



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, March 19, 2018 at 5:00 p.m.
Location: Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office
600 South Fourth Street, Stoughton, Wisconsin
Members: Mayor Donna Olson (Chair), Alderperson Matt Bartlett, Alderperson Michael Engelberger (Vice-Chair), Alderperson Pat O'Connor, Citizen Member Kym Ackerman, Citizen Member David Erdman, Citizen Member John Kallas

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 February 19, 2018 Regular Utilities Committee Meeting
- c. Stoughton Utilities January 2018 Financial Summary
- d. Stoughton Utilities January 2018 Statistical Report
- e. Stoughton Utilities February 2018 Activities Report
- f. Utilities Committee Annual Calendar
- g. Communications

OLD BUSINESS

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

NEW BUSINESS

2. Stoughton Utilities 2017 audit reports and management letter **(Action)**
3. Stoughton Utilities 2017 Annual Water Consumer Confidence Report (CCR) **(Discussion)**
4. West Substation construction status update **(Discussion)**
5. 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

cc: Bethany Ryers, CPA - Baker Tilly Virchow Krause, LLP

Jodi Dobson, CPA - Partner - Baker Tilly Virchow Krause, LLP
Stoughton City Attorney Matthew Dregne
Stoughton Common Council Members
Stoughton City Clerk Holly Licht
Stoughton Finance Director Tammy LaBorde, MPA, ICMA-CM
Stoughton Leadership Team
Stoughton Utilities Wastewater System Supervisor Brian Erickson
Stoughton Utilities Finance Manager Jamin Friedl, CPA
Stoughton Utilities Operations Superintendent Sean Grady
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: Friday, March 02, 2018
 Time: 12:42PM
 User: SGUNSOLUS

Stoughton Utilities
Check Register Summary - Standard

Page: 1 of 6
 Report: 03699W.rpt
 Company: 7430

Period: - As of: 3/2/2018

Check Nbr	Type	Date	Amount Paid	Vendor ID / Name	Description
Company: 7430					
001561	EP	2/7/2018	48,005.76	516 WELLS FARGO BANK	VO for check batch: 308086
001562	HC	2/19/2018	941,443.22	009 WPPI	WPPI-Renewable Energy/WPPI-Buy Back Solar Credit/WPPI-Shared Savings/WPPI-Large Power/WPPI-Support Services/WPPI-Support Services/WPPI-Support Services
001563	HC	2/28/2018	4,107.58	003 Alliant Energy - Ach	Alliant Energy - Feb Ach/Alliant Energy - Feb Ach/Alliant Energy - Feb Ach/Alliant Energy - Feb Ach/Alliant Energy - Feb Ach/Alliant Energy - Feb Ach
001564	HC	2/28/2018	2,028.22	002 Employee Benefits Corp - Ach	EBC - Feb Ach/EBC - Feb Ach/EBC - Feb Ach/EBC - Feb Ach
001565	HC	2/28/2018	30.52	421 FIRST DATA CHARGES	First Data-Feb Ach/First Data-Feb Ach/First Data-Feb Ach/First Data-Feb Ach
001566	HC	2/28/2018	417.43	547 Charter Communications-Ach	Charter Comm-Feb Ach/Charter Comm-Feb Ach/Charter Comm-Feb Ach/Charter Comm-Feb Ach
001567	HC	2/28/2018	460.89	007 TDS Metrocom - Ach	TDS Metrocom - Feb Ach/TDS Metrocom - Feb Ach/TDS Metrocom - Feb Ach/TDS Metrocom - Feb Ach
001568	HC	2/28/2018	735.33	004 Us Cellular - Ach	Us Cellular - Feb Ach/Us Cellular - Feb Ach/Us Cellular - Feb Ach/Us Cellular - Feb Ach
001569	HC	2/28/2018	1,528.60	001 Delta Dental - Ach	Delta Dental - Feb Ach/Delta Dental - Feb Ach/Delta Dental - Feb Ach/Delta Dental - Feb Ach
001570	HC	2/28/2018	131.45	952 AT&T	AT&T - Feb Ach/AT&T - Feb Ach
001571	HC	2/28/2018	144.72	856 GORDON FLESCH COMPANY, INC.	Gordon Flesch-Feb Ach/Gordon Flesch-Feb Ach/Gordon Flesch-Feb Ach/Gordon Flesch-Feb Ach
001572	HC	2/28/2018	35,751.40	025 Payroll Federal Taxes- Ach	Federal Taxes-Feb Ach/Federal Taxes-Feb Ach/Federal Taxes-Feb Ach/Federal Taxes-Feb Ach
001573	HC	2/28/2018	8,163.54	020 Wells Fargo Bank-Ach	Client Analysis-Feb Ach/Client Analysis-Feb Ach/Client Analysis-Feb Ach/Client Analysis-Feb Ach

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001574	HC	2/28/2018	7,297.89	008 Payroll State Taxes - Ach	State Taxes - Feb Ach/State Taxes - Feb Ach
001575	HC	2/28/2018	16,163.30	010 WI Dept. of Revenue Taxpayment-Ach	Dept of Rev-Feb Ach/Dept of Rev-Feb Ach
001576	HC	2/28/2018	90,000.00	516 WELLS FARGO BANK	Wells Fargo-Feb CC
025413	CK	2/8/2018	176.77	133 WISCONSIN SCTF	WI SCTF-Feb A Support
025414	CK	2/8/2018	2,206.40	143 DIGGERS HOTLINE, INC.	Diggers Hotline-Locates
025415	CK	2/8/2018	128.99	276 PHILIP & SONYA HINDMAN	P Hindman-Customer Refund
025416	CK	2/8/2018	157.39	553 MIKE KRUSE	C Steva-Customer Refund/C Steva-Customer Refund/C Steva-Customer Refund
025417	CK	2/8/2018	55.62	714 HUI RONG LIN	H Rong Lin-Customer Refund
025418	CK	2/8/2018	230.43	890 ROBERT & LEE ANN KLITZKE	R Klitzke-Customer Refund/R Klitzke-Customer Refund/R Klitzke-Customer Refund
025419	CK	2/8/2018	194.16	324 ELECTRICAL TESTING LAB., LLC.	Elec Testing-Material Tests
025420	VC	2/22/2018	0.00	539 DEPARTMENT OF ADMINISTRATION	Dept of Admin-Pub Benefits/Dept of Admin-Pub Benefits
025421	CK	2/8/2018	100,970.75	634 COOPER POWER SYSTEMS, LLC	Cooper-Recloser/Cooper-Recloser/Cooper-Recloser /Cooper-Recloser
025422	CK	2/8/2018	3,123.19	781 DUNKIRK WATER POWER CO LLC	Dunkirk-Jan Dunkirk Dam
025423	CK	2/8/2018	11,217.50	877 WEG TRANSFORMERS USA	WEG Trans-Transformers
025424	CK	2/15/2018	360.00	105 AMERICAN WATER WORKS ASSOC	Amer Wa Works-Member Dues
025425	CK	2/15/2018	139.31	246 ERIN & ROSS HARRIED	E Harried-Customer Refund
025426	CK	2/15/2018	6.25	562 217 PRAIRIE STREET LLC	217 Prairie-Customer Refund
025427	CK	2/15/2018	111.07	643 CHAMBERLAIN ASSOCIATION	Chamberlain-Customer Refund
025428	CK	2/15/2018	86.23	820 MATSON CUSTOM HOMES, INC.	Matson-Customer Refund
025429	CK	2/15/2018	3,480.80	090 SOLENIS LLC	Solenis-Polymer

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025430	CK	2/15/2018	58,610.54	303 MP SYSTEMS, INC.	MP Systems-App #3
025431	CK	2/15/2018	79,705.00	750 PARESOURCE, INC.	Paresources-Regulator
025432	CK	2/15/2018	14,300.00	804 ROHN PRODUCTS LLC	Rohn-Static Masts/Rohn-Static Masts
025433	CK	2/15/2018	187.50	996 LOCKS AND UNLOCKS	Locks & Unlocks-Repairs/Locks & Unlocks-Repairs/Locks & Unlocks-Repairs
025434	CK	2/15/2018	70.39	146 STOUGHTON ELECTRIC UTIL.	Stoton Elec-Petty Cash/Stoton Elec-Petty Cash/Stoton Elec-Petty Cash
025435	CK	2/15/2018	585.00	548 WISCONSIN RURAL WATER ASSOC.	Wi Rural Wa-Membership ren
025436	CK	2/15/2018	540.30	166 INKWORKS, INC.	Inkworks-Busin Cards/Inkworks-Inserts
025437	CK	2/15/2018	7,932.68	400 RESCO	Resco-Ladder/Resco-Supplies/Resco-Supplies/Resco-Inventory/Resco-Connectors/Resco-Supplies/Resco-Ladder/Resco-Inventory
025438	CK	2/15/2018	2,587.19	451 INSIGHT FS	Insights-Fuel/Insights-Fuel/Insights-Fuel
025439	CK	2/15/2018	5,531.00	729 SHC SUGAR HILL CONSULTING, LLC	SHC Sugar Hill-Consulting
025440	CK	2/20/2018	63,309.07	131 CITY OF STOUGHTON	City Stoton-Jan Rent/City Stoton-Wa Tower Rental/City Stoton-Jan Rent/City Stoton-Admin Fee/City Stoton-Jan Rent/City Stoton-Jan Rent/City Stoton-Dec Legal Shield/City Stoton-Admin Fee/City Stoton-Jan Rent/City Stoton-Admin Fees/More...
025441	CK	2/20/2018	44,017.32	131 CITY OF STOUGHTON	City Stoton-Stormwater
025442	CK	2/20/2018	460.00	084 HARVEST FARMS, LLC	Harvest Farms-Emb Credits
025443	CK	2/20/2018	19,104.36	131 CITY OF STOUGHTON	City Stoton-Feb Retirement/City Stoton-Feb Retirement/City Stoton-Feb Retirement
025444	CK	2/20/2018	176.77	133 WISCONSIN SCTF	WI SCTF-Feb B Support
025445	CK	2/20/2018	160.00	940 WASTEWATER TRAINING SOLUTIONS	WW Training-Lab Class
025446	CK	2/20/2018	787.50	186 STAFFORD ROSENBAUM LLC	Stafford-Professional svcs/Stafford-Professional svcs

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025447	CK	2/20/2018	330.73	405 ROSENBAUM CRUSHING & EXCAV.	Rosenbaum-Sand/Rosenbaum-Sand
025448	CK	2/20/2018	2,012.50	727 GLS UTILITY LLC	GLS Utility-Jan Locates/GLS Utility-Jan Locates/GLS Utility-Jan Locates
025449	CK	2/20/2018	11,217.50	877 WEG TRANSFORMERS USA	WEG Trans-Transformer
025450	CK	2/20/2018	154.64	088 1050 ASSOCIATES LLC	1050 Assoc-Customer Refund
025451	CK	2/20/2018	166.00	568 POMP'S TIRE SERVICE, INC.	Pomps Tire-Tires
025452	CK	2/20/2018	57.00	584 VINING SPARKS IBG, L.P.	Vining Sparks-Safekeeping
025453	CK	2/20/2018	51,086.00	881 MUNICIPAL PROPERTY INSURANCE CO.	Mun Property Ins-Ins/Mun Property Ins-Ins/Mun Property Ins-Ins
025454	CK	2/20/2018	200.00	499 ROBERT KARDASZ	R Kardasz-Meal Reimb
025455	CK	2/22/2018	15,909.17	539 DEPARTMENT OF ADMINISTRATION	Dept of Admin-Pub Benefits
025456	CK	2/22/2018	20.00	539 DEPARTMENT OF ADMINISTRATION	Dept of admin-Fee
025457	CK	2/27/2018	128,136.50	269 UTILITY SALES AND SERVICE	Utility-Trk 2 bucket
025458	CK	2/27/2018	69.50	407 REGISTRATION FEE TRUST	Reg Fee Trust-License & Plates
025459	CK	2/27/2018	246,416.35	870 TEREX UTILITIES, INC.	Terex-Trk 15 digger
025460	CK	2/28/2018	270.75	264 ODYSSEY DESIGN	Odyssey Design-Shirts/Odyssey Design-Shirts
025461	CK	2/28/2018	1,391.06	313 MUNICIPAL ENVIRONMENTAL GROUP	Municipal Env-Member Dues
025462	CK	2/28/2018	21,922.04	448 STRAND ASSOCIATES INC.	Strand-General Eng/Strand-17 Utility Const/Strand-Scada issues/Strand-Ordinance update/Strand-18 Utility Const/Strand-Well 4 replacements/Strand-18 Utility Const/Strand-Scada issues/Strand-17 Utility Const/Strand-General Eng/Strand-General Eng/More...
025463	CK	2/28/2018	377.75	522 BRIAN BAUMBARTNER	B Baumbartner-Cust Ref
025464	CK	2/28/2018	404.82	673 MULCAHY SHAW WATER	Mulcahy Shaw-Digester Parts

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025465	CK	2/28/2018	203.93	327 BORDER STATES ELECTRIC SUPPLY	Border States-Inventory
025466	CK	2/28/2018	329.65	400 RESCO	Resco-Inventory/Resco-West Sub material
025467	CK	2/28/2018	116.16	553 MIKE KRUSE	M Kruse-Customer Refund
025468	CK	2/28/2018	59.55	613 ALEXANDER THOMAS & CARLEY ANDERSON	A Thomas-Customer Refund
025469	CK	2/28/2018	95.69	992 NAOMI NICKELS	N Nickels-Customer Refund
025470	CK	2/28/2018	15.36	239 DAVID HANSON	D Hanson-Customer Refund
025471	CK	2/28/2018	48.82	617 RICHARD CARMICHAEL	R Carmichael-Customer Refund
025472	CK	2/28/2018	80.00	862 EVOQUA WATER TECHNOLOGIES, LLC	Evoqua-Daft Parts
101603	VC	2/7/2018	0.00	133 WISCONSIN SCTF	WI SCTF-Feb A Support/WI SCTF-Feb A Support
101604	CK	2/7/2018	21,178.75	157 FORSTER ELEC. ENG.,INC.	Forster-roundabout info/Forster-Profess. svcs/Forster-Tech. assist/Forster-Tech. assist/Forster-Tech. assist
101605	CK	2/7/2018	184.00	404 JESSE MOWERY	J Mowery-CDL/J Mowery-CDL test
101606	CK	2/7/2018	2,820.00	463 GREAT-WEST	Great West-Feb A Def Comp
101607	CK	2/7/2018	152.00	525 TYLER HARDING	T Harding-Meal Exp/T Harding-Meal Exp
101608	CK	2/7/2018	34.00	529 SEAN GRADY	S Grady-CDL
101609	CK	2/7/2018	34.00	681 BRIAN SCHEEL	B Scheel-CDL
101610	CK	2/7/2018	450.00	731 NORTH SHORE BANK FSB	N Shore Bank-Feb A Def Comp
101611	CK	2/7/2018	636.51	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/Cintas-Clothes Cleaning
101612	CK	2/7/2018	3,990.74	852 INFOSEND, INC	Infosend-Billing & Mailing/Infosend-Billing & Mailing/Infosend-Billing & Mailing/Infosend-Billing & Mailing/Infosend-Billing & Mailing

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Page: 6 of 6
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101613	CK	2/7/2018	152.00	859 ANDREW RUDER	A Ruder-Meal Exp/A Ruder-Meal Exp
101614	CK	2/20/2018	7,047.50	157 FORSTER ELEC. ENG.,INC.	Forster-Scada upgrades/Forster-Ct planning
101615	CK	2/20/2018	200.00	181 BRIAN HOOPS	B Hoops-Meal Reimb
101616	CK	2/20/2018	28.00	310 HANSON PEST MANAGEMENT	Hanson-Pest Maint.
101617	CK	2/20/2018	2,820.00	463 GREAT-WEST	Great West-Feb B Def Comp
101618	CK	2/20/2018	34.00	509 KEVIN HUDSON	K Hudson-CDL Reimb
101619	CK	2/20/2018	5,204.83	603 SEERA	Seera-Focus on Energy
101620	CK	2/20/2018	14,068.71	648 BAKER TILLY VIRCHOW KRAUSE, LLP	Baker Tilly-Audit/Baker Tilly-Audit/Baker Tilly-Audit
101621	CK	2/20/2018	450.00	731 NORTH SHORE BANK FSB	N Shore Bk-Feb B Def Comp
101622	CK	2/26/2018	282.00	453 MARK BAKKEN	M Bakken-Safety boots
101623	CK	2/26/2018	300.00	677 TONY WIECZOREK	T Wieczorek-Safety boots
Company Total			2,118,277.84		

Date: Wednesday, February 07, 2018

Time: 10:08AM

User: SGUNSOLUS

Stoughton Utilities Posting Preview Report

Select By: {PSSPurchCard.RefNbr} = '0000000081'

Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
Import ID: 009010		Import # : 0000000081							
7430	143	000000	994	GLACIER CANYON LLC	-99.99	Training expense - Lodging - MEUW Joint Supts Conference - MSeffens - Refi	01/19/2018	5250	-
7430	143	000000	994	GLACIER CANYON LLC	-3.99	Lodging incidental. Charged in error. Refund.	01/29/2018	5250	-
7430	143	000000	352	STAPLS7190106162001001	-18.14	GENERAL OFFICE SUPPLIES - REFUNDED	01/15/2018	3680	-
7460	827	000000	675	WI STATE HYGIENE LAB	197.00	LAB TESTS	01/18/2018	8300	-
7460	833	000000	937	SPEE-DEE DELIVERY	13.64	SAMPLES TO NORTHERN LAKE	01/22/2018	8300	-
7460	833	000000	974	NORTHERN LAKE SERVICE, IN	32.00	WW SAMPLE TESTING	01/25/2018	8300	-
7430	586	000000	259	ITRON INC	1,191.04	Itron metering - Quarterly hardware and software maintenance and support	01/18/2018	3650	-
7450	663	000000	259	ITRON INC	433.10	Itron metering - Quarterly hardware and software maintenance and support	01/18/2018	3650	-
7460	851	000000	259	ITRON INC	541.40	Itron metering - Quarterly hardware and software maintenance and support	01/18/2018	3650	-
7430	920	000000	994	JIMMY JOHNS - 1959 - E	19.44	MEETING EXPENSE - SU MANAGEMENT TEAM	01/26/2018	1000	-
7450	920	000000	994	JIMMY JOHNS - 1959 - E	7.07	MEETING EXPENSE - SU MANAGEMENT TEAM	01/26/2018	1000	-
7460	850	000000	994	JIMMY JOHNS - 1959 - E	8.84	MEETING EXPENSE - SU MANAGEMENT TEAM	01/26/2018	1000	-
7430	921	000000	836	MSFT E040050XAF	32.60	HOSTED MS LYNC LICENSING - MONTHLY	01/03/2018	5250	-
7450	921	000000	836	MSFT E040050XAF	11.85	HOSTED MS LYNC LICENSING - MONTHLY	01/03/2018	5250	-
7460	851	000000	836	MSFT E040050XAF	14.84	HOSTED MS LYNC LICENSING - MONTHLY	01/03/2018	5250	-
7430	921	000000	604	CDW GOVT #LGT5217	160.78	UPS BATTERY REPLACEMENT - ADMIN PATCH RACK	01/03/2018	5250	-
7450	921	000000	604	CDW GOVT #LGT5217	58.46	UPS BATTERY REPLACEMENT - ADMIN PATCH RACK	01/03/2018	5250	-
7460	851	000000	604	CDW GOVT #LGT5217	73.10	UPS BATTERY REPLACEMENT - ADMIN PATCH RACK	01/03/2018	5250	-
7430	903	000000	419	PAYFLOW/PAYPAL	54.02	Credit card processing - Online MyAccount	01/03/2018	5250	-
7450	903	000000	419	PAYFLOW/PAYPAL	19.44	Credit card processing - Online MyAccount	01/03/2018	5250	-
7460	840	000000	419	PAYFLOW/PAYPAL	25.93	Credit card processing - Online MyAccount	01/03/2018	5250	-
7430	233	001099	419	PAYFLOW/PAYPAL	8.66	Credit card processing - Online MyAccount	01/03/2018	5250	-
7430	903	000000	419	PAYFLOW/PAYPAL	32.47	Credit card processing - Desktop and Recurring	01/03/2018	5250	-
7450	903	000000	419	PAYFLOW/PAYPAL	11.71	Credit card processing - Desktop and Recurring	01/03/2018	5250	-
7460	840	000000	419	PAYFLOW/PAYPAL	15.58	Credit card processing - Desktop and Recurring	01/03/2018	5250	-
7430	233	001099	419	PAYFLOW/PAYPAL	5.19	Credit card processing - Desktop and Recurring	01/03/2018	5250	-
7430	921	000000	155	ZOHO CORPORATION	1,696.75	Software Subscription - Annual - ManageEngine ADAudit	01/04/2018	5250	-
7450	921	000000	155	ZOHO CORPORATION	617.00	Software Subscription - Annual - ManageEngine ADAudit	01/04/2018	5250	-
7460	851	000000	155	ZOHO CORPORATION	771.25	Software Subscription - Annual - ManageEngine ADAudit	01/04/2018	5250	-
7430	921	000000	153	HANSON ELECTRONICS LTD	149.99	CELL PHONES - ARUDER, AMATTINGLY.	01/05/2018	5250	-
7430	920	000000	994	IN WISCONSIN UTILITIES A	130.00	TRAINING EXPENSE - REGISTRATION - WI ENERGY PROVIDERS CONFE	01/12/2018	5250	-
7430	920	000000	994	GLACIER CANYON LLC	82.00	Training expense - Lodging - MEUW Joint Supts Conference - BHoops	01/19/2018	5250	-
7430	920	000000	994	GLACIER CANYON LLC	82.00	Training expense - Lodging - MEUW Joint Supts Conference - RKardasz	01/19/2018	5250	-
7430	143	000000	994	GLACIER CANYON LLC	99.99	Training expense - Lodging - MEUW Joint Supts Conference - MSeffens - Errc	01/19/2018	5250	-
7430	143	000000	994	GLACIER CANYON LLC	3.99	Lodging incidental. Charged in error.	01/22/2018	5250	-
7430	921	000000	604	CDW GOVT #LMX2699	1,201.43	SOFTWARE CONTRACT - BARRACUDA EMAIL SECURITY - 3 YEAR	01/29/2018	5250	-
7450	921	000000	604	CDW GOVT #LMX2699	436.88	SOFTWARE CONTRACT - BARRACUDA EMAIL SECURITY - 3 YEAR	01/29/2018	5250	-
7460	851	000000	604	CDW GOVT #LMX2699	546.11	SOFTWARE CONTRACT - BARRACUDA EMAIL SECURITY - 3 YEAR	01/29/2018	5250	-
7430	921	000000	604	CDW GOVT #LNP1132	668.92	SOFTWARE CONTRACT - BARRACUDA WEB SECURITY ATD - 3 YEAR	01/31/2018	5250	-
7450	921	000000	604	CDW GOVT #LNP1132	243.24	SOFTWARE CONTRACT - BARRACUDA WEB SECURITY ATD - 3 YEAR	01/31/2018	5250	-
7460	851	000000	604	CDW GOVT #LNP1132	304.06	SOFTWARE CONTRACT - BARRACUDA WEB SECURITY ATD - 3 YEAR	01/31/2018	5250	-
7450	673	000000	571	USA BLUE BOOK	107.17	FOOT VALVE	01/22/2018	8400	-

Date: Wednesday, February 07, 2018

Time: 10:08AM

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Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
7450	642	000000	317	CENEX D M SERV07083686	17.00	PROPANE FOR TORCH	01/30/2018	8400	-
7430	932	000000	507	WAL-MART #1176	45.25	SALT FOR SIDEWALKS	01/05/2018	8700	-
7450	932	000000	507	WAL-MART #1176	16.45	SALT FOR SIDEWALKS	01/05/2018	8700	-
7460	834	000000	507	WAL-MART #1176	20.58	SALT FOR SIDEWALKS	01/05/2018	8700	-
7430	595	000000	108	ASLESON'S TRUE VALUE HDW	43.99	XFR PAINT	01/08/2018	8700	-
7450	675	000000	108	ASLESON'S TRUE VALUE HDW	8.00	PARTS FOR CURB STOP REPAIR	01/08/2018	8700	-
7430	163	000000	436	STOUGHTON LUMBER CO	39.45	ELECTRIC STORAGE PROJECT	01/12/2018	8700	-
7450	926	000000	578	THE SHOE BOX	174.00	SAFETY BOOTS	01/15/2018	8700	-
7430	163	000000	436	STOUGHTON LUMBER CO	116.66	ELECTRIC STORAGE PROJECT	01/22/2018	8700	-
7430	920	000000	819	WI LAND INFO ASSN	209.00	Training Expense - Registration - WLIA Annual Conference	01/17/2018	4300	-
7450	920	000000	819	WI LAND INFO ASSN	76.00	Training Expense - Registration - WLIA Annual Conference	01/17/2018	4300	-
7460	850	000000	819	WI LAND INFO ASSN	95.00	Training Expense - Registration - WLIA Annual Conference	01/17/2018	4300	-
7450	675	000000	108	ASLESON'S TRUE VALUE HDW	32.12	CURB STOP REPAIR	01/04/2018	7400	-
7450	631	000000	108	ASLESON'S TRUE VALUE HDW	8.99	WELL 5 SOLAR EYE	01/17/2018	7400	-
7450	631	000000	108	ASLESON'S TRUE VALUE HDW	6.87	WELL 5 LIGHTING	01/17/2018	7400	-
7450	631	000000	148	FASTENAL COMPANY01	22.40	WELL 6 WIRING	01/22/2018	7400	-
7450	631	000000	108	ASLESON'S TRUE VALUE HDW	5.14	WELL 6 WIRING	01/22/2018	7400	-
7450	675	000000	104	POLLARDWATER.COM #3325	209.67	SAMPLE TAPS AND AUGER	01/24/2018	7400	-
7450	675	000000	108	ASLESON'S TRUE VALUE HDW	50.93	TOOL REPAIR	01/25/2018	7400	-
7450	675	000000	108	ASLESON'S TRUE VALUE HDW	43.99	RESPIRATOR	01/26/2018	7400	-
7450	920	000000	548	WVOA	99.00	WVOA DISTRIBUTION SEMINAR	01/30/2018	7400	-
7450	631	000000	748	SHERWIN WILLIAMS 703833	356.18	WELL 7 PAINT	01/31/2018	7400	-
7460	833	000000	108	ASLESON'S TRUE VALUE HDW	23.98	DOUBLE PISTON PUMP OIL	01/05/2018	8710	-
7460	834	000000	108	ASLESON'S TRUE VALUE HDW	7.04	CAMERA TRUCK BOLTS	01/12/2018	8710	-
7460	833	000000	108	ASLESON'S TRUE VALUE HDW	16.61	GBT OVERHAUL	01/25/2018	8710	-
7460	833	000000	797	RONS BODY & WELDING	35.00	GBT OVERHAUL	01/26/2018	8710	-
7460	833	000000	108	ASLESON'S TRUE VALUE HDW	4.63	GBT OVERHAUL	01/26/2018	8710	-
7460	834	000000	748	SHERWIN WILLIAMS 703833	64.86	PAIN	01/03/2018	8200	-
7460	313	000000	710	NEENAH FOUNDRY COMPANY	1,936.50	MANHOLE CASTING	01/15/2018	8200	-
7460	833	000000	148	FASTENAL COMPANY01	36.62	DEGREASER	01/18/2018	8200	-
7460	834	000000	674	NORTHERN SEWER EQUIP	88.37	TELEVISION PARTS	01/22/2018	8200	-
7460	833	000000	108	ASLESON'S TRUE VALUE HDW	31.94	MISC	01/23/2018	8200	-
7460	833	000000	550	FIRST SUPPLY LLC #2010	286.93	GBT WATER LINE SUPPLIES	01/24/2018	8200	-
7430	921	000000	352	STAPLS7189515621000001	155.46	GENERAL OFFICE SUPPLIES	01/04/2018	3680	-
7450	921	000000	352	STAPLS7189515621000001	55.96	GENERAL OFFICE SUPPLIES	01/04/2018	3680	-
7460	851	000000	352	STAPLS7189515621000001	74.62	GENERAL OFFICE SUPPLIES	01/04/2018	3680	-
7430	233	001099	352	STAPLS7189515621000001	24.88	GENERAL OFFICE SUPPLIES	01/04/2018	3680	-
7430	921	000000	352	STAPLS7189516855000001	113.83	GENERAL KITCHEN SUPPLIES	01/04/2018	3680	-
7450	921	000000	352	STAPLS7189516855000001	41.39	GENERAL KITCHEN SUPPLIES	01/04/2018	3680	-
7460	851	000000	352	STAPLS7189516855000001	51.76	GENERAL KITCHEN SUPPLIES	01/04/2018	3680	-
7430	921	000000	352	STAPLS7189582808000001	12.66	GENERAL OFFICE SUPPLIES	01/05/2018	3680	-
7450	921	000000	352	STAPLS7189582808000001	4.55	GENERAL OFFICE SUPPLIES	01/05/2018	3680	-
7460	851	000000	352	STAPLS7189582808000001	6.07	GENERAL OFFICE SUPPLIES	01/05/2018	3680	-
7430	233	001099	352	STAPLS7189582808000001	2.05	GENERAL OFFICE SUPPLIES	01/05/2018	3680	-

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Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
7430	921	000000	352	STAPLS7189603669000001	172.90	GENERAL OFFICE SUPPLIES - PRINTER INK	01/05/2018	3680	-
7450	921	000000	352	STAPLS7189603669000001	62.87	GENERAL OFFICE SUPPLIES - PRINTER INK	01/05/2018	3680	-
7460	851	000000	352	STAPLS7189603669000001	78.61	GENERAL OFFICE SUPPLIES - PRINTER INK	01/05/2018	3680	-
7430	921	000000	352	STAPLS7189516855000002	0.65	GENERAL KITCHEN SUPPLIES	01/05/2018	3680	-
7450	921	000000	352	STAPLS7189516855000002	0.23	GENERAL KITCHEN SUPPLIES	01/05/2018	3680	-
7460	851	000000	352	STAPLS7189516855000002	0.31	GENERAL KITCHEN SUPPLIES	01/05/2018	3680	-
7430	920	000000	445	TLF STOUGHTON FLORAL	53.90	Congratulations Gift - BSime	01/11/2018	3680	-
7460	850	000000	445	TLF STOUGHTON FLORAL	52.95	Sympathy gift - BErickson	01/11/2018	3680	-
7430	921	000000	352	STAPLS7190106162000001	24.72	GENERAL OFFICE SUPPLIES	01/12/2018	3680	-
7450	921	000000	352	STAPLS7190106162000001	8.90	GENERAL OFFICE SUPPLIES	01/12/2018	3680	-
7460	851	000000	352	STAPLS7190106162000001	11.86	GENERAL OFFICE SUPPLIES	01/12/2018	3680	-
7430	233	001099	352	STAPLS7190106162000001	3.95	GENERAL OFFICE SUPPLIES	01/12/2018	3680	-
7430	143	000000	352	STAPLS7190106162000001	18.14	GENERAL OFFICE SUPPLIES - RETURNED ITEM	01/12/2018	3680	-
7430	921	000000	352	STAPLS7189582808000002	15.55	GENERAL OFFICE SUPPLIES - RECEPTION	01/15/2018	3680	-
7450	921	000000	352	STAPLS7189582808000002	5.65	GENERAL OFFICE SUPPLIES - RECEPTION	01/15/2018	3680	-
7460	851	000000	352	STAPLS7189582808000002	7.09	GENERAL OFFICE SUPPLIES - RECEPTION	01/15/2018	3680	-
7430	920	000000	445	TLF STOUGHTON FLORAL	27.50	Congratulations gift - HLicht	01/15/2018	3680	-
7450	920	000000	445	TLF STOUGHTON FLORAL	10.00	Congratulations gift - HLicht	01/15/2018	3680	-
7460	850	000000	445	TLF STOUGHTON FLORAL	12.50	Congratulations gift - HLicht	01/15/2018	3680	-
7450	642	000000	824	UPS 1ZG194WT0304221060	9.73	SHIPPING OF WATER SAMPLES FOR TESTING	01/15/2018	3680	-
7430	920	000000	601	FOSDAL BAKERY LLC	5.19	Meeting expense - Utilities Committee	01/18/2018	3680	-
7450	920	000000	601	FOSDAL BAKERY LLC	1.89	Meeting expense - Utilities Committee	01/18/2018	3680	-
7460	850	000000	601	FOSDAL BAKERY LLC	2.37	Meeting expense - Utilities Committee	01/18/2018	3680	-
7450	642	000000	824	UPS 1ZG194WT0303395072	9.73	SHIPPING OF WATER SAMPLES FOR TESTING	01/22/2018	3680	-
7430	921	000000	352	STAPLS7190573860000001	52.81	GENERAL OFFICE SUPPLIES	01/22/2018	3680	-
7450	921	000000	352	STAPLS7190573860000001	19.12	GENERAL OFFICE SUPPLIES	01/22/2018	3680	-
7460	851	000000	352	STAPLS7190573860000001	24.59	GENERAL OFFICE SUPPLIES	01/22/2018	3680	-
7430	233	001099	352	STAPLS7190573860000001	3.67	GENERAL OFFICE SUPPLIES	01/22/2018	3680	-
7450	642	000000	824	UPS 1ZG194WT0329010250	9.73	SHIPPING OF WATER SAMPLES FOR TESTING	01/29/2018	3680	-
7430	932	000000	436	STOUGHTON LUMBER CO	12.77	BATHROOM SPRAY	01/08/2018	6960	-
7430	593	000000	436	STOUGHTON LUMBER CO	19.62	MISC PARTS	01/08/2018	6960	-
7430	593	000000	436	STOUGHTON LUMBER CO	67.99	PARTS FOR ANCHOR RELOCATE	01/08/2018	6960	-
7430	593	000000	436	STOUGHTON LUMBER CO	34.27	TOOLS FOR TRUCK	01/08/2018	6960	-
7430	594	000000	436	STOUGHTON LUMBER CO	34.28	TOOLS FOR TRUCK	01/08/2018	6960	-
7430	934	000000	108	ASLESON'S TRUE VALUE HDW	5.95	CHAINSAW PARTS	01/11/2018	6960	-
7430	934	000000	436	STOUGHTON LUMBER CO	44.97	CHAINSAW PARTS	01/12/2018	6960	-
7430	934	000000	148	FASTENAL COMPANY01	62.31	CHIPPER BLADES	01/12/2018	6960	-
7430	582	000000	580	DUCK SOUP SIGNS AND DESIG	295.00	SUBSTATION SIGNAGE	01/17/2018	6960	-
7430	933	000000	894	HOLIDAY STATIONSTORES	40.01	GAS FOR TRAVERSE	01/15/2018	5296	-
7430	593	000000	894	HAMPTON INN - EAU CLAI	222.50	HOTEL FOR LINE SCHOOLE	01/15/2018	5296	-
7430	594	000000	894	HAMPTON INN - EAU CLAI	222.50	HOTEL FOR LINE SCHOOL	01/15/2018	5296	-
7430	593	000000	436	STOUGHTON LUMBER CO	103.71	MISC TOOLS	01/02/2018	6930	-
7430	926	000000	440	ROGANS SHOES INC JANESVIL	126.00	SAFTEY BOOTS	01/02/2018	6930	-
7430	593	000000	108	ASLESON'S TRUE VALUE HDW	8.48	MISC TOOLS	01/17/2018	6930	-

