds and activities.

29. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

30. The Stoughton Utilities has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

31. Provisions for uncollectible receivables, if any, have been properly identified and recorded.

32. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

33. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

34. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

35. Tax-exempt bonds issued have retained their tax-exempt status.

36. We have appropriately disclosed the Stoughton Utilities' policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.

37. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

38. With respect to the supplementary information, (SI):

- a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- a. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

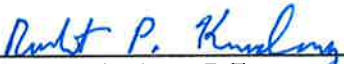
39. We agree with the restatement presented in the prior year's financial statements.

40. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

41. With regards to the Commitment to Community program, we do not participate in the state program, however our local program reporting requirements are being met through joint reporting by WPPI Energy. As such no report needs to be prepared or filed by the utility.

Sincerely,

Stoughton Utilities

Signed: 
Robert Kardasz, P.E.

Signed: 
Jamin Friedl, CPA



600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Jamin T. Friedl, CPA
Stoughton Utilities Finance Manager

Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Proposed electric and water tax-stabilization dividends

In September of 2003, the Stoughton Utilities Committee declared the first Stoughton Utilities electric and water tax-stabilization dividends to the Finance Committee and Stoughton Common Council, using the following criteria:

- The tax-stabilization dividend is intended to lessen property tax burdens and strengthen our community.
- The tax-stabilization dividend will be based upon 5% of the Stoughton Utilities prior year's net income for the electric and water utilities, adjusted for the prior-year dividend and contributed capital reported as non-operating income/expense, from the audited Stoughton Utilities financial statements.
- The dividend is estimated at the time the annual budget is approved by the Utilities Committee and recommended to the Common Council, and presented to the Utilities Committee and Common Council at the time of audit.
- The dividend can be suspended by the Utilities Committee and Common Council if the budget shows a requirement for the cash flow for debt liquidation and/or capital outlays, or an acceleration of electric and water rate increases occurs.

Our 2016 audit reports show that utility earnings and cash flow are sufficient to make the full tax-stabilization dividend as outlined above. Stoughton Utilities remains the highest taxpayer in the City, with electric and water Payments in Lieu of Taxes (PILOT) equaling \$764,640. If approved by the Stoughton Utilities Committee, tax-stabilization dividends of \$16,441 will be paid to the City of Stoughton in addition to the PILOT.

A decrease in the prior year's net income, due to increased capital contributions, has resulted in a reduction in the tax stabilization dividend when compared to prior years.

The following chart shows the projected total payment to the City of Stoughton in 2017:

| | Electric | Water | Total (2017) | Total (2016) |
|--|-----------|-----------|---------------------|--------------|
| Tax Stabilization Dividend (Recommended) | \$12,698 | \$3,743 | \$16,441 | \$23,625 |
| Payment in Lieu of Taxes (Required) | \$376,785 | \$387,855 | \$764,640 | \$733,509 |
| Total Payment to City | \$389,483 | \$391,598 | \$781,081 | \$757,134 |

We are requesting that the Utilities Committee approve the proposed electric and water tax-stabilization dividends, and present these dividends to the Stoughton Common Council on May 23, 2017.



600 South Fourth Street P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017
To: Stoughton Utilities Committee
From: Robert P. Kardasz, P.E.
Stoughton Utilities Director
Subject: Anticipated 2017 fund transfers to the City of Stoughton

It is important to appreciate that Stoughton Utilities pays all employment charges, insurance costs, legal expenses, and standard City of Stoughton fees, and anticipates transferring the following funds to the City of Stoughton in 2017:

| | |
|---|-----------|
| Payment in lieu of taxes | \$764,640 |
| Tax-Stabilization Dividends | \$16,441 |
| Rent: Stoughton Utilities Administration Building | \$89,000 |
| Administration Charges | \$55,000 |
| Police Department Emergency Contact Service | \$9,000 |
| Stormwater Management Fee | \$7,508 |
| Economic Development Contribution | \$1,000 |
| <hr/> | <hr/> |
| Total: | \$942,589 |

These transfers do not include fees for construction related permits, street opening permits, Project RoundUP donations, Commitment to Community donations, or other applicable fees and charges.