Date: Wednesday, February 07, 2018

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Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
7430	926	000000	578	THE SHOE BOX	73.80	SAFETY BOOTS	01/02/2018	5275	-
7450	926	000000	578	THE SHOE BOX	73.80	SAFETY BOOTS	01/02/2018	5275	-
7450	921	000000	153	HANSON ELECTRONICS LTD	34.95	PHONE COVER	01/09/2018	5275	-
7430	934	000000	317	CENEX D M SERV07083686	32.00	FORKLIFT PROPANE	01/09/2018	5275	-
7450	920	000000	548	WVVOA	99.00	WVVOA DISTRIBUTION SEMINAR	01/17/2018	5275	-
7450	676	000000	165	MIDWEST METER - JACKSON	37.48	METER PARTS	01/18/2018	5275	-
7450	633	000000	994	TEDDSKOM	59.55	WELL 6 MCC PANEL	01/22/2018	6980	-
7430	926	000000	398	HOFFMAN BOOTS	299.09	SAFETY BOOTS	01/25/2018	6980	-
7450	631	000000	438	GORDON ELECTRIC SUPPLY	580.90	GRD CLAMPS WELL 7	01/29/2018	6980	-
7430	594	000000	994	REVERE ELECTRIC SUPPLY CO	8.80	MISC SUPPLIES	01/31/2018	6980	-
7450	641	000000	309	HAWKINS INC	1,527.49	CHEMICALS	01/05/2018	4000	-
7430	934	000000	994	CAPITAL EQUIPMENT	69.00	FORK LIFT MAINT	01/11/2018	4000	-
7430	932	000000	322	IN SUNDANCE BIOCLEAN, IN	280.50	JANITORIAL	01/11/2018	4000	-
7450	932	000000	322	IN SUNDANCE BIOCLEAN, IN	102.00	JANITORIAL	01/11/2018	4000	-
7460	834	000000	322	IN SUNDANCE BIOCLEAN, IN	127.50	JANITORIAL	01/11/2018	4000	-
7430	926	000000	281	AMARIL UNIFORM COMPANY #1	155.90	AARON MATTINGLY UNIFORM	01/17/2018	4000	-
7430	926	000000	281	AMARIL UNIFORM COMPANY #1	202.94	TONY WIECZOREK UNIFORM	01/17/2018	4000	-
7430	926	000000	281	AMARIL UNIFORM COMPANY #1	235.51	JESSE MOWERY UNIFORM	01/17/2018	4000	-
7430	926	000000	281	AMARIL UNIFORM COMPANY #1	400.90	JESSE MOWERY UNIFORM	01/17/2018	4000	-
7430	920	000000	994	EB WHAT YOU NEED TO K	104.01	ARC FLASH WEBINAR	01/17/2018	4000	-
7450	346	000000	165	MIDWEST METER	20,552.31	100 - 3.25 INCH METERS	01/17/2018	4000	-
7430	921	000000	377	GENERAL COMMUNICATIONS IN	231.00	TWO WAY RADIO SYSTEM	01/18/2018	4000	-
7450	921	000000	377	GENERAL COMMUNICATIONS IN	84.00	TWO WAY RADIO SYSTEM	01/18/2018	4000	-
7460	851	000000	377	GENERAL COMMUNICATIONS IN	105.00	TWO WAY RADIO SYSTEM	01/18/2018	4000	-
7430	143	000000	295	PRECISION DRIVE AND CONTR	470.97	REFUNDED	01/18/2018	4000	-
7450	633	000000	236	WW GRAINGER	80.50	WELL 6 PUMP PARTS	01/23/2018	4000	-
7450	107.14	000000	354	HYDRO DESIGNS	1,000.00	CROSS CONNECTION INSPECTIONS	01/29/2018	4000	180901XX - 1
7430	932	000000	994	TRACTOR SUPPLY #2236	29.99	SHOP SQUEEGEE	01/04/2018	6940	-
7430	594	000000	436	STOUGHTON LUMBER CO	84.98	CHAINSAW PARTS	01/10/2018	6940	-
7430	930	000000	626	663 STOUGHTON BUMPER TO B	11.89	ERASER PAD	01/17/2018	6940	-
7430	593	000000	108	ASLESON'S TRUE VALUE HDW	8.99	PAINT FOR SAFETY CONES	01/29/2018	6940	-
7430	594	000000	108	ASLESON'S TRUE VALUE HDW	8.99	PAINT FOR SAFETY CONES	01/29/2018	6940	-
7430	594	000000	436	STOUGHTON LUMBER CO	0.21	MISC	01/31/2018	6940	-
7430	232	001099	134	CRESCENT ELECTRIC 087	174.40	ELECTRIC INVENTORY	01/03/2018	4100	-
7450	232	001099	550	FIRST SUPPLY WFPG MAD	203.25	WATER INVENTORY	01/05/2018	4100	-
7430	932	000000	595	1000BULBS.COM	81.69	LIGHTBULBS	01/08/2018	4100	-
7450	932	000000	595	1000BULBS.COM	29.70	LIGHTBULBS	01/08/2018	4100	-
7460	834	000000	595	1000BULBS.COM	37.15	LIGHTBULBS	01/08/2018	4100	-
7450	232	001099	550	FIRST SUPPLY WFPG MAD	310.25	WATER INVENTORY	01/10/2018	4100	-
7450	232	001099	550	FIRST SUPPLY WFPG MAD	204.00	WATER INVENTORY	01/17/2018	4100	-
7450	642	000000	994	AMAZON MKTPLACE PMTS	22.59	WATER DEPT TOOL	01/18/2018	4100	-
7450	926	000000	994	SUMMIT SIGN AND SAFETY	120.94	KENT T JACKET	01/18/2018	4100	-
7430	593	000000	115	HOMEDEPOT.COM	64.50	LINE DIVISION TOOLS	01/18/2018	4100	-
7430	594	000000	115	HOMEDEPOT.COM	64.50	LINE DIVISION TOOLS	01/18/2018	4100	-

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Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
7450	642	000000	994	AMAZON MKTPLACE PMTS	74.11	WATER DEPT TOOLS	01/19/2018	4100	-
7450	642	000000	994	ENGELHART, INC	34.32	PART FOR WATER DEPT GENERATOR	01/19/2018	4100	-
7430	593	000000	115	HOMEDEPOT.COM	159.00	LINE DIVISION TOOLS	01/19/2018	4100	-
7430	594	000000	115	HOMEDEPOT.COM	159.00	LINE DIVISION TOOLS	01/19/2018	4100	-
7430	107.14	000000	327	BORDER STATES ELECTRIC	223.31	WEST SUB MATERIALS	01/24/2018	4100	160034XX - 1
7430	107.14	000000	355	STUART C IRBY	312.00	WEST SUB FEEDER MATERIALS	01/24/2018	4100	160034XX - 1
7430	593	000000	422	AMAZON.COM	52.88	TRUCK 22 TOOLS	01/25/2018	4100	-
7430	594	000000	422	AMAZON.COM	52.88	TRUCK 22 TOOLS	01/25/2018	4100	-
7430	107.14	000000	355	STUART C IRBY	63.97	WEST SUB FEEDER MATERIALS	01/25/2018	4100	160034XX - 1
7430	933	000000	786	NAPA PARTS - SNP 0027410	32.58	GLOVES FOR GARAGE	01/26/2018	4100	-
7430	593	000000	994	AMAZON MKTPLACE PMTS	37.28	LINE DIVISION BATTERIES	01/26/2018	4100	-
7430	594	000000	994	AMAZON MKTPLACE PMTS	37.28	LINE DIVISION BATTERIES	01/26/2018	4100	-
7430	107.14	000000	355	STUART C IRBY	507.15	WEST SUB FEEDER MATERIALS	01/26/2018	4100	160034XX - 1
7430	107.14	000000	327	BORDER STATES ELECTRIC	27.69	WEST SUB MATERIALS	01/26/2018	4100	160034XX - 1
7430	107.14	000000	327	BORDER STATES ELECTRIC	12.72	WEST SUB MATERIALS	01/26/2018	4100	160034XX - 1
7430	593	000000	994	DECKER SUPPLY INC	483.00	LINE DIVISION SAFETY CONES	01/30/2018	4100	-
7430	594	000000	994	DECKER SUPPLY INC	483.00	LINE DIVISION SAFETY CONES	01/30/2018	4100	-
Total:					48,005.76				

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 19, 2018 – 5:00 p.m.

Stoughton, WI

Page No. 1

Location: Edmund T. Malinowski Board Room
Stoughton Utilities Administration Office
600 South Fourth Street
Stoughton, Wisconsin, 53589

Members Present: Citizen Member Kym Ackerman, Alderperson Matt Bartlett, Alderperson Michael Engelberger, Citizen Member David Erdman, Citizen Member John Kallas, Alderperson Pat O'Connor, Mayor Donna Olson

Excused: None

Absent: None

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

Call to Order: Mayor Donna Olson called the Regular Stoughton Utilities Committee Meeting to order at 5:00 p.m.

Utilities Committee Consent Agenda: Stoughton Utilities staff presented and discussed the Stoughton Utilities Committee consent agenda items. Discussion followed.

Motion by Alderperson Pat O'Connor, the motion seconded by Alderperson Michael Engelberger, to approve the following consent agenda items as presented: Stoughton Utilities Payments Due List Report, Draft Minutes of the January 16, 2018 Regular Utilities Committee Meeting, Stoughton Utilities December 2017 Financial Summary, Stoughton Utilities December 2017 Statistical Report, Stoughton Utilities January 2018 Activities Report, Utilities Committee Annual Calendar, Communications. The motion carried unanimously 7 to 0.

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

Stoughton Utilities staff presented and discussed the following items from the Stoughton Utilities Committee that were approved and/or placed on file by the Stoughton Common Council:

- Stoughton Utilities Payments Due List Report
- Stoughton Utilities Committee October 16, 2017 Meeting Minutes
- Stoughton Utilities September 2017 Financial Summary
- Stoughton Utilities October 2017 Financial Summary
- Stoughton Utilities November 2017 Financial Summary
- Stoughton Utilities September 2017 Statistical Report
- Stoughton Utilities October 2017 Statistical Report
- Stoughton Utilities November 2017 Statistical Report
- Proclamation in Honor of Donald Hanson's Service to the City of Stoughton

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 19, 2018 – 5:00 p.m.

Stoughton, WI

Page No. 2

Information regarding Stoughton Utilities' Renewable Energy Program: Stoughton Utilities staff discussed the Renewable Energy Program and distributed generation, including customer participation rate, national recognition, and environmental impacts. Discussion followed.

Bad debt account write-offs through December 31, 2017: Stoughton Utilities staff presented the annual list of bad debt account write-offs for calendar year 2017. The delinquent balances presented remain after collection efforts of at least six months in duration have proven to be unsuccessful. Motion by Alderperson Michael Engelberger, the motion seconded by Citizen Member David Erdman, to approve the Bad Debt Account Write-offs through December 31, 2017, and recommend the Stoughton Common Council approve the write-offs and adopt the accompanying resolution. The motion carried 7 to 0.

Customer collections status report: Stoughton Utilities staff presented and discussed a status report on delinquent customer collections, including past history and current collection strategies. Stoughton Utilities' efforts in working with our customers to meet their financial obligations continue to be successful. Discussion followed.

Regulatory review of Water Utility rates: Stoughton Utilities Staff has conducted a thorough review of our current water rates and has determined that the water utility income has fallen below adequate levels to continue routine replacement of aging water mains and lead services. Staff presented current financial information and a residential bill comparison. Discussion followed.

Ordinance to amend Chapter 74 of the City of Stoughton Code of Ordinances, relating to utilities and sewer use: Stoughton Utilities Staff presented revisions to Chapter 74 of the City of Stoughton Code of Ordinances. Changes to the ordinance largely focus on allowed discharges, fats, oils, and greases (FOG) prevention including our grease trap inspection program, as well as other updates required to conform to our Capacity, Management, Operation, and Maintenance (CMOM) program, and the requirements set forth by the Wisconsin Department of Natural Resources and United States Environmental Protection Agency. Discussion followed. Motion by Alderperson Michael Engelberger, the motion seconded by Citizen Member David Erdman, to approve the amended ordinance, and recommend the ordinance to be adopted by the Stoughton Common Council, to be introduced on March 13, 2018. The motion carried unanimously 7 to 0.

Request to authorize the bid award for the replacement of sewer-cleaning truck #17: Stoughton Utilities Staff presented and discussed bid results for the replacement of sewer-cleaning truck #17. All bids came in significantly under the budgeted amount due to the trade-in credits. After careful consideration, it is staff's recommendation that the bid be awarded to Bruce Equipment for the purchase of a Vactor 2100 combination machine. Discussion followed. Motion by Alderperson Pat O'Connor, the motion seconded by Citizen Member John Kallas, to approve the bid award and purchase of the Vactor 2100+ from Bruce Equipment at the cost of \$392,920, less a trade in credit of \$85,000, and recommend approval to the Stoughton Common Council. The motion carried unanimously 7 to 0.

Revisions to Section III of the City of Stoughton Work Rules related to On-Call status: Stoughton Utilities Staff presented and discussed Stoughton Utilities' on-call rotation, including normal, holiday, and other schedules, and requested that changes be made to the language in

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, February 19, 2018 – 5:00 p.m.

Stoughton, WI

Page No. 3

Section III of the City of Stoughton Work Rules related to On-Call Status. This change will ensure staff trades the paging equipment and assumes on-call status at the end of the workday preceding any scheduled office closure, documenting past practice with an official work rule. Discussion followed. Motion by Alderperson Michael Engelberger, the motion seconded by Citizen Member David Erdman, to approve the proposed revisions to Section III of the City of Stoughton Work Rules related to On-Call status, and recommend approval to the Stoughton Personnel Committee and the Stoughton Common Council. The motion carried unanimously 7 to 0.

Adoption of the Addendum to the American Public Power Association (APPA) Safety Manual 16th Edition, 2017, Section 407(c): Stoughton Utilities Staff presented and discussed an addendum to the APPA Safety Manual currently used by Stoughton Utilities line workers. This addendum is related to rubber-gloving guidelines and worker safety. Discussion followed. Motion by Alderperson Michael Engelberger, the motion seconded by Citizen Member David Erdman, to adopt the Addendum to the APPA Safety Manual 16th Edition, 2017, Section 407(c), and recommend adoption to the Stoughton Common Council. The motion carried unanimously 7 to 0.

Utilities Committee future agenda items: Discussion regarding the potential rate impacts of overhead to underground electric system reconstruction, presentation of the Utilities 2017 annual audit and management letter, annual Drinking Water Consumer Confidence Report (CCR), status update on the ongoing construction of the new West Substation.

Adjournment: Motion by Citizen Member David Erdman, the motion seconded by Alderperson Michael Engelberger, to adjourn the Regular Stoughton Utilities Committee Meeting at 5:35 p.m. The motion carried unanimously 7 to 0.

Respectfully submitted

Brian R. Hoops
Stoughton Utilities Assistant Director

Stoughton Utilities

Financial Summary

January 2018-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 January 2018 results are reasonable in comparison to the December 2017 and January 2017 results. Detailed analysis is provided below.

Electric Summary:

- Electric sales increased \$19,000 compared to December due to an increase in demand revenue offset by a slight decrease in overall customer consumption and timing differences
- Purchased power costs increased \$40,100 compared to December due to a 5.69% increase in kWh purchased
- Other operating revenue increased \$44,100 compared to December due to the billing of the 1st half 2018 pole attachments
- Operating expenses decreased \$44,000 compared to December mainly due to year-end 2017 accrued wages, GASB 68 impact and three pay periods in December
- Non-operating income increased \$418,500 compared to December due to the recording of the 2017 MTM adjustment which was subsequently reversed in January 2018
- Non-operating expense increased \$18,100 due to the recording of the 2017 debt premium amortization in December

Water Summary:

- Other operating revenue increased \$29,300 compared to December due to the 2017 JMA true-up recorded in December 2017
- Operating expenses decreased \$137,600 compared to December mainly due to year-end 2017 accrued wages, GASB 68 impact, three pay periods in December and pump #7 rehab costs incurred in December
- Non-operating income decreased \$196,300 compared to December due to the closing out of the 2017 Nordic Ridge Phase II project
- Non-operating expense increased \$36,900 due to recording of the 2017 debt premium amortization and the annual true-up of interest expense in December

Wastewater Summary:

- Wastewater sales decreased \$5,700 compared to December due to a 4% decrease in sales consumption
- Other operating income increased \$6,400 compared to December due to the fact some surcharge revenue related to December was billed in January
- Operating expenses decreased \$88,300 compared to December mainly due to year-end 2017 accrued wages, GASB 68 impact and three pay periods in December
- Non-operating income decreased \$169,600 compared to December due to the closing out of the 2017 Nordic Ridge Phase II project

Submitted by:
Jamin Friedl, CPA

STOUGHTON UTILITIES

Balance Sheets

As of January 31, 2018

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Assets				
Cash & Investments	\$ 7,871,351	\$ 1,265,433	\$ 3,173,432	\$ 12,310,216
Customer A/R	1,482,025	196,106	201,702	1,879,833
Other A/R	181,137	152	4	181,293
Other Assets	964,762	436,173	268,379	1,669,314
Plant in Service	26,281,876	15,492,155	29,538,690	71,312,721
Accumulated Depreciation	(13,822,857)	(5,122,839)	(11,065,197)	(30,010,894)
Plant in Service - CIAC	3,431,532	7,589,175	-	11,020,708
Accumulated Depreciation-CIAC	(1,729,733)	(2,109,591)	-	(3,839,324)
Construction Work in Progress	2,709,125	18,200	63,468	2,790,792
GASB 68 Deferred Outflow	457,351	157,142	173,873	788,366
Total Assets	<u>\$ 27,826,567</u>	<u>\$ 17,922,106</u>	<u>\$ 22,354,352</u>	<u>\$ 68,103,024</u>
Liabilities + Net Assets				
Accounts Payable	\$ 510,405	\$ 64,272	\$ 45,079	\$ 619,756
Payable to City of Stoughton	475,976	456,805	-	932,781
Interest Accrued	41,803	14,041	32,546	88,390
Other Liabilities	367,109	99,242	128,074	594,425
Long-Term Debt	5,748,833	3,072,793	5,026,967	13,848,593
Net Assets	20,460,351	14,136,666	17,033,927	51,630,944
GASB 68 Deferred Inflow	222,090	78,286	87,758	388,134
Total Liabilities + Net Assets	<u>\$ 27,826,567</u>	<u>\$ 17,922,106</u>	<u>\$ 22,354,352</u>	<u>\$ 68,103,024</u>

STOUGHTON UTILITIES

Year-to-Date Combined Income Statement

January 2018

	Electric	Water	Wastewater	Total
<i>Operating Revenue:</i>				
Sales	\$ 1,248,505	\$ 166,074	\$ 164,893	\$ 1,579,472
Other	46,521	5,638	8,448	60,607
<i>Total Operating Revenue:</i>	\$ 1,295,026	\$ 171,712	\$ 173,341	\$ 1,640,078
<i>Operating Expense:</i>				
Purchased Power	939,897	-	-	939,897
Expenses (Including Taxes)	166,181	78,515	72,988	317,684
PILOT	37,333	36,500	-	73,833
Depreciation	92,758	41,100	70,583	204,441
<i>Total Operating Expense:</i>	\$ 1,236,169	\$ 156,115	\$ 143,571	\$ 1,535,855
<i>Operating Income</i>	\$ 58,856	\$ 15,597	\$ 29,770	\$ 104,223
Non-Operating Income	206,781	14,356	29,197	250,335
Non-Operating Expense	(12,971)	(4,258)	(10,225)	(27,454)
<i>Net Income</i>	\$ 252,666	\$ 25,695	\$ 48,742	\$ 327,103

STOUGHTON UTILITIES

Year-to-Date Combined Income Statement

January 2017

	Electric	Water	Wastewater	Total
<i>Operating Revenue:</i>				
Sales	\$ 1,165,241	\$ 166,476	\$ 159,822	\$ 1,491,540
Other	48,820	4,983	3,078	56,881
<i>Total Operating Revenue:</i>	\$ 1,214,061	\$ 171,459	\$ 162,900	\$ 1,548,420
<i>Operating Expense:</i>				
Purchased Power	886,690	-	-	886,690
Expenses (Including Taxes)	122,486	72,608	75,255	270,350
PILOT	33,000	35,083	-	68,083
Depreciation	82,988	38,392	67,917	189,297
<i>Total Operating Expense:</i>	\$ 1,125,164	\$ 146,083	\$ 143,172	\$ 1,414,420
<i>Operating Income</i>	\$ 88,897	\$ 25,376	\$ 19,728	\$ 134,001
Non-Operating Income	200,915	9,319	27,473	237,707
Non-Operating Expense	(13,605)	(7,833)	(11,250)	(32,688)
<i>Net Income</i>	\$ 276,207	\$ 26,861	\$ 35,952	\$ 339,019

STOUGHTON UTILITIES
Detailed Monthly Income Statements
January 2018

ELECTRIC

	January 2018	December 2017	Change from Prior Month	January 2017
<i>Operating Revenue:</i>				
Sales	\$ 1,248,505	\$ 1,229,496	\$ 19,009	\$ 1,165,241
Other	46,521	2,393	44,128	48,820
<i>Total Operating Revenue:</i>	\$ 1,295,026	\$ 1,231,889	\$ 63,137	\$ 1,214,061
<i>Operating Expense:</i>				
Purchased Power	939,897	899,762	40,135	886,690
Expenses (Including Taxes)	166,181	210,225	(44,044)	122,486
PILOT	37,333	31,626	5,707	33,000
Depreciation	92,758	106,156	(13,398)	82,988
<i>Total Operating Expense:</i>	\$ 1,236,169	\$ 1,247,770	\$ (11,600)	\$ 1,125,164
<i>Operating Income</i>	\$ 58,856	\$ (15,881)	\$ 74,737	\$ 88,897
Non-Operating Income	206,781	(211,766)	418,547	200,915
Non-Operating Expense	(12,971)	5,151	(18,123)	(13,605)
<i>Net Income</i>	\$ 252,666	\$ (222,496)	\$ 475,162	\$ 276,207

WATER

	January 2018	December 2017	Change from Prior Month	January 2017
<i>Operating Revenue:</i>				
Sales	\$ 166,074	\$ 167,819	\$ (1,745)	\$ 166,476
Other	5,638	(23,618)	29,255	4,983
<i>Total Operating Revenue:</i>	\$ 171,712	\$ 144,201	\$ 27,511	\$ 171,459
<i>Operating Expense:</i>				
Expenses (Including Taxes)	78,515	216,113	(137,598)	72,608
PILOT	36,500	34,392	2,108	35,083
Depreciation	41,100	22,289	18,811	38,392
<i>Total Operating Expense:</i>	\$ 156,115	\$ 272,794	\$ (116,679)	\$ 146,083
<i>Operating Income</i>	\$ 15,597	\$ (128,592)	\$ 144,189	\$ 25,376
Non-Operating Income	14,356	210,630	(196,273)	9,319
Non-Operating Expense	(4,258)	32,619	(36,877)	(7,833)
<i>Net Income</i>	\$ 25,695	\$ 114,656	\$ (88,961)	\$ 26,861

WASTEWATER

	January 2018	December 2017	Change from Prior Month	January 2017
<i>Operating Revenue:</i>				
Sales	\$ 164,893	\$ 170,563	\$ (5,670)	\$ 159,822
Other	8,448	2,006	6,442	3,078
<i>Total Operating Revenue:</i>	\$ 173,341	\$ 172,569	\$ 772	\$ 162,900
<i>Operating Expense:</i>				
Expenses (Including Taxes)	72,988	161,309	(88,321)	75,255
Depreciation	70,583	64,152	6,431	67,917
<i>Total Operating Expense:</i>	\$ 143,571	\$ 225,461	\$ (81,890)	\$ 143,172
<i>Operating Income</i>	\$ 29,770	\$ (52,892)	\$ 82,662	\$ 19,728
Non-Operating Income	29,197	198,809	(169,612)	27,473
Non-Operating Expense	(10,225)	(11,227)	1,002	(11,250)
<i>Net Income</i>	\$ 48,742	\$ 134,690	\$ (85,948)	\$ 35,952

STOUGHTON UTILITIES

Rate of Return

Year-to-Date January 2018

	<u>Electric</u>	<u>Water</u>
Operating Income (Regulatory)	\$ 58,856	\$ 15,597
Average Utility Plant in Service	25,751,446	15,428,295
Average Accumulated Depreciation	(13,608,776)	(5,023,526)
Average Materials and Supplies	151,635	41,481
Average Regulatory Liability	(121,884)	(188,258)
Average Customer Advances	(32,029)	-
Average Net Rate Base	\$ 12,140,392	\$ 10,257,992
January 2018 Rate of Return	0.48%	0.15%
January 2017 Rate of Return	0.73%	0.26%
December 2017 Rate of Return	6.46%	3.22%
Authorized Rate of Return	5.10%	5.25%

STOUGHTON UTILITIES
Cash and Investments Summary
As of January 31, 2018

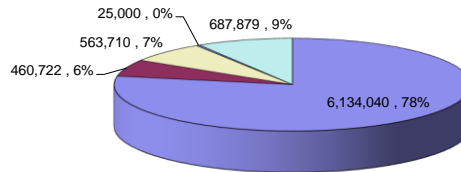
Electric

January 2018

Unrestricted (5.46 months sales)	6,134,040
Bond Reserve	460,722
Redemption Fund (P&I)	563,710
Depreciation	25,000
Designated	687,879
Total	<u>7,871,351</u>

Electric Cash - January 2018

■ Unrestricted (5.46 months sales) ■ Bond Reserve ■ Redemption Fund (P&I) ■ Depreciation ■ Designated



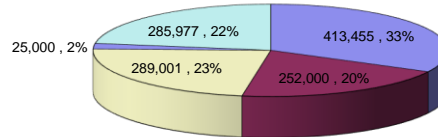
Water

January 2018

Unrestricted (4.21 months sales)	413,455
Bond Reserve	252,000
Redemption Fund (P&I)	289,001
Depreciation	25,000
Designated	285,977
Total	<u>1,265,433</u>

Water Cash - January 2018

■ Unrestricted (4.21 months sales) ■ Bond Reserve ■ Redemption Fund (P&I) ■ Depreciation ■ Designated



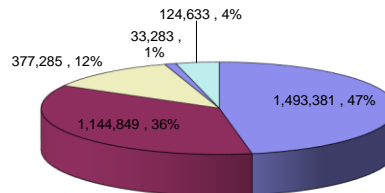
Wastewater

January 2018

Unrestricted (9.81 months sales)	1,493,381
DNR Replacement	1,144,849
Redemption Fund (P&I)	377,285
Depreciation	33,283
Designated	124,633
Total	<u>3,173,431</u>

Wastewater Cash - January 2018

■ Unrestricted (9.81 months sales) ■ DNR Replacement ■ Redemption Fund (P&I) ■ Depreciation ■ Designated



STOUGHTON UTILITIES
2018 Statistical Worksheet

Electric	Total Sales 2017 kWh	Total kWh Purchased 2017	Total Sales 2018 kWh	Total kWh Purchased 2018	Demand Peak 2017	Demand Peak 2018
January	12,379,222	12,812,545	12,585,260	13,204,183	23,662	24,195
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
TOTAL	12,379,222	12,812,545	12,585,260	13,204,183		

Water	Total Sales 2017 Gallons	Total Gallons Pumped 2017	Total Sales 2018 Gallons	Total Gallons Pumped 2018	Max Daily High 2017	Max Daily Highs 2018
January	37,110,000	43,748,000	35,884,000	44,660,000	1,629,000	1,668,000
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
TOTAL	37,110,000	43,748,000	35,884,000	44,660,000		

Wastewater	Total Sales 2017 Gallons	Total Treated Gallons 2017	Total Sales 2018 Gallons	Total Treated Gallons 2018	Precipitation 2017	Precipitation 2018
January	25,221,000	33,337,000	25,521,000	31,460,000	2.43	2.15
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
TOTAL	25,221,000	33,337,000	25,521,000	31,460,000	2.43	2.15



Stoughton Utilities Activities Report February 2018

Administration

Robert P. Kardasz, P.E.
Utilities Director

During February, the Utilities Director participated in meetings of the Common Council, Personnel Committee, Utilities Committee, and City Leadership Team, as well as internal meetings regarding current and future utility projects. Safety training was provided on personal protective equipment and hearing conservation, including audiogram testing. He attended the Wisconsin Wastewater Operators Association's Government Affairs Seminar, where numerous topics were discussed, including Stoughton Utilities' partnership with the Madison Metropolitan Sewerage District in the wastewater adaptive management program.

He also participated in the American Public Power Association (APPA) Legislative Rally in Washington, D.C. to advocate for numerous issues that directly affect Stoughton Utilities, including retaining tax-exempt municipal financing; regulation of the physical and cyber security of the grid, regulation of the distributed generation rates, local control of pole attachment rates and contractual terms, and more. Also advocated for were proper solutions for other issues facing APPA member utilities throughout the United States, including modifications to regional transmission and generation markets; nuclear regulatory authority; the sale of publicly owned generation, transmission, and distribution assets; railway competition and antitrust enforcement; and more.

Construction of the West Electric Substation continued on schedule, and our contractors have now been joined by contractors from the American Transmission Company who are building the transmission interconnection.

Electric crews concentrated on infrastructure inspections, overhead line clearance, and customer-led projects. Water crews continued maintenance projects on the wells, storage facilities, and distribution system. The wastewater crews concentrated on collection system maintenance and seasonal projects at the wastewater treatment facility.

Technical Operations Division

Brian R. Hoops
Assistant Utilities Director

Customer Payments: Staff processed 8,358 payments totaling \$1.52 million, including 1,445 checks, 1,742 lockbox payments, 1,024 credit cards, 1,261 *My Account* online payments, 2,044 automated bank withdrawals, 688 direct bank payments, and \$15,400 in cash.

Cross Connection Inspection Notices: The water division has begun their annual period of performing cross connection inspections. Front office staff mailed out letters to 216 residential customers requesting they contact us to make an appointment for SU staff to visit their home to perform the inspection.

Customers quickly filled up the available appointment slots, with 73 appointments scheduled in February and 20 appointments in March. We will continue to reach out by mail to the customers who have not yet made appointments.

Delinquent Collections: As of February 1, there were 1,789 active accounts carrying delinquent balances totaling nearly \$295,500, and 84 final-billed accounts carrying delinquent balances totaling nearly \$10,100. Of the total amount delinquent, \$90,300 was 30 or more days past due.

- Throughout the month of February, we mailed out 10-day notices of pending disconnection to 133 delinquent commercial (electric or water services) and residential customers (water or wastewater services). All residential customers receiving notices were at least two months and \$275 delinquent.
- An additional 445 past-due notices were mailed to residential customers that have only electric service.
- On February 26, we delivered automated phone calls to 12 commercial customers providing a 24-hour final notice of pending electric service disconnection. Automated phone calls were delivered to 55 residential customers providing a 24-hour final notice of pending water service disconnection.
- On February 27, one commercial electric service and six residential water services were disconnected due to continued nonpayment. All residential customers had balances greater than \$365 and were at least 80 days past due.

We ended the month of February with \$94,500 remaining 30 or more days past-due. For comparison, 30+ day delinquencies are 4.6% lower than this time last year (\$98,900).

Energy Assistance: During the month of February, energy assistance (EA) payments for 34 customers totaling over \$8,227 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.

The Public Benefits Program will continue to accept customer applications for energy assistance for the 2017-18 heating season through May.

We were notified by the Wisconsin Department of Administration that additional funding of \$5 million for low-income heating/cooling energy assistance and \$3.5 million for low-income public benefit crisis funding will be made available statewide through September. This will likely mean that supplemental benefits will be paid to SU customers who had previously received heating assistance over the winter, as well as additional crisis funding for customers who are at risk for disconnection.

Information Technology: Due to significant changes that have been made to the Payment Card Industry Data Security Standard (PCI DSS), system improvements have needed to be made to our public-facing servers. The revised standards regarding cryptographic protocols were announced in 2017, and merchants have until mid-2018 to bring their systems to compliance. This upcoming deadline has resulted in several of our software vendors issuing security patches to address the revisions to the standard. As a result, we have been making numerous configuration changes and testing and applying these patches.

We are made aware of the status of our compliance as part of our monthly vulnerability and penetration testing that is conducted through our PCI DSS compliance vendor. All of our systems are currently in compliance with the exception of one server application, for which the vendor has announced the necessary security revisions are scheduled to be released in March.

We are in the process of designing an interactive online form to allow our residential customers to apply for new service online through our website. This application communicates in near-real-time with our Customer Information System to obtain service addresses and information, verify existing customer identities, and securely store new customer data, including PII such as driver's license numbers and social security numbers. Programming is occurring on our public facing website, as well as a private backend site that interacts with the CIS database, with all communications between the two servers securely encrypted and protected. When complete, the application will collect all the necessary information, verify customer input, prompt the user when unexpected situations arise, and enforce our existing customer application requirements as required by the Federal Trade Commission and the Wisconsin Public Service Commission.

Numerous programming changes were made to our desktop credit card processing software and were published to users this month, including enhanced security and administration tools, and improvements to the backend system processes.

Public Power Scholarship: We have published the criteria for our annual \$1,000 Public Power Scholarship. This year, Stoughton High School students have the option of writing an essay or completing an energy audit of their home and documenting their findings. The application deadline is May 1.

SCADA Infrastructure and Software Upgrade Project: Progress continues at the substations for the infrastructure portion of the electric SCADA upgrade project. New voltage regulator controls were either replaced or upgraded at the North and South substations. At the South Substation, all fiber connections were completed to the new equipment.

Configuration of the headend software continues as new devices are brought online. Data validation is ongoing, and will continue to be reviewed up until all devices are fully commissioned. It is expected that this project will wrap-up in the spring.

Training and Meetings: Brian participated in a meeting of the Utilities Committee, a SU leadership meeting, and a meeting with our engineering consultant to discuss the SCADA project status and budget. He also participated in the 2018 American Public Power Association (APPA) Legislative Rally held in Washington D.C., including meetings with Congressman Pocan and Senators Baldwin and Johnson. Numerous legislative topics that have a direct impact on Stoughton Utilities and other public power communities, including bills currently under consideration in Congress, were discussed with our elected officials and their staff.

Billing & Metering Specialist Erin Goldade and Customer Service Technician Brandi Yungen participated in a webinar hosted by WPPI Energy on a new module that is being rolled out to the Northstar Customer Information System software. The Northstar “Automation Platform” is a set of tools that has been created to automate several complex billing and customer service processes that typically take numerous steps to complete, helping to save employee time and reduce errors. As WPPI continues to roll out this module at the first few member utilities, SU will watch to see how it works, and utilize the module once fully polished and error-free.

Brandi also attended another webinar “Electrified Transportation: Embracing the future” hosted by WPPI Energy as part of their Management Education Webinar series. This webinar discussed the predicted increase of electric vehicle availability, and the impacts they will have on the electrical distribution grids, rate design, and customer demand. Stoughton Utilities continues to investigate how best to encourage off-peak vehicle charging through the use of customer incentives and our Time of Day program rates.

Electric, Metering, Planning, and Water Divisions

Sean O Grady

Utilities Operations Superintendent

Annual Electric Line Clearance Work: Stoughton Utilities crews have been working to remove tree limbs from the overhead electric distribution system in the rural areas southeast of Stoughton, as well as spot trimming where needed. This work has been done when weather has allowed.

Annual Water Supply Cross Connection Summary Report: Each year the Wisconsin Department of Natural Resources (WDNR) requires us to provide a report detailing how many water supply cross connection inspections were performed across each customer classification. Inspections of our residential customers are completed by our Operations Specialist Marty Seffens, who performed 272 inspections in 2017. The inspections of our commercial and industrial customers are performed by an outside contractor.

Annual Water Withdrawal Report: Each year the WDNR collects and monitors how much water is pumped from the state’s aquifers. In 2017, Stoughton Utilities pumped a total of 518,985,000 gallons of water to our customers. This is down 2.6% from the total pumped in 2016, primarily due to water conservation efforts, as well as the cool and wet summer that resulted in less outdoor use.

Car vs. Fire Hydrant: We experienced a hit and run this month, where a vehicle struck a fire hydrant, pushing the barrel several feet from the original location. Staff made repairs and restored the hydrant to service.

Electric Services Installations: During the month of January, we installed one temporary construction services, four service installations for new construction, one overhead service upgrade, and one service repairs.

Emergency Siren: Installation of a new siren is underway in Racetrack Park by Dane County Emergency Management. SU will be providing electric service to power the siren and communication equipment. Installation is scheduled to be completed March.

Mapping Updates: Lineman Tony Wieczorek recommended replacing the text with symbols to locate fault indicators and normal opens on our underground distribution system map. This allows staff to identify important details at a glance, which increases efficiency and user confidence, which should help decrease outage restoration time.

McFarland State Bank: An estimate of customer contribution was prepared to extend three-phase power to the new building proposed to be constructed in the Kettle Park West subdivision. Construction is anticipated to begin in the spring.

Milestone Senior Living: Contractors bidding this project have been contacting the utility to obtain costs to install the necessary utility infrastructure to provide the site with electric service. The owner has requested an electric service that is larger than any other services that we have on our system, and we are currently working with them on exploring their options.

Transformer Inventory: Each year upon completion of our annual inventory and financial audit, staff discards transformers that were removed from our distribution system due to either component failure or exceeding their useful life expectancy. This year we sold and shipped 15 transformers to a company who will either recondition them for re-sale, or scrap them for materials.

Underground Primary Cable Fault Indicators: Lineman Tony Wieczorek reviewed our underground distribution system to determine locations where fault indicators should be installed to aid in locating faults in underground cables. Fault indicators work by emitting a red LED light beyond where the cable has failed. This technology can significantly reduce the amount of time required to locate an underground fault, thus allowing us to restore power to our customers more quickly.