Stoughton Utilities transfers in 2017 account for 7.3% of the revenues included in the 2017 City of Stoughton budget.

cc: Tammy LaBorde, MPA, ICMA-CM
Stoughton Finance & Economic Development Director



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017
To: Stoughton Utilities Committee
From: Robert P. Kardasz, P.E.
Stoughton Utilities Director
Subject: Declarations of Official Intent 2017-3 through 2017-5

In order to preserve the ability to borrow funds for these equipment replacements later, it is requested that the Utilities Committee approve:

| | |
|------------------------|---------------------------------------|
| Declaration No. 2017-3 | Electric Digger-Derrick for \$240,570 |
| Declaration No. 2017-4 | Electric Bucket Truck for \$207,928 |
| Declaration No. 2017-5 | Forklift Truck for \$24,900 |

Encl.



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

**NO. 2017 - 3
DECLARATION OF OFFICIAL INTENT**

This is a Declaration of Official Intent of the City of Stoughton, Dane County, Wisconsin (the “Issuer”) to reimburse an expenditure with proceeds of a borrowing or borrowings authorized by the Issuer. This Declaration is made under and pursuant to Income Tax Regulation Section 1.103-18. The undersigned has been designated as the entity authorized by the Issuer to make this Declaration of Official Intent Pursuant to a Resolution adopted on April 13, 1993. This Declaration of Official Intent is a public record maintained in the files of the Issuer and is available for public inspection pursuant to Subchapter II of Chapter 19 of the Wisconsin Statutes.

The undersigned hereby declares that it is the reasonable expectation of the Issuer to use proceeds of a borrowing or borrowings to be incurred by the Issuer to reimburse expenditures for the property, project, or program or from the fund(s) / account(s) described below:

1. Project* description:

Stoughton Utilities Electric Digger-Derrick

(Provide a general functional description of the property, project or program for which the expenditure to be reimbursed is paid, e.g. “building program,” “highway capital improvement program,” “hospital equipment acquisition,” “combined utility improvement program,” etc.)

or

2. Identify fund(s) / account(s):

Designated Operating Cash Fund

(Provide a general functional description of the purpose of the fund or account from which the expenditure to be reimbursed is paid, e.g. “Construction fund program” and “parks and recreation fund” and “highway fund.”)

The maximum principal amount of the borrowing or borrowings to be incurred to reimburse expenditures for the above-described purposes is reasonably expected, on the date hereof, to be \$240,570.00.

The Issuer intends to reimburse itself from borrowed funds within (1) one year after the expenditure is made or (2) one year after the facility is placed in service, whichever is later.

* Each of the expenditures described must be a cost of the type that is properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. Capital expenditures include costs incurred to acquire, construct or improve land, buildings, and equipment and exclude current operation expenses.

No money from sources other than the anticipated borrowing or borrowings is, or is reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Issuer with respect to the expenditure, pursuant to the budgetary and financial circumstances of the Issuer as of the date of this Declaration.

Dated this 15th Day of May 2017.

CITY OF STOUGHTON
UTILITIES COMMITTEE

By: _____

Title: Stoughton Utilities Committee Chairperson



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

**NO. 2017 - 4
DECLARATION OF OFFICIAL INTENT**

This is a Declaration of Official Intent of the City of Stoughton, Dane County, Wisconsin (the "Issuer") to reimburse an expenditure with proceeds of a borrowing or borrowings authorized by the Issuer. This Declaration is made under and pursuant to Income Tax Regulation Section 1.103-18. The undersigned has been designated as the entity authorized by the Issuer to make this Declaration of Official Intent Pursuant to a Resolution adopted on April 13, 1993. This Declaration of Official Intent is a public record maintained in the files of the Issuer and is available for public inspection pursuant to Subchapter II of Chapter 19 of the Wisconsin Statutes.

The undersigned hereby declares that it is the reasonable expectation of the Issuer to use proceeds of a borrowing or borrowings to be incurred by the Issuer to reimburse expenditures for the property, project, or program or from the fund(s) / account(s) described below:

1. Project* description:

Stoughton Utilities Electric Bucket Truck

(Provide a general functional description of the property, project or program for which the expenditure to be reimbursed is paid, e.g. "building program," "highway capital improvement program," "hospital equipment acquisition," "combined utility improvement program," etc.)

or

2. Identify fund(s) / account(s):

Designated Operating Cash Fund

(Provide a general functional description of the purpose of the fund or account from which the expenditure to be reimbursed is paid, e.g. "Construction fund program" and "parks and recreation fund" and "highway fund.")