Industrial Customer Outage: One of our largest industrial electric customers experienced equipment failures inside their facility that caused them to lose power to their manufacturing plant for over seven hours. Our line division did a great job to safely and efficiently isolate our distribution system from the manufacturing facility, testing our system for integrity, and later restoring power to the customer once they had made their repairs.

Vehicle Replacements: We placed orders off the State of Wisconsin Purchasing Contract for a service van for the Metering Division and a replacement 1-ton dump truck for the Electric Line Division. Our new bucket truck and digger-derrick were delivered this month, and training was provided to our operators. Staff also added markings for our logo and other placards, transferred the insurance, stocked the vehicles, and placed them into service.

Water Main Breaks: We experienced three water main breaks this month, a number pretty typical for late-winter. Staff did an excellent job protecting the public from the affected area, notifying affected customers of the necessary service outages, making underground repairs to the water main, and cleaning up the affected area. Permanent restoration of the road surfaces will be complete in the spring.

WDOT Roundabout Applications: Plans were submitted to the Wisconsin Department of Transportation for our relocation efforts of existing utility infrastructure located in the proposed construction areas for two

roundabouts on the northwest side of town. New roundabouts will be constructed where US Highway 51 intersects Silverado Drive and State Highway 138 West. Existing utility facilities located in the public right of way are required to be relocated in 2019.

Well 4 Motor Control Center (MCC) Project: Bids were received, reviewed and awarded for the replacement of the MCC and internal low voltage wiring inside the pump house and chemical room at Well 4. Much of the equipment being replaced is original to the construction of the well in 1963. This work will be completed in late summer/early fall of this year.

Well House Maintenance: Apprentice Lineman Aaron Mattingly made numerous repairs and improvements to electrical systems at our well houses, including repairs to a heater in the chemical room at Well 7; repairs to phase indicator lamps, run lamps, and an motor control center cooling fan at Well 6; and the addition of new exterior safety lighting at Well 4.

West and East Substations: Wildlife protection material has been ordered to complete the installation at east and west substations. Materials are coming in and we hope to have everything installed by the end of March. Wildlife protection devices help shield high-voltage devices from squirrels and other wildlife that jump, climb, fly, or dig into the substations. These improvements should help prevent future outages and damage to equipment.

West Substation: Construction of the new substation remains on schedule. The steel structure is complete, control cables and wiring has been installed, and crews are now working on the bus and jumper installations.

Meanwhile, American Transmission Company (ATC) has had a construction crew onsite in the nearby fields to install the concrete foundations for the new transmission line. This new line will connect the substation to the regional power transmission grid, delivering purchased power to Stoughton Utilities from regional generation facilities.

Materials for the exit feeders have been ordered and shipments are arriving at our central storage area. We expect to see crews mobilizing onsite next month. These exit feeders will connect the new substation to our existing distribution grid that provides the power to homes and businesses.

We continue to anticipate energizing the substation and placing it into service in the spring.

Wastewater Division

Brian G. Erickson
Stoughton Utilities Wastewater System Supervisor

The wastewater treatment facility processed an average daily flow of 1.110 million gallons with a monthly total of 31.288 million gallons. The total precipitation for the month of January was 3.51 inches, with 14.3 inches of snow.

Compliance Collection System Operation and Maintenance Manual: Our manual has been updated for 2018 operations. This manual is required by the Wisconsin Department of Natural Resources.

Eastwood Lift Station: We have experienced another pump failure at this station, which has been a persistent problem recently. We are working with our engineering consultants to design plans for station replacement in 2019, including investigating the possibility of consolidating the Eastwood and Amundson stations into one single station.

Employee Training: Staff attended several safety training sessions throughout the month, provided locally by our MEUW Safety Coordinator. I attended the Wisconsin Wastewater Operators Association's Government Affairs Seminar, held in Madison.

Plant Maintenance: Staff has been working on maintenance and repairs of miscellaneous equipment throughout the plant. Additional projects have included a rebuild of the digester recirculation pump, replacement of the digester flame trap assembly, and repair of the dissolved air flotation (DAF) flight and chain.

Plant Treatment: Wastewater treatment operations and effluent continue to be well below our permit requirements.

Polymer Issues: I have been working with our polymer vendor on an issue with one of our totes. It appears that the polymer may have frozen during delivery and compromised the tote. The treatment facility uses polymers to remove solids from water by means of coagulation and flocculation.

Sanitary Sewer System Repairs: A sinkhole forming in an alley next to a sanitary sewer manhole was reported to us by the Department of Public Works. Staff made temporary repairs to street and stabilized the manhole. We will be replacing the manhole in the spring.

Sanitary Sewer Municipal Code Changes: The updated language of the sewer use ordinance was presented to the Utilities Committee in February, who recommended approval of the ordinance revisions to the City Council. Changes to the ordinance are primarily related to acceptable discharges, and new inspections and control of fats, oils, and greases. The revised ordinance will be presented to the City Council at their March 13 meeting.

Sanitary Sewer System Maintenance: Staff continues to televise the sewer collection system while performing cleaning and repairs as necessary. This routine maintenance will continue throughout the winter months.

Sewer Cleaning Machine: Staff made a recommendation to the Utilities Committee, who have recommended approval of the purchase to the City Council. We hope to have the unit delivered in late spring so that it can be ready for use during the busy summer months. Unit recommendation and costs will be presented to the City Council at their March 13 meeting.

Winter Weather Conditions: Although this winter seemed milder than many in the past, we still experienced many days below freezing. Freezing weather can cause numerous issues at a wastewater treatment facility, where many of the tanks are exposed to the elements. Over the years, staff has developed and constructed several anti-freezing devices for some of the exposed tanks and equipment that were previously prone to freezing. Our efforts have paid off, as we have experienced any frozen equipment or any freezing damage throughout the winter.

Finance

Jamin Friedl, CPA
Stoughton Utilities Finance Manager

Accomplishments:

- Submitted an application to the Wisconsin Public Service Commission requesting a regulatory rate review of our water utility rates, which were last reviewed in 2016.
- Met with representatives from one of our banking service providers to discuss a possible increase to our earned credit rate, a reduction of our monthly lockbox fees, and enhancements to our purchase card system, including receipt-imaging simplification.
- Requested that another of our banking service providers review our current client analysis statements, which identified possible savings of approximately \$2,000 per month if we were to consolidate our banking services.

- The draft audit report was received from Baker Tilly, and staff has completed the Management's Discussion and Analysis.
- Processed A/P, A/R, CCER, payroll and treasury management approvals; tracked investment sales/purchases and income; and completed the monthly account reconciliation, work order closings, reporting and billing statistics for January 2018.

In Progress:

- Continue to work with the Department of Human Resources and Risk Management (HR) to finalize the scope for a payroll consolidation study requested by the Personnel Committee. Awaiting details from HR.
- Complete monthly account reconciliation and reporting for February 2018.
- Complete and file year-end Annual Reports with the Wisconsin Public Service Commission. Complete additional year-end reporting requirements, including the US Energy Information Administration (EIA) 861 reporting.
- Continued analysis of the consolidation proposal received from one of our banking service providers.

During the month of February, I participated in meetings of the Utilities Committee and Personnel Committee, and attended the Leadership Stoughton session discussing local law and governance.

Energy Services Section of the Planning Division

Cory Neeley

Stoughton Utilities and WPPI Energy Services Representative (ESR)

- We were successful in helping the Stoughton Parks & Recreation Department obtain a grant for the solar project to be installed in the new Nordic Ridge Park. They will receive over \$3,000 from the RFP for Renewable Energy Program administered by Stoughton Utilities and WPPI Energy.
- We are awaiting delivery of the results from studies undertaken by two of our largest customers. Both studies are in the report phase, after which they will be analyzed for economic feasibility and potential energy efficiency impact.
- I attended the B4 conference held in Wisconsin Dells to moderate a session on human centric lighting. Stoughton Utilities partnership with the Stoughton Area School District, and our funding of the tunable lighting project at Fox Prairie Elementary School, was promoted at the conference.
- An offer was made to a local industry that is one of our largest customers to provide their staff with training to assist them with installing sub-metering within their buildings to obtain more precise information on their energy intensive processes. The company plans to send three staff members.

Safety Services Section of the Planning Division

Andrew Paulson

Stoughton Utilities and Municipal Electric Utilities of Wisconsin Regional Safety Coordinator

ACCOMPLISHMENTS

1. Training

- a. Personal Protective Equipment
- b. Hearing Conservation
- c. Weekly Safety Manual Review

2. Audits/Inspections

- a. Field crew inspection: Water main break
- b. Field crew inspection: Electric tree trimming
- c. Utility walkthrough – General inspection
- d. WWTP walkthrough – General inspection
- e. Fork truck inspection

3. Compliance/Risk Management

- a. SDS management – MSDS Online implementation and data input
- b. Personal Protective Equipment – Written program updates and annual review
- c. Hearing conservation – Written program updates and annual review
- d. MEUW Safety Award Application
- e. Makeup audiograms testing
- f. Audiogram results review

GOALS AND OBJECTIVES

1. Training

- a. Conduct First Aid / CPR / AED training
- b. Workzone Safety

2. Audits/Inspections

- a. Field inspections
- b. Utility walkthrough
- c. WWTP walkthrough
- d. Wells
- e. Water towers
- f. First Aid kits
- g. Workzone safety supplies

3. Compliance/Risk Management

- a. Sling inspections
- b. Emergency response – Written program updates and annual review
- c. MSDS Online data entry

Regional Safety Coordinator was at Stoughton Utilities on February 1st, 8th, 15th, and 22nd.

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: March 13, 2018
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. Common organization acronyms used are:

APPA	American Public Power Association
AWWA	American Waterworks Association
MEUW	Municipal Electric Utilities of Wisconsin
WIAWWA	Wisconsin chapter of the American Waterworks Association
WPPI	WPPI Energy
WRWA	Wisconsin Rural Water Association
WWOA	Wisconsin Wastewater Operators Association

March 11-17, 2018	National Groundwater Awareness Week
March 19, 2018	Utilities Committee Regular Meeting: Annual Drinking Water Consumer Confidence Report (CCR), Presentation of the Utilities 2017 annual audit and management letter.
March 19-25, 2018	National Fix a Leak Week
March 26-29, 2018	WRWA Annual Conference – La Crosse
March 27, 2018	Common Council Meeting: Approve Utilities 2018 annual audit and management letter
April 16, 2018	Utilities Committee Regular Meeting: Present PSC Annual Reports
April 18, 2018	National Lineman Appreciation Day
April 29 – May 2, 2018	APPA Engineering and Operations Conference – Raleigh, NC
May 3, 2018	WPPI Regional Power Dinner Meeting – Fitchburg

May 6-12, 2018	National Drinking Water Week
May 14, 2018	Utilities Committee Regular Meeting: Annual reorganization and selection of meeting time and date; approval of the SU tax-stabilization dividends; discuss SU goals
May 16-19, 2018	MEUW Annual Conference – La Crosse
May 22, 2018	Common Council Meeting: Presentation of the tax-stabilization dividends
June 7, 2018	Orientation to WPPI – Sun Prairie
June 11-14, 2018	AWWA Annual Conference – Las Vegas, NV
June 15-20, 2018	APPA National Conference – New Orleans, LA
June 18, 2018	Utilities Committee Regular Meeting: Approve the annual Wastewater Compliance Maintenance Annual Report (CMAR); tour of well no. 5
June 26, 2018	Common Council Meeting: Approve the CMAR
July 16, 2018	Utilities Committee Regular Meeting: RoundUp Donation; tour of the Utilities Administration Building
August 20, 2018	Utilities Committee Regular Meeting: Approve Declaration(s) of Official Intent; tour the Wastewater Treatment Facility
August 2018, date TBD	WRWA Outdoor Exposition – Plover
September 11-14, 2018	WIAWWA Annual Conference – Madison
September 13-14, 2018	WPPI Annual Meeting – Madison
September 16-19, 2018	APPA Business & Financial Conference – Anaheim, CA
September 17, 2018	Utilities Committee Regular Meeting: Approve the Utilities 2019 Budget and five year (2019-2023) Capital Projects Program
October 2018, date(s) TBD	Common Council Budget Workshop(s)
October 2018, dates TBD	WWOA Annual Conference – Middleton
October 3-5, 2018	APPA Leadership Workshop – Orlando, FL
October 7-10, 2018	APPA Legal & Regulatory Conference – Charleston, SC
October 7-13, 2018	National Public Power Week
October 15, 2018	Utilities Committee Regular Meeting
October 25, 2018	WPPI Chief Executives Breakfast
October 30, 2018	Orientation to WPPI – Sun Prairie
November 4-7, 2018	APPA Customer Connections Conference – Orlando, FL

November 8, 2018	WPPI Building Customer Connections Workshop – Sun Prairie
November 13, 2018	Common Council action on the Stoughton Utilities 2019 Budget and CIP
November 19, 2018	Utilities Committee Regular Meeting
December 17, 2018	Utilities Committee Regular Meeting
January 14, 2018	Utilities Committee Regular Meeting: RoundUp Donation; Declarations of Official Intent
February 18, 2018	Utilities Committee Regular Meeting: Bad debt write offs
February 26, 2018	Common Council Meeting: Approve bad debt write offs
February 25-27, 2019	APPA Legislative Rally – Washington, D.C.
March 10-16, 2019	National Groundwater Awareness Week
March 18, 2019	Utilities Committee Regular Meeting: Annual Drinking Water Consumer Confidence Report (CCR)
March 17-23, 2019	National Fix a Leak Week
March 31-April 3, 2019	APPA Engineering and Operations Conference – Colorado Springs, CO
April 15, 2019	Utilities Committee Regular Meeting: Presentation of the Utilities 2018 annual audit and management letter, and the SU tax-stabilization dividends
April 18, 2019	National Lineman Appreciation Day
April 23, 2019	Common Council Meeting: Approve Utilities 2018 annual audit and management letter; presentation of the tax-stabilization dividends
May 2018, Date TBD	WPPI Regional Power Dinner Meeting – Location TBD
May 5-11, 2019	National Drinking Water Week
May 20, 2019	Utilities Committee Regular Meeting: Annual reorganization and selection of meeting time and date; discuss SU goals
June 2019, Date TBD	MEUW Annual Conference – Location TBD
June 7-12, 2019	APPA National Conference – Austin, TX
June 9-12, 2019	AWWA Annual Conference – Denver, CO
June 17, 2019	Utilities Committee Regular Meeting: Approve the annual Wastewater Compliance Maintenance Annual Report (CMAR); tour of well no. 5
June 25, 2019	Common Council Meeting: Approve the CMAR
July 15, 2019	Utilities Committee Regular Meeting: RoundUp Donation; tour of the Utilities Administration Building

August 19, 2019	Utilities Committee Regular Meeting: Approve Declaration(s) of Official Intent; tour the Wastewater Treatment Facility
September 13-14, 2019	WPPI Annual Meeting – Elkhart Lake
September 16, 2019	Utilities Committee Regular Meeting: Approve the Utilities 2019 Budget and five year (2019-2023) Capital Projects Program
October 14, 2019	Utilities Committee Regular Meeting
October 27-30, 2019	APPA Customer Connections Conference – New Orleans, LA
November 18, 2019	Utilities Committee Regular Meeting
December 16, 2019	Utilities Committee Regular Meeting



Stoughton Utilities

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

Serving Electric, Water & Wastewater Since 1886

Date: March 13, 2018
To: Stoughton Utilities Committee
From: Robert P. Kardasz, P.E.
Stoughton Utilities Director
Subject: Stoughton Utilities Communications

February 14, 2018 Stoughton Utilities news release regarding our sponsorship of performances of the National Theatre for Children at Stoughton elementary schools.

Winter 2018 The Winter 2018 Renewable Report, a direct mailing from Stoughton Utilities and WPPI Energy sent to all customers who participate in our Choose Renewable program.

February 28, 2018 Photos from the American Public Power Association (APPA) 2018 Legislative Rally in Washington D.C.

March 2018 March issue of Live Lines, a monthly newsletter published by Municipal Electric Utilities of Wisconsin (MEUW).

March 6, 2018 Stoughton Utilities billing insert regarding Energy Assistance funding being available through May 15, 2018.

March 8, 2018 WPPI Energy memorandum “Things You Should Know” from WPPI Energy President and CEO Michael Peters

March 9, 2018 Stoughton Utilities press release regarding staff’s participation in the American Public Power Association (APPA) 2018 Legislative Rally in Washington D.C.

March 9, 2018 Stoughton Utilities press release regarding the return of savings from the 2018 federal tax reform plan to our customers via the power cost adjustment clause (PCAC)



Stoughton Utilities

600 South Fourth Street
P.O. Box 383
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Serving Electric, Water & Wastewater Since 1886

News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

February 14, 2018

Contact: Brian R. Hoops, Stoughton Utilities Assistant Director

Stoughton Utilities sponsors educational performances at local schools

Professional actors from the National Theatre for Children (NTC) recently visited local elementary schools to perform “The Treasure Trove of Conservation Cove,” an educational play about energy conservation. In addition, teachers received digital games and activities that reinforce important concepts and lessons taught during the 25-minute play. All program costs are covered by a sponsorship from Stoughton Utilities and WPPI Energy, making this a cost-free resource for the schools.

“Stoughton Utilities has been proud sponsors of NTC productions for over 10 years. These productions teach students about important energy concepts in a way that really stays with them,” said Brian Hoops, Assistant Utilities Director.

The pirate-themed play follows the adventures of Captain Doorknob who, while on the hunt for the treasure of Conservation Cove, discovers the evil Pirate Pie-rat is wasting the cove’s resources. With the help of student volunteers and a zany cast of characters, Captain Doorknob learns ways

to save natural resources and stop Pirate Pie-rat. Performances were given to elementary school students at Fox Prairie, Kegonsa and Sandhill Elementary schools.




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

About National Theatre for Children

National Theatre for Children (NTC) is an award-winning educational program that uses storytelling to put a fresh spin on learning. NTC provides a number of resources for elementary schools, including theatrical productions, print and digital curriculum, professional development, extracurricular events and volunteers-in-the-schools. NTC has operations in the United States, Australia and New Zealand. To learn more, visit www.ntccorporate.com.

WINTER 2018

Renewable report

Shared strength through  WPPI Energy



www.stoughtonutilities.com
608.873.3379

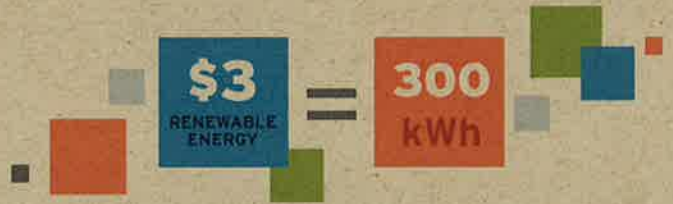
Choose Renewable: It's More than a New Name

True or false? Making the choice to buy renewable energy helps contribute to the cost of adopting and using more renewable energy. It's true! And, it's why we've renamed our program **Choose Renewable**.

This name change is designed to get the word out to more residential and business customers that their choice to purchase renewable energy—for as little as \$3 a month—makes an impact. \$3 buys one block of renewable energy produced by the sun, wind, and biogas resources.

Block by block, month after month, our customers choose to reduce the environmental impact of generating electricity and create a more sustainable energy future—and those are goals that many non-participants say they support, too. Our research shows that about half of our customers want us to offer options in how their energy is generated—they want an option to choose renewable energy.

Choose Renewable is more than a new name and logo—it's a call to action, one supported by those who already do. Just as we're encouraged to "buy local", we can "choose renewable" to make an impact in our community. Thank you for deciding to Choose Renewable!



sustainable LIFE HACK

Dealing with Slippery Situations

Does the widespread dumping of sodium chloride – to the tune of 8 to 12 million tons nationally (even more during especially snowy winters) – make you feel a little, well, salty?

While we need streets and sidewalks to be safe and ice-free, we also know that spreading too much salt pollutes water, hurts plants, and corrodes steel and

concrete. So, before winter finally melts away, consider eco-friendly alternatives, like wood ash, sand, kitty litter or sawdust (lumberyards and cabinetmakers can be a good resource) to provide traction on your sidewalk or driveway.

When buying an ice-melting product, read the ingredients and look for one that contains mostly magnesium chloride,

which is safer for pets and plants and is less corrosive than standard "salt" products, which consist of mostly sodium chloride. Other alternative products contain acetates, which are said to be less damaging than sodium chloride. And, always go easy with whatever deicer you choose – a little goes a long way!

What do you do in your home that saves energy or helps the environment? Submit your Sustainable Life Hack to renewablereport@wppienergy.org to be featured in the next issue. If your hack is chosen, you'll win a pack of LED light bulbs!



Stoughton Utilities is 1 of 45 utilities throughout Wisconsin, Michigan and Iowa that offer Choose Renewable through WPPI Energy. Together we support sustainable, green power for our communities.



MEMBER SPOTLIGHT: EAGLE RIVER, WIS.

Tiny in size—3.2 square miles with 1,398 residents—Eagle River has a big reputation as the Snowmobile Capital of the World, the Hockey Capital of Wisconsin and part of the world's largest chain of 28 connected lakes. This northern Wisconsin getaway is a place to enjoy spectacular scenery, including bald eagles, all year round.

Winter in Eagle River has its own unique appeal, luring visitors for sports both

motorized (snowmobiling) and motion-wise (cross-country skiing). In fact, the county has more than 500 miles of groomed snowmobile trails. But the biggest crowd of all comes for the Pond Hockey National Championships, where more than 2,000 competitors play on 30 outdoor rinks.

Given its natural beauty, Eagle River's residents and businesses see the value in helping to preserve the environment

through participation in the utility's Choose Renewable program.

"Our business wants to see renewable energy get a foothold in Wisconsin. That's why we support the Choose Renewable program and why we believe in energy efficiency efforts."

- Dan Anderson, owner of Dairy Queen in Eagle River

Choose Renewable



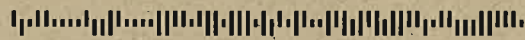
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Renewable report

READ THE RENEWABLE REPORT ONLINE

To receive this newsletter via email, contact us at RenewableReport@wppienergy.org. We also welcome your comments, questions or story ideas. Your e-mail address will be used solely for distribution of the *Renewable Report*.



JOIN US
twitter.com/WPPIEnergy



Purchasing two blocks of renewable energy each month is equivalent to the carbon dioxide reduction of planting over an acre of trees.











LIVELines

Volume 66, Issue 3 March 2018

2 MEUW Report

3 APPA Rally
Report & Photos

6 MSDS Online
Tools

7 New Rubber
Gloving Guidelines

9 Watt-Hour
Workshop Deadline
Today!

MEUW Energy Project: Moving Forward Together

By Paul Hermanson, MEUW President

MEUW's success as a member-focused, service-driven association of public power communities requires constant input and involvement from the people it serves. For the organization to always be of the greatest value to our members we must find ways to move forward together.

Direct participation in policy development, program design, legislative activism, and organization governance are essential tenets of what it means to be a member of this public power association. Active, engaged partners are a vital component of what truly gives MEUW strength and endurance.

Each member determines their level of involvement and commitment. Connection with MEUW can be demonstrated and accomplished in several ways:

- Submitting formal proposals to the board or participating in informal discussions at various events,
- Providing suggestions for improvement of existing services or ideas for new services,
- Offering constructive criticism to the board or complimenting staff for their help,
- Expressing your concerns about program content or demonstrating your commitment by attending meetings and seminars.

The most important and useful contribution any member can make is the willingness to be involved in any way possible at every opportunity available. Our main purpose must be to help us all move forward together. MEUW has initiated an extensive assessment and evaluation process to examine everything we do. The MEUW ENERGY PROJECT is underway, and we need input from all members for it to provide positive, useful results.

Continued on page 2

The **MEUW ENERGY PROJECT** is a comprehensive assessment of MEUW designed to ensure the association continues to be the most valuable, reliable, and trusted partner for Wisconsin's public power communities.



**ENERGY
PROJECT**

Important dates in the process:

March 19 – Focus Group at Oconomowoc

March 22 – Focus Group at Reedsburg

March 23 – Focus Group at Rice Lake

April 20 (or May 2) – Future Search Summit Planning (group discussion) in Wisconsin Dells, location to be determined.

July – Comprehensive Report completed

MEUW Report

From the MEUW Executive Committee

This month's article provides a summary of the February 20 Executive Committee meeting, an update on the Executive Director search, and an MEUW awards nomination reminder.

MEUW Executive Committee Meeting Update

The MEUW Executive Committee met on February 20, 2018 in Waterloo. Major items of discussion included the ENERGY Project, salary adjustments for MEUW staff, establishing a Public Power Protection Committee, and review of the 2018 MEUW Annual Conference program.

The ENERGY Project and 2018 MEUW Annual Conference will be covered extensively in other sections of this publication. Salary adjustments for MEUW staff were discussed and will be finalized by early March.

Discussion at the Board of Directors meeting in January included the need to establish a Public Power Protection Committee. The committee will be charged with developing materials that promote the advantages of public power and help to educate communities that have experienced significant turnover on their respective governing bodies. In addition, committee members would be mobilized to visit MEUW member communities that need assistance in this area. Formation of the committee will continue to be explored in the next few months.

Executive Director Search Update

The Executive Director position was advertised on February 5 in various trade publications and recruiting websites. The search committee – consisting of Tim Herlitzka, Randy Jaeckels, Leo Diehl, Randy Posthuma, Dale Bender, and Steve Zach – met via conference call on March 2 to review the initial candidates. The committee identified several candidates that will be interviewed in late March.

MEUW Awards – Call for Nominations

The MEUW Awards Committee distributed the annual awards nomination packet via email on February 27. The awards will be presented at a special reception on May 17 in La Crosse, as part of the 2018 Annual Conference. Please take the time to review the awards packet and nominate individuals you think are fitting of the awards. We look forward to recognizing the MEUW members who have contributed so much to the success of our association and public power.

We appreciate the opportunity to keep you updated through this transition and encourage you to contact any member of the MEUW Executive Committee with your questions, concerns and comments.

Paul Hermanson, Lake Mills (President) | p: 920-648-4026

John Murphy, Elkhorn (1st Vice-President) | p: 262-741-5129

Brian Knapp, Shawano (2nd Vice-President) | p: 715-526-3131

Tim Herlitzka, Waunakee (Secretary-Treasurer) | p: 608-849-8111

Randy Jaeckels, New Holstein (Past President) | p: 920-898-5776

Continued from page 1

MEUW Energy Project: Moving Forward Together

The ultimate goal of the MEUW ENERGY PROJECT is to ensure MEUW continues to be the most valuable, reliable, and trusted partner for our member utilities.



By taking an active part in this process - completing a comprehensive survey, participating in focus groups, and attending the large group discussion - every member can help MEUW design and implement the most effective plan for the future.

We will differ on what we want and need from MEUW. But expressing our opinions and debating our differences will better identify the programs and services that will best serve the membership. Please take advantage of this opportunity.

On behalf of the MEUW Board of Directors, I want to thank you for taking the time and making the effort to be a part of this process. We look forward to working with you to move forward together.

60 MEUW Members travel to Washington for APPA Legislative Rally!

By Randy Jaeckels, MEUW Past President

Almost 60 representatives from 27 of Wisconsin's public power communities gathered in Washington D.C. from February 26-28 for the 2018 APPA Legislative Rally.

The activities began with a reception and briefing session on Monday afternoon. I welcomed the attendees to Washington D.C. on behalf of MEUW. Joseph Owen, WPPI Energy's Manager of Government Affairs, reviewed the major issues to be discussed with members of Congress. The four issues included: (1) Keeping distributed generation decisions local, (2) Pole attachment regulation regarding broadband expansion, (3) Strengthening partnerships for a secure electric grid (cyber security), and (4) No expansion of mandatory electric capacity markets. Community representatives were also reminded to thank their Congressional representatives (if applicable) for supporting the preservation of the tax-exempt status of municipal bonds with the tax reform legislation.

As 2018 is an election year, discussion also took place about the importance of supporting the MEUW Friends of Public Power PAC/Conduit. Meeting attendees (and all MEUW members in leadership positions) were encouraged to support the Friends of Public Power program so support can be provided to legislators who back public power. Any size contribution helps in our effort to keep public power initiatives on the minds of legislators. More information can be found on the MEUW website or by contacting a MEUW Executive Committee member.

Wisconsin's delegates spent part of Tuesday morning attending the Legislative and Regulatory Committee meeting. Two members from the APPA staff addressed the attendees with an update on current federal legislative and regulatory issues. One of the hot topics in Washington at this time is possible legislation impacting infrastructure. While little discussion has taken place on energy infrastructure, grid modernization may be a part of the legislation along with a push towards privatization that could be harmful to some APPA members. Delegates were also informed of a bill in the House (HR 5003) that would reinstate advance refunding of tax-exempt bonds. Another very important issue APPA staff is monitoring is a push in Congress by the wireless communications industry to allow more availability of public power infrastructure (poles) to de-

ploy broadband services. The business meeting wrapped up with the delegates approving six resolutions that were presented to the group.

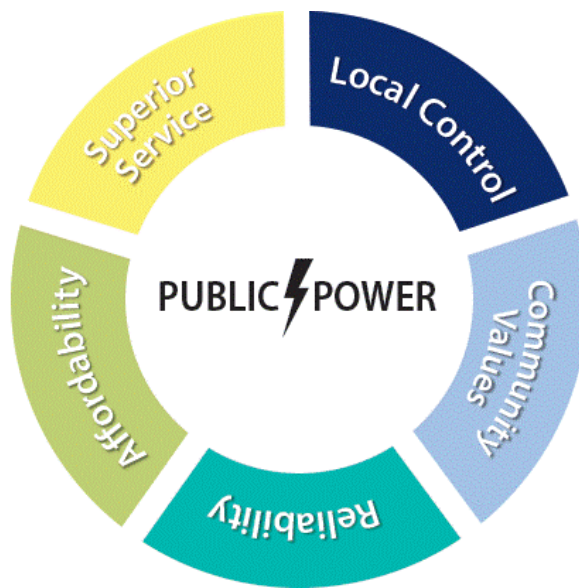
Following lunch on Tuesday, the Wisconsin contingent made their way to the offices of their representatives in the House to discuss the above-mentioned issues and to request their support for these issues. From the feedback received from our members, most of the representatives were supportive of our position on the issues. As always, it is now very important for MEUW members to follow up these personal visits with emails and letters thanking the Congressional representatives for their time, and summarizing the issues for them to monitor over the next several months. Tuesday's activities concluded with a social and dinner at a Washington restaurant for MEUW attendees where we discussed the day's meetings and networked on key issues in our communities.

MEUW representatives concluded their visit to Washington D.C. on Wednesday morning by meeting separately with Senators Johnson and Baldwin. Because the Rev. Billy Graham was lying in state in the Capitol rotunda, the meetings with the senators had to be moved from the Capitol

building to another building causing some logistical challenges. New Holstein's mayor, Dianne Reese, presented an issues packet to Senator Johnson and Mayor Justin Nickels of Manitowoc presented the issues packet to Senator Baldwin. Both senators spoke of the passage of tax reform legislation and the upcoming infrastructure legislation. Senator Baldwin also discussed rail issues. Each senator discussed the key issues we presented to them and answered questions from attendees. Following the meeting, the delegates boarded planes (and trains) to journey back to Wisconsin from another successful rally.

MEUW would like to thank WPPI Energy for leading the Wisconsin contingent this year and for putting in the hard work to make the rally a success. We are fortunate to be able to count on its strong support of our association. I would also like to thank those of you who attended the rally this year and helped make it a success. Your efforts make a difference!

Please mark your calendars for the 2019 APPA Legislative Rally that is scheduled for Feb 25 - 27, 2019 in Washington D.C.



Visiting Congress at the Washington D. C. APPA Legislative Rally



With Congressman Ron Duffy



With Congressman Ron Kind



With Congressman Mike Gallagher



With Congressman Glenn Grothman



With Congressman Mark Pocan



With Senator Baldwin



With Senator Ron Johnson



From the desk of Jamie Keough

2018 is sure flying by quickly! I cannot believe we are already into the month of March. Before we all know it, warmer weather will be here, and with it, all the hustle and bustle that warmth brings. Summer is always a busy time for our members and we hope that all of you can still join us for our upcoming events.

March features the Watt-Hour Meter Workshop in Green Bay. The workshop will run from Monday, March 19 through Thursday, March 22 at the Northeast Wisconsin Technical College (NWTC). Come early on Monday for the pre-workshop basic “refresher” class or attend the full three-day event starting on Tuesday designed for seasoned professionals. There will be a trade show on Tuesday, March 20 at the Radisson Green Bay in the Turtle/Bear room from 4:30-6:00 PM so come on over and enjoy the vendor booths, food and drinks.

The MEUW 89th Annual Conference is our big event of the year. This year it will be held in LaCrosse from Wednesday, May 16 through Friday, May 18 at the Radisson LaCrosse Hotel. The conference begins with a welcome reception from 5:00 - 7:00 p.m. at the Weber Center, which is just a short five-minute walk from the Radisson Hotel. Afterward, you may choose from any of the great restaurants in LaCrosse for dinner on your own.

Members are more than welcome to come to LaCrosse earlier on Wednesday to take in golf, a boat tour or even a brewery tour. We have NOT scheduled these outings and have left it to your discretion as to what you do during your free time. When we create the conference materials, we will include a list of eateries and things to do in LaCrosse.

We have a great agenda planned. Our theme for the conference is “Harnessing the Power of ...” Our keynote speaker is Dr. Stuart Robertshaw a.k.a. “Dr. Humor,” who will be speaking on the topic of “The Healing Power of Humor.” We are also going to look at the start of public power, where we are now and where we are going in the future with a variety of topics. Please mark your calendars because this is an event you won’t want to miss. We hope to see you all there!



Management Training Program graduates receiving recognition at Session D (left to right) Dan Meier, Hartford Utility Department; Paula Maurer, Menasha Utilities; Jean Jack, Kaukauna Utilities; and Ross Larson, Marshfield Utilities. Congratulations!

Upcoming Events

Mark Your Calendars! Visit the MEUW website for a full list.

- | | |
|-------------|---|
| March 19—22 | Watt-hour Meter Workshop, Green Bay |
| April 20 | Future Search Summit in Wisconsin Dells (alternate date is May 2) |
| May 16—18 | MEUW Annual Conference, La Crosse |
| June 6 | Management Training Program Session E—Personnel Issues, Wisconsin Dells |





MSDS online tools make communicating so easy!

Mike Czuprynko, MEUW Regional Safety Manager

Thank you to everyone who has submitted applications for the MEUW Safety Award. I have received just as many as last year, which is very encouraging.

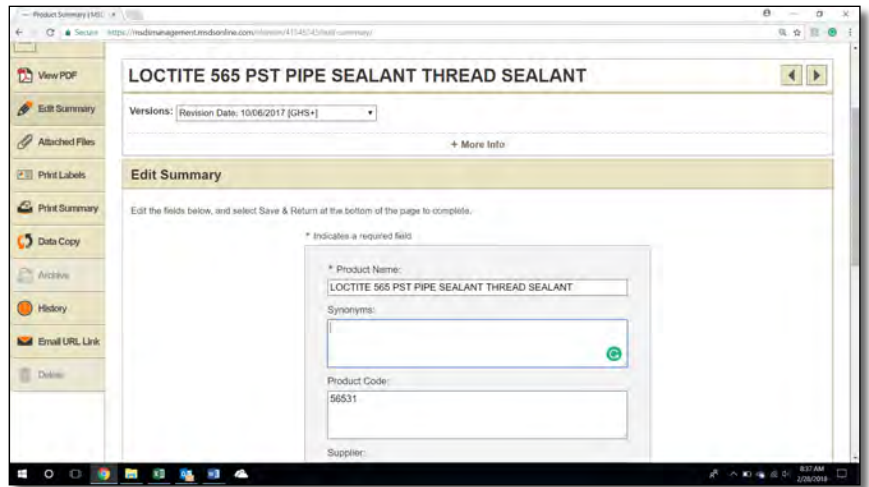
Now we will be going through and organizing them, and by next month's *Live Lines*, everybody should see who received what score. If you have forgotten to send me the application, I will still be accepting them for the next week or so.

Last month I wrote about the new DSPS reporting process. Hopefully it has been a smooth transition for everybody. The people I've heard from have been relieved it is so easy. If you still have some questions about it, please feel free to contact your regional coordinator or me.

I'd also like to welcome Eagle River Water & Light and Clintonville Utilities to MSDSonline! I have seen a lot of action between the communities that have been using MSDSonline and heard a lot of great feedback. One function of

MSDSonline that I wanted to share with everybody is its ability to understand and use synonyms.

Let's say you have a chemical with a long chemical name such as "Methyl-Ester-Chlorine" but your employees call it MEC. All you have to do is go to your e-binder -> click on the SDS Summary -> click "Edit Summary" in the left-hand column -> and the synonyms field will pop up. (See example below.)