The maximum principal amount of the borrowing or borrowings to be incurred to reimburse expenditures for the above-described purposes is reasonably expected, on the date hereof, to be \$207,928.00.

The Issuer intends to reimburse itself from borrowed funds within (1) one year after the expenditure is made or (2) one year after the facility is placed in service, whichever is later.

* Each of the expenditures described must be a cost of the type that is properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. Capital expenditures include costs incurred to acquire, construct or improve land, buildings, and equipment and exclude current operation expenses.

No money from sources other than the anticipated borrowing or borrowings is, or is reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Issuer with respect to the expenditure, pursuant to the budgetary and financial circumstances of the Issuer as of the date of this Declaration.

Dated this 15th Day of May 2017.

CITY OF STOUGHTON
UTILITIES COMMITTEE

By: _____

Title: Stoughton Utilities Committee Chairperson



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

**NO. 2017 - 5
DECLARATION OF OFFICIAL INTENT**

This is a Declaration of Official Intent of the City of Stoughton, Dane County, Wisconsin (the “Issuer”) to reimburse an expenditure with proceeds of a borrowing or borrowings authorized by the Issuer. This Declaration is made under and pursuant to Income Tax Regulation Section 1.103-18. The undersigned has been designated as the entity authorized by the Issuer to make this Declaration of Official Intent Pursuant to a Resolution adopted on April 13, 1993. This Declaration of Official Intent is a public record maintained in the files of the Issuer and is available for public inspection pursuant to Subchapter II of Chapter 19 of the Wisconsin Statutes.

The undersigned hereby declares that it is the reasonable expectation of the Issuer to use proceeds of a borrowing or borrowings to be incurred by the Issuer to reimburse expenditures for the property, project, or program or from the fund(s) / account(s) described below:

1. Project* description:

Stoughton Utilities Forklift Truck

(Provide a general functional description of the property, project or program for which the expenditure to be reimbursed is paid, e.g. “building program,” “highway capital improvement program,” “hospital equipment acquisition,” “combined utility improvement program,” etc.)

or

2. Identify fund(s) / account(s):

Designated Operating Cash Fund

(Provide a general functional description of the purpose of the fund or account from which the expenditure to be reimbursed is paid, e.g. “Construction fund program” and “parks and recreation fund” and “highway fund.”)

The maximum principal amount of the borrowing or borrowings to be incurred to reimburse expenditures for the above-described purposes is reasonably expected, on the date hereof, to be \$24,900.00.

The Issuer intends to reimburse itself from borrowed funds within (1) one year after the expenditure is made or (2) one year after the facility is placed in service, whichever is later.

* Each of the expenditures described must be a cost of the type that is properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. Capital expenditures *include* costs incurred to acquire, construct or improve land, buildings, and equipment and *exclude* current operation expenses.

No money from sources other than the anticipated borrowing or borrowings is, or is reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Issuer with respect to the expenditure, pursuant to the budgetary and financial circumstances of the Issuer as of the date of this Declaration.

Dated this 15th Day of May 2017.

CITY OF STOUGHTON
UTILITIES COMMITTEE

By: _____

Title: Stoughton Utilities Committee Chairperson



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
Stoughton, WI 53589-0383

Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Electrical infrastructure improvements adjacent to riverfront redevelopment area

This item is being added at the request of Alderperson Matt Bartlett to begin discussions regarding potential improvements to the electric distribution infrastructure in the areas surrounding the Yahara Riverfront redevelopment area.

All new electrical infrastructure installed as part of the redevelopment efforts will be located underground. There are currently no existing plans to relocate existing electrical infrastructure from overhead to underground in areas outside of the current proposed redevelopment area, and a funding source does not currently exist for any such improvements.



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Serving Electric, Water & Wastewater Since 1886

Date: May 9, 2017

To: Stoughton Utilities Committee

From: Robert P. Kardasz, P.E.
Stoughton Utilities Director

Subject: Utilities Committee Future Agenda Item(s)

This item appears on all agendas of Committees of the City of Stoughton.