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You can put as many synonyms in there as you want. Once you put a synonym in the system, let's use "MEC" as an example, then every time a user types "MEC" in the search field, Methyl-Ester-Chlorine will come up.

As always, if anybody has any questions, or would like to learn more about all the services that the Regional Safety Program can offer, feel free to give me a call.

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MEUW trains lineworkers on new Rubber Gloving Guidelines

Steve Hedden, MEUW Job Training and Safety Instructor

As you probably already know, we are in the process of teaching the new Rubber Gloving Guidelines as found in the Addendum to section 407(c) in the APPA Safety Manual. Overall, the reception to the training has been very good. I have had a couple of questions from concerned members asking why we are going backwards from the new “Cradle to Cradle” rule. In my view, this is not the proper way to look at it. While we are reverting to the former APPA rule, which is current OSHA standard, the primary focus is to prevent accidental electric contacts. Previously, our safety manual and the OSHA 1910.269 standard both stated we had to wear rubber gloves when we entered the minimum approach

distance to any energized conductor or equipment. This left the application of the rule up to personal interpretation as to how to apply and maintain the minimum approach distance rule.

When OSHA revised the 1910.269 and 1926 Subpart V standards in 2015 they were asked to consider imposing the “Cradle to Cradle” gloving rule. The following statement was posted in the Federal Register on page 20457 on April 11, 2014 explaining why OSHA did not adopt the Cradle to Cradle rule. “It is important for employers to train employees not only in the applicable minimum approach distances, but also in how to maintain those distances...The training of qualified employees required under § 1926.950 and the job planning and briefing required under § 1926.952 must address selection of the proper working position.” To clarify this point, 1926.950(b)(2)(iii) requires employers to “train qualified employees in the minimum approach distances specified in this subpart corresponding to the voltages to which the qualified employee will be exposed and the skills and techniques necessary to maintain those distances.”



The MEUW Safety & Education Committee agrees with this position. Committee members believe it is important to train our lineworkers to fully understand minimum approach distance and to have the skills and techniques necessary to maintain these distances. MEUW has taken this approach in the MEUW Gloving Guidelines, which establishes minimum requirements and clearly states our expectations when rubber gloving. The Addendum and Gloving Guidelines are being provided to members at the current JT&S Rubber Gloving Session. The Gloving Guidelines is to be used as a guideline and reference for our members’ employees who are required to perform rubber gloving tasks.

The two key elements in Rubber Gloving training are understanding where the minimum approach distance begins and then employing insulation and isolation methods to accomplish this. Lineworkers should insulate themselves from energized lines and equipment using rubber gloves and rubber sleeves and also insulate energized lines and equipment by using rubber cover-up. Isolation prevents the creation of a path to ground or to another energized potential. Whether a lineworker is successful or not depends on properly insulating all items at ground potential or another phase potential in his workspace. By insulating himself from ground or phase potentials, a lineworker is stopping the circuit from completing and preventing current flow across his body. If, by accident, contact is made or a rubber glove fails, the lineworker would then be much the same as a bird sitting on a wire, energized, but with nowhere for the voltage to go and no current flow to cause him harm.

I believe if our electric utility personnel grasp these methods and employ them we will not have any more accidental electric contacts in the future. To do this, we first need to provide clear training for our lineworkers. Next, supervisors must be responsible for conducting job site inspections to enforce the gloving guidelines.

The most important factor in staying safe is your utility personnel following the gloving guidelines while performing rubber gloving work on your electric distribution system.

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How to position, test and maintain smoke alarms

Mike Martin, Regional Safety Coordinator, Region 4

It's that time of year. Daylight Savings Time starts March 11 and it's time to look at our smoke alarms. When is the last time you changed the batteries

in your smoke alarm? Are you like most people, waiting until it chirps to change the battery?

The best practice is to replace the batteries twice a year and the best time to do it is when the time changes. Remember to always use fresh batteries. Hard-wired smoke alarms also have a battery backup in case of power loss and their batteries also need to be replaced twice a year.

Warning - never ignore your smoke alarm! If the alarm sounds and you don't know the source of the smoke, evacuate the building. Stay calm and follow your escape or evacuation plan. Call the fire department from outside of your home or place of business.

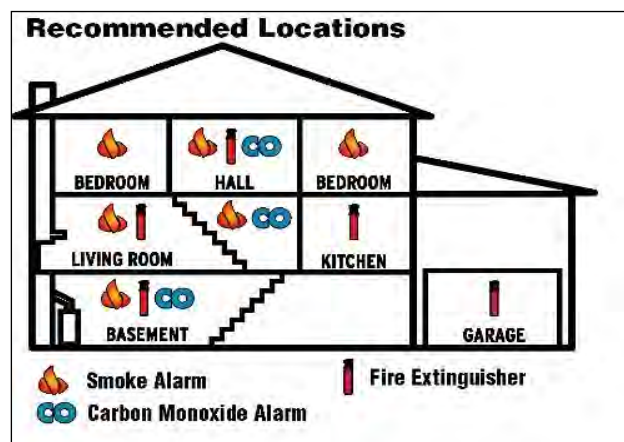
If you have a newer home, your smoke alarms will be hard-wired and interconnected, meaning they communicate with each other. So, if one smoke alarm detects smoke, all interconnected alarms will sound. If your home is older you can buy smoke alarms that are wireless and will do the same job as hard-wired smoke alarms. If you have older smoke alarms, you may want to look at adding more and purchasing wireless ones.

Test/Silence Button. The easiest way to make sure that your smoke alarms are functioning properly is to push and hold the test/silence button until the alarm sounds. It is important to test your smoke alarms every week to make sure they are working properly. The test button is usually the best way to test them unless the manufacturer's instructions recommends another way. If any smoke alarm does not work during testing, make sure it is receiving power and test it again. If it still does not go off and it is battery-operated, replace the battery with a new battery. If it is

hard-wired, replace it immediately. During the test you should hear a loud, repeating horn pattern: 3 beeps, pause, 3 beeps, pause. When testing interconnected units, you must test each unit individually. Make sure the alarm on all units goes off when each one is tested. This button may also silence unwanted or nuisance alarms. The alarm will be silenced for about 10 minutes. The alarm can be re-tested while in silence mode by pushing the test/silence button.

Caution! Never test your smoke alarm by forcing a cigarette or other forms of smoke into the alarm.

If you choose to use an aerosol smoke product be sure to use one that is listed by Underwriters Laboratories Inc. Safety Standards and use it only as directed. Use of non-UL listed products or improper use of UL listed products may affect the smoke alarm's sensitivity and shorten the expected life of the alarm. Please check the manufacturer's instructions for your unit for future information.



This diagram shows good locations for smoke alarms. Smoke alarms should be placed in every sleeping unit and in the hallway outside sleeping units as well as on every floor including the basement.

A smoke alarm is designed to be as maintenance-free as possible, but there are a few simple things you must do to keep it working properly. Gently vacuum off any dust on the cover once a month using your vacuum's soft brush attachment. Test the unit after vacuuming the cover. Dust and insects can cause nuisance or false alarming of the unit. Never use water, cleaners or solvents since they may damage the unit. When the battery back-up becomes weak, the smoke alarm will "chirp" about once a minute (the low battery warning). This warning should last seven days, but you should replace the battery immediately to continue your protection. Never paint over your smoke alarm. Smoke alarms have a limited life. The smoke alarm should be replaced immediately if it is not operating properly. You should always replace a smoke alarm after ten years from date of installation. The best way to remember is to write the date of installation on the back of your smoke alarm.

Classifieds

For more detail on any of these job opportunities, go to the MEUW website and click Employment or [Click Here!](#)

Manitowoc Public Utilities is seeking a full-time Journeyman Line Technician to construct and maintain electric power facilities up to 69 kilovolts. Minimum requirements to apply include a Journeyman certification in Electric Line Trade and a minimum five years of journeyman experience. Send applications or resumes to MPU, Attn: Carissa Grimm, P. O. Box 1090, Manitowoc WI 54221-1090. **The position will remain open until filled.**

Waunakee Utilities is accepting applications for a Journeyman Electric Line Worker or Apprentice. This position will be involved in the operation, construction, maintenance and repair of the electrical system. Applicants must have a high school diploma or equivalent, and have a valid driver's license. Journey level applicants must have successfully completed a state indentured apprenticeship program. Qualified persons are encouraged to apply by **March 15** by completing the application that is available from Waunakee Utilities at www.waunakeeutilities.com. Please enclose a resume with the application. Contact Tim Herlitzka at (608) 849-2899 or therlitzka@wppienergy.org with questions and to submit the application and resume.

DEADLINE to REGISTER TODAY

MEUW JT&S Watt-Hour Meter Workshop

March 19—22 Green Bay

Registration Deadline March 5

Registration fee: \$500

Pre-Workshop Session: \$75

[Click here for more information.](#)

This three-day workshop is a must-attend for meter technicians who want to keep up-to-date on the latest approved work practices, technologies, and equipment. New to the field? Attend Monday's Pre-Workshop for a basic hands-on training.



Already registered? Don't forget to bring your laptop with meter program, your utility's metering wiring diagrams, a pre-wired meter socket, hand tools, FR clothing, your hard hat, safety glasses, class 0 rubber gloves and work gloves!



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- Governance Series: Know Your Statutory and Fiduciary Duties **March 7**
- Electric Utility Series 101: Exploring Electric Utility Regulations & Business Models **March 8**
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www.stoughtonutilities.com

Things You Should **KNOW**

Michael W. Peters, President & CEO

Monthly Wrap-Up for February 2018

Issued March 8, 2018

Things You Should Know is my monthly wrap-up for members of all things related to WPPI Energy. As always, I welcome your feedback. Hearing directly from you is critical to our ability to serve our members. If you have any questions, comments or concerns, please contact me at 608-834-4557 or mpeters@wppienergy.org.

WPPI Energy Board Approves Bond Issuance, Takes Action to Pass Anticipated Tax Savings to Customers. In recent editions of this memo, I have described for you WPPI Energy's plans for a 2018 bond issuance, as well as what we anticipate thus far regarding potential costs savings to WPPI Energy members as a result of the recently enacted federal corporate income tax cut. During its webinar-based meeting today, the WPPI Energy Board of Directors took action on some related measures anticipated to result in wholesale electric cost savings for members.

Bond Refunding. The board approved the issuance of up to \$47.3 million in 2018 A bonds in order to refund a portion of WPPI Energy's outstanding 2008 A bonds. The board further resolved to use other available funds in order to pay off early the remaining 2008 A bonds maturing in 2019 and 2020. The new bonds, which WPPI Energy expects to issue in April, would have a lower interest rate, resulting in a projected net present value savings of \$6.1 million.

The savings will primarily occur during the next five years. In 2018, the refunding, along with the early payoff of other bonds, is expected to lower WPPI Energy's revenue requirement by \$3.9 million. These savings are already included in the 2018 budget.

On a related note, in February we met with all three credit rating agencies, to discuss our anticipated 2018 bond offering. All three have since determined that they will maintain their current ratings for WPPI Energy, which are: A1 (Moody's), A (S&P) and A+ (Fitch). You can expect to hear at our May Board of Directors meeting a summary of the bond transaction.

Corporate Income Tax Savings. Although we do not pay federal income taxes, we anticipate WPPI Energy will be able to deliver cost savings related to a new federal law decreasing the corporate income tax rate. We purchase power and transmission service from companies that do pay federal income taxes, and those agreements are structured so that some of their tax savings would be passed through to WPPI Energy. In 2018, the impact of these savings is expected to lower WPPI Energy's wholesale rate to member utilities by an estimated 3%.

In order to help limit cost volatility, WPPI Energy's wholesale rate schedule is designed to smooth out demand cost fluctuations that are 5% or more above or below budget each month. Any resulting over- or under-collections of revenues flow through to a stabilization fund set up for this purpose. Since demand costs are generally stable and known at the time the budget is developed, the 5% bandwidth is not typically impacted. However, under this structure, a significant amount

of the anticipated corporate tax savings would have been deposited into the stabilization fund rather than flowing through to members.

With this in mind, following WPPI Energy staff's recommendation, the board took action this morning to adjust our wholesale rate schedule for 2018 in order to allow additional savings outside of the 5% bandwidth to flow back to members.

The tax savings will flow back to WPPI Energy member utilities via the monthly Power Cost Adjustment on their wholesale bills. The PCA reflects monthly variations in wholesale costs driven by seasonal changes, fluctuations in customer demand, increasing fuel costs, and other factors. For WPPI Energy member utilities with a corresponding retail Power Cost Adjustment Clause (PCAC) in place, their wholesale savings will be passed along to customers via the PCAC charge on their monthly retail bills.

News Release Available: Utility Will Pass Anticipated Tax Savings to Customers. We have prepared a customizable news release that your utility can use to share with your community the news of the board's action to pass WPPI Energy's anticipated corporate income tax-related savings back to members and their customers. You can access the document using the link featured in today's Weekly Digest email to WPPI Energy members; by visiting the member news releases page on our members-only website, myWPPI; or by contacting Anne Rodriguez at 608-834-4569 or arodriguez@wppienergy.org.

2017 Audit Report Complete and Accepted. Also, earlier this morning, the WPPI Energy Executive Committee reviewed and accepted a report on the 2017 WPPI Energy audit, which affirmed our joint action agency's continued strong, stable financial position. WPPI Energy Chief Financial Officer Marty Dreischmeier will send the audit report to the Board of Directors this week.

Shared Meter Technician Service Continues to Grow and Deliver Results. Our Shared Meter Technician Service (SMTS) reached a significant milestone this past month: with the addition of two more participating members, the program is now subscribed at the equivalent of one FTE.

Since its introduction in 2014, this service has grown to become one of our most popular new offerings. The SMTS program, which now has 31 WPPI Energy members participating, enables interested members to subscribe to a share of a meter technician to perform local electric metering work. WPPI Energy hires, trains and equips the meter technician staff to be provided to members at cost, and members can elect to participate in increments beginning at 2.5% FTE.

The service affordably and practically provides individual members access to the kind of specialized, highly trained staff expertise needed for keeping up with complex and always changing meter technology. Costs are shared among participating members, and all WPPI Energy members are eligible to sign up.

Correcting Losses. Participation in the SMTS program delivers significant and meaningful results for members and their customers. Identifying and correcting losses is just one example. As you know, when a local utility's retail energy sales total significantly less than the utility's wholesale purchases, that's a sign of losses occurring somewhere on the distribution system. This is an area where our shared meter technicians can and do help.

Baraga and L'Anse are two communities that have seen great results in this area. When the communities signed on to the SMTS in 2014, both had annual average distribution losses of a little more than 12.5%. With the help of WPPI Energy's shared meter technicians, both utilities have since identified and corrected issues with their meters and billing. By 2017, the utilities had reduced their distribution losses by about one-third to one-half.

As Baraga Village Manager LeAnn LeClaire recently commented, "The Shared Meter Technician program has been a huge asset to the village."

I should add that our account management staff was also there for the members' customers affected by the metering issues. U.P.-based Energy Services Representative Brett Niemi worked with the shared meter technicians, the utilities and their customers to describe clearly the problems that were identified, explain why corrections were necessary, and support the customers as they prepared for the billing changes that would result.

Infrared Inspections Deliver Additional Value. Faulty equipment on a utility distribution system can result in safety risks for utility workers and the public, as well as causing unexpected outages that can inconvenience customers and undermine their confidence in the local utility. Infrared inspection of the distribution system, which identifies heat associated with poor connections and failing apparatus, is one of the most effective and proactive ways to prevent such issues. For many utilities, however, the cost of an infrared camera, and the need for training to operate and interpret the results from this equipment, are significant barriers to accessing this extremely useful technology.



WPPI Energy Metering Engineer Mike Dolinac with an infrared camera

Recognizing this as an opportunity where joint action could help members cost-effectively access the technology and expertise necessary to meet their local needs, we recently added infrared inspection to our SMTS. WPPI Energy's meter techs are Level-1 certified infrared operators, and pooling member needs in this area means that we can provide this important function at about half the cost that members would incur through a traditional infrared inspection contractor.

The addition of infrared inspections has helped drive our membership's increased participation in the SMTS. For a number of the communities who recently joined the program, this function alone has made their participation more than worthwhile.

Working together, our members have identified and developed in the SMTS program a valuable, shared service to cost-effectively meet local needs that would otherwise be difficult and expensive to address alone. For more details, contact Chris Chartier at cchartier@wppienergy.org or 608-834-4514.

Another Successful Legislative Rally. I would like to thank each of the 48 utility staff and local officials representing 22 WPPI Energy communities who attended the American Public Power

Association Legislative Rally February 26-28 in Washington, D.C. to advocate on behalf of their customers.

Participating WPPI Energy members from communities in Wisconsin met with U.S. Sens. Baldwin and Johnson, Reps. Pocan, Kind, Grothman, Duffy and Gallagher, and the office of Rep. Sensenbrenner. Our members from Michigan met with U.S. Sen. Stabenow and Rep. Bergman.

They voiced support for energy policies aimed at keeping utility costs stable and maintaining local control, particularly in the areas of municipal bond financing, distributed generation, utility pole attachments, electric grid cybersecurity and electric capacity markets.

The legislative rally is an important opportunity for public power communities to have their voices heard by members of Congress, and I am always impressed by watching our members work together to advocate for the benefit of those they serve. To all who attended, please know that your dedication and enthusiasm are greatly appreciated.



2018 APPA Legislative Rally attendees with U.S. Sen. Tammy Baldwin (center)

Coming in 2018: Regional Power Dinner Series. Our WPPI Energy member outreach efforts in 2018 will center on a series of regional dinner meetings with local utility staff and officials from across the membership this spring and early summer. We host these “Power Dinners” every other year to discuss timely WPPI Energy and electric industry issues. Last time around, in 2016, we hosted about 160 attendees from 39 different communities at seven dinner events. I hope we will see at least the same or even more participation this year.

As you may be aware, on the opposite years from our regional dinners, WPPI Energy typically carries out visits to each member utility governing body. Although we will not be actively reaching out to schedule a visit to your governing body in 2018, please keep in mind that we are always glad to plan a presentation anytime at your request.

Details about the regional dinners, including registration information, are included in today’s Weekly Digest. For more information, please contact Lauri Isaacson at 608-834-4571 or lisaacson@wppienergy.org.

I am always open to suggestions and feedback from WPPI Energy members. If you have any questions, comments or concerns about WPPI Energy or the updates I have provided here, please don’t hesitate to contact me at 608-834-4557 or mpeters@wppienergy.org.



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News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

March 9, 2018

Contact: Robert Kardasz, Utilities Director

Local Leaders Advocate for Public Power in Washington, D.C.

Stoughton Utilities Director Robert Kardasz and Assistant Director Brian Hoops advocated on behalf of Stoughton Utilities and the over 2,000 public power communities across the U.S. at the American Public Power Association's (APPA) 2018 Legislative Rally. They joined representatives from other WPPI Energy member communities in Washington, D.C. February 26 through February 28, where they conducted in-person meetings with members of Congress.

“The legislative rally is an opportunity for public power representatives to come together as a strong, united group to speak with legislators about important energy policy that has the potential to affect the utility, community and public power as a whole,” said Robert Kardasz, Utilities Director. “We support policy aimed at keeping utility costs stable and maintaining local control.”

The group met with Wisconsin Senators Tammy Baldwin (D) and Ron Johnson (R), as well as Representative Mark Pocan from Wisconsin's second congressional district. During these meetings, they thanked the legislators for maintaining the tax-exempt status of municipal bonds throughout the tax reform process, and encouraged them to support municipal bond-related policy recommendations that will save public power customers money on electric and water infrastructure projects.

They also encouraged legislators to oppose legislative proposals that would expand the federal government's role in decisions about how Stoughton Utilities manages its day-to-day operations.

“We believe that decisions about how to best manage our local utility ought to be left to the local leaders who know our system best,” said Robert Kardasz, Utilities Director. “I was very happy with how supportive our federal legislators were on that issue.”

“It’s important for local leaders to meet with their legislators to share their perspectives on energy policy and its effects on public power communities,” said Joseph Owen, Manager of Government Relations for WPPI Energy. “Even thoughtful and well-intentioned legislative proposals can have unintended consequences, and the Wisconsin Congressional delegation is always receptive to hearing about those concerns.”



Public Power representatives from Wisconsin’s Congressional District 2, including representatives from Stoughton Utilities, meet with Congressman Mark Pocan

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



Stoughton Utilities

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Serving Electric, Water & Wastewater Since 1886

News Release

Stoughton Utilities

FOR IMMEDIATE RELEASE

March 9, 2018

Contact Brian Hoops, Assistant Utilities Director

Stoughton Utilities Will Pass Anticipated Tax Savings to Customers

Stoughton Utilities acted recently on a measure that is anticipated to reduce wholesale electric costs. The utility will pass the savings on to local customers.

The Board of Directors for WPPI Energy, which is Stoughton's wholesale power supplier, resolved during its March 8 meeting to adjust WPPI Energy's wholesale rates for 2018 because the board anticipates WPPI Energy will benefit from a lower federal corporate tax rate. The action is projected to lower wholesale electric costs for the local utility.

"We supported this measure because it will benefit local residents and businesses," said Brian Hoops, Assistant Utilities Director. "Stoughton Utilities operates on a not-for-profit basis, so the savings we receive will flow back to our customers."

As a member-owner of WPPI Energy, Stoughton is represented on the Board of Directors by Utilities Director Robert Kardasz. Assistant Director Brian Hoops serves as the community's board alternate. Brian Hoops participated in the March 8 meeting and voted in support of the measure.

Corporate Income Tax Savings

WPPI Energy and its member utilities anticipate delivering cost savings related to a new federal law decreasing the corporate income tax rate. Even though it does not pay federal income taxes, Stoughton Utilities and WPPI Energy purchases power and transmission service from companies that do, and the transactions are structured so that some of those companies' tax savings would be passed through to WPPI Energy.

In 2018, the impact of these savings is expected to lower WPPI Energy's wholesale rate to member utilities by an estimated 3 percent.

Local Customers Benefit

Locally owned, not-for-profit Stoughton Utilities will pass along these savings to customers via the Power Cost Adjustment Clause (PCAC) on their monthly bills. The PCAC reflects monthly variations in wholesale costs driven by seasonal changes, fluctuations in customer demand, increasing fuel costs, and other factors.

“The PCAC ensures that the cost of the power we purchase, as well as any wholesale cost savings, are passed through to customers at neither a profit nor a loss,” Hoops said.

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

Date: March 13, 2018

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) are scheduled to be presented to and/or acted upon by the Stoughton Common Council at their February 13, 2018 meeting:

Consent Agenda:

1. Stoughton Utilities Payments Due List Report
2. Stoughton Utilities Committee January 16, 2018 Meeting Minutes
3. Stoughton Utilities December 2017 Financial Summary
4. Stoughton Utilities December 2017 Statistical Report

Business:

1. Bad debt account write-offs through December 31, 2017
2. Ordinance to amend Chapter 74 of the City of Stoughton Code of Ordinances, relating to utilities and sewer use (first reading)
3. Request to authorize the bid award for the replacement of sewer-cleaning truck #17
4. Adoption of the Addendum to the American Public Power Association (APPA) Safety Manual 16th Edition, 2017, Section 407(c)



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

Serving Electric, Water & Wastewater Since 1886

Date: March 13, 2018

To: Stoughton Utilities Committee

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

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

Subject: Stoughton Utilities 2017 audit reports and management letter

Ms. Jodi Dobson of Baker Tilly Virchow Krause, LLP is scheduled to present the Stoughton Utilities audit reports and management letter. 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 2017 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.

STOUGHTON UTILITIES

Stoughton, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2017

STOUGHTON UTILITIES

TABLE OF CONTENTS

	<u>Page No.</u>
Communication of Other Control Comments, Recommendations and Informational Points to Management that are not Material Weaknesses or Significant Deficiencies	1 – 3
Other Communications to Those Charged with Governance	
Two Way Communication Regarding Your Audit	4 – 5
Required Communications by the Auditor to Those Charged with Governance	6 – 8
Management Representations	

**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 increased in 2017 to \$973,000 compared to \$790,000 in 2016. Electric operating revenue increased slightly due to a rate increase effective April 1, 2017. Operating expenses remained fairly consistent with the 2016, decreasing only \$50,000.

WATER UTILITY OPERATING RESULTS

The water utility's operating income increased in 2017 to \$577,000 compared to \$561,000 in 2016. Operating revenues increased \$70,000 due to a full year of the rate increase effective May 1, 2016. In addition, operating expenses remained consistent with 2016, increasing only \$54,000.

WASTEWATER OPERATING RESULTS

The wastewater utility's operating income increased slightly in 2017 to \$227,000 compared to \$219,000 in 2016.

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.

- > 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

CYBER SECURITY

Cybersecurity continues to be a top concern and is critical for governments of all sizes and types. Information demands from the board and directors, citizens/customers, investors and analysts, and industry regulators continue to increase which makes it critical to ensure key data is protected. Potential business impacts on security incidents can include:

- > Lost IP
- > Business interruption
- > Regulatory fines and penalties
- > Legal and PR fees
- > Remediation costs
- > Reputation

AICPA has recently developed a cybersecurity risk management reporting framework that includes a new System and Organization Controls (SOC) for Cybersecurity engagement, through which the enterprise-wide cybersecurity risk management program is reviewed. Although not required for governments, this new standard can be used to help the utilities begin to put in place a cybersecurity program.

We recommend reviewing this new standard and performing an initial 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. Once this is done the cybersecurity program objectives can be further defined so informed decisions can be made.

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

INFORMATIONAL POINTS AND RECOMMENDATIONS (cont.)

UPCOMING LEASE STANDARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued new guidance to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard is effective for fiscal years ending on or after December 31, 2020. Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognize as inflows of resources or outflow of resources based on the payment provisions of the contract.

Under the new standard, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Control is defined by 1) the right to obtain the present service capacity from the use of the underlying asset and 2) the right to determine the nature and manner of use of the underlying asset. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this statement. Leases include contracts that, although not explicitly identified as leases, meet the above definition of a lease.

The following are contract exclusions and exceptions from applying lease accounting:

- > Intangible assets (mineral rights, patents, software, copyrights)
- > Biological assets (including timber, living plants, and living animals)
- > Service concession arrangements (See GASB Statement 60)
- > Assets financed with outstanding conduit debt unless both the asset and conduit debt are reported by lessor
- > Supply contracts (such as power purchase agreements that do not convey control of the right to use the underlying power generating facility)
- > Inventory
- > Short-term leases – with a maximum possible term of 12 months or less
- > Leases that transfer ownership and do not contain termination options
- > Leases of assets that are investments
- > Certain regulated leases (e.g., airport-airline agreements)

We recommend the utilities review this standard and start planning how this will affect your financial reporting. An inventory of all contracts that might meet the definition of a lease should be started. The contract listing should include key terms of the contracts such as:

- > Description of contract
- > Underlying asset
- > Contract term
- > Options for extensions and terminations
- > Service components, if any
- > Dollar amount of lease

In addition, the utilities should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

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, 2017, and have issued our report thereon dated March 9, 2018. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2017. 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.

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 liability 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.

There were no such misstatements identified.

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.

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, 2017, 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

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
March 9, 2018

MANAGEMENT REPRESENTATIONS



Stoughton Utilities

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

Serving Electric, Water & Wastewater Needs Since 1886

March 9, 2018

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, 2017 and 2016 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 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. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the utility 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.
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.



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stoughtonutilities.com



7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. 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.
9. Guarantees, whether written or oral, under which the utility is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. There are no known related parties or related party relationships and transactions of which we are aware.

Other

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
17. 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.
18. We have a process to track the status of audit findings and recommendations.
19. 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.

20. The utility has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. 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.
22. 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.
23. 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

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
24. 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.
25. 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.
26. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
27. 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.
28. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
29. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
30. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

31. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
32. Tax-exempt bonds issued have retained their tax-exempt status.
33. 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.
34. 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.
35. 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.
 - b. 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.
36. We agree with the restatement presented in the current year's financial statements.
37. 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.
38. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.
39. 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: _____

Signed: _____

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, 2017 and 2016

STOUGHTON UTILITIES

Enterprise Funds of the City of Stoughton, Wisconsin

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2017 and 2016

Independent Auditors' Report	1 - 2
Required Supplementary Information	
Management's Discussion and Analysis	3 - 20
Financial Statements	
Electric Utility	
Statements of Net Position	21 - 22
Statements of Revenues, Expenses, and Changes in Net Position	23
Statements of Cash Flows	24 - 25
Water Utility	
Statements of Net Position	26 - 27
Statements of Revenues, Expenses, and Changes in Net Position	28
Statements of Cash Flows	29 - 30
Wastewater Utility	
Statements of Net Position	31 - 32
Statements of Revenues, Expenses, and Changes in Net Position	33
Statements of Cash Flows	34 - 35
Notes to Financial Statements	36 - 76
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability (Asset)	77
Schedule of Employer Contributions - Pension	77
Notes to Required Supplementary Information	78

STOUGHTON UTILITIES

Enterprise Funds of the City of Stoughton, Wisconsin

TABLE OF CONTENTS

As of and for the Years Ended December 31, 2017 and 2016

Supplemental Information

Electric Utility

Utility Plant	79
Operating Revenues and Expenses	80 - 81
Rate of Return - Regulatory Basis	82

Water Utility

Utility Plant	83
Operating Revenues and Expenses	84 - 85
Rate of Return - Regulatory Basis	86

Wastewater Utility

Utility Plant	87
Operating Revenues and Expenses	88

INDEPENDENT AUDITORS' REPORT

To the Utilities Committee
Stoughton Utilities
Stoughton, Wisconsin

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, 2017 and 2016, 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, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of 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, 2017 and 2016 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 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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
March 9, 2018

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

STOUGHTON UTILITIES

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

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, 2017, 2016 and 2015. You are invited to read this narrative in conjunction with the utilities' financial statements.

FINANCIAL HIGHLIGHTS

ELECTRIC:

- > Electric sales increased by .84% in 2017 due to a 1.71% increase in electric rates effective April 1, 2017 and offset by a 1.31% decrease in electric consumption.
- > The electric division's net position increased by \$666,900 from the prior year.
- > Completed \$1.1 million of capital improvements to accommodate developments and improve operations and electric system reliability.

WATER:

- > Completed \$859,000 of capital improvements and received \$222,000 in customer contributions.
- > The water division's net position increased by \$357,600 from the prior year.
- > Sales increased by \$75,900 or 3.88% in 2017 due to a 13% increase in retail rates effective May 1, 2016 and offset by a 1.61% decrease in water consumption.

WASTEWATER:

- > Completed \$473,000 of sewer projects and received \$215,000 in municipal and customer contributions.
- > The utility experienced a slight increase in operating revenues of \$15,300 or .75% in 2017 mainly due to an increase in industrial surcharge revenue.
- > The wastewater division's net position increased by \$350,100 from the prior year.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

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, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 1
Condensed Statement of Net Position – Electric Utility

	2017	2016	2015	2017-2016 Change
Current and Other Assets	\$ 11,697,166	\$ 13,309,505	\$ 10,989,389	\$ (1,612,339)
Capital Assets	16,249,631	14,402,176	14,249,247	1,847,455
Total Assets	<u>27,946,797</u>	<u>27,711,681</u>	<u>25,238,636</u>	<u>235,116</u>
Deferred Outflows of Resources	<u>405,146</u>	<u>575,914</u>	<u>158,933</u>	<u>(170,768)</u>
Long-Term Debt Outstanding	5,640,000	6,250,000	4,460,000	(610,000)
Other Liabilities	2,334,375	2,275,608	2,223,030	58,767
Total Liabilities	<u>7,974,375</u>	<u>8,525,608</u>	<u>6,683,030</u>	<u>(551,233)</u>
Deferred Inflows of Resources	<u>169,885</u>	<u>221,246</u>	<u>1,063</u>	<u>(51,361)</u>
Investment in Capital Assets	10,853,462	9,860,679	9,740,384	992,783
Restricted	1,145,536	1,090,228	1,198,784	55,308
Unrestricted	8,208,685	8,589,834	7,774,308	(381,149)
Total Net Position	<u>\$ 20,207,683</u>	<u>\$ 19,540,741</u>	<u>\$ 18,713,476</u>	<u>\$ 666,942</u>

In 2017, the electric utility net position increased \$666,900, an increase of 3.41%. The increase was as anticipated and in line with the 2017 operating and capital budgets.

In 2016, the electric utility net position increased \$827,265, an increase of 4.42%.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 2
Condensed Statement of Net Position – Water Utility

	2017	2016	2015	2017-2016 Change
Current and Other Assets	\$ 1,884,231	\$ 2,416,880	\$ 1,610,745	\$ (532,649)
Capital Assets	15,849,145	15,281,587	13,898,850	567,558
Total Assets	<u>17,733,376</u>	<u>17,698,467</u>	<u>15,509,595</u>	<u>34,909</u>
Deferred Outflows of Resources	<u>136,127</u>	<u>206,806</u>	<u>57,424</u>	<u>(70,679)</u>
Long-Term Debt Outstanding	3,043,747	3,417,424	2,297,381	(373,677)
Other Liabilities	657,507	656,534	560,512	973
Total Liabilities	<u>3,701,254</u>	<u>4,073,958</u>	<u>2,857,893</u>	<u>(372,704)</u>
Deferred Inflows of Resources	<u>57,271</u>	<u>77,947</u>	<u>390</u>	<u>(20,676)</u>
Investment in Capital Assets	12,776,352	12,041,652	11,601,469	734,700
Restricted	524,459	528,997	442,722	(4,538)
Unrestricted	<u>810,167</u>	<u>1,182,719</u>	<u>664,545</u>	<u>(372,552)</u>
Total Net Position	<u>\$ 14,110,978</u>	<u>\$ 13,753,368</u>	<u>\$ 12,708,736</u>	<u>\$ 357,610</u>

In 2017, the water utility net position increased \$357,600, an increase of 2.60%. The increase was mainly due to capital improvements, the implementation of a 13% retail rate adjustment effective May 1, 2016 and the pay down of long-term debt.

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.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 3
Condensed Statements of Net Position – Wastewater Utility

	2017	2016	2015	2017-2016 Change
Current and Other Assets	\$ 3,548,449	\$ 3,523,717	\$ 3,551,473	\$ 24,732
Capital Assets	18,596,768	18,723,878	18,211,980	(127,110)
Total Assets	<u>22,145,217</u>	<u>22,247,595</u>	<u>21,763,453</u>	<u>(102,378)</u>
Deferred Outflows of Resources	<u>151,361</u>	<u>227,166</u>	<u>62,601</u>	<u>(75,805)</u>
Long-Term Debt Outstanding	5,026,967	5,474,363	5,908,753	(447,396)
Other Liabilities	219,175	277,920	202,878	(58,745)
Total Liabilities	<u>5,246,142</u>	<u>5,752,283</u>	<u>6,111,631</u>	<u>(506,141)</u>
Deferred Inflows of Resources	<u>65,246</u>	<u>87,394</u>	<u>418</u>	<u>(22,148)</u>
Investment in Capital Assets	13,569,801	13,249,638	12,303,350	320,163
Restricted	1,480,251	1,472,409	1,494,868	7,842
Unrestricted	<u>1,935,138</u>	<u>1,913,037</u>	<u>1,915,787</u>	<u>22,101</u>
Total Net Position	<u>\$16,985,190</u>	<u>\$ 16,635,084</u>	<u>\$ 15,714,005</u>	<u>\$ 350,106</u>

In 2017, the wastewater utility net position increased \$350,100, an increase of 2.10 %. The increase was mainly due to the pay down of long-term debt.

In 2016, the wastewater utility net position increased \$921,100, an increase of 5.86%. The increase was mainly due to capital improvements that were financed by customers or developers.

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, 2017 and 2016

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

	2017	2016	2015	2017-2016 Change
Operating Revenues	\$ 15,249,623	\$ 15,116,204	\$ 15,057,028	\$ 133,419
Non-Operating Revenues	119,431	103,266	113,721	16,165
Total Revenues	<u>15,369,054</u>	<u>15,219,470</u>	<u>15,170,749</u>	<u>149,584</u>
Depreciation Expense	1,019,024	996,954	965,661	22,070
Other Operating Expense	13,257,421	13,329,607	13,261,410	(72,186)
Non-Operating Expenses	138,490	262,172	149,159	(123,682)
Total Expenses	<u>14,414,935</u>	<u>14,588,733</u>	<u>14,376,230</u>	<u>(173,798)</u>
Income Before Capital Contributions and Transfers	954,119	630,737	794,519	323,382
Capital Contributions	120,147	324,625	220,414	(204,478)
Capital Contribution - Municipal	-	269,901	-	(269,901)
Transfers - Tax Equivalent	(394,626)	(376,785)	(370,260)	(17,841)
Transfers	<u>(12,698)</u>	<u>(21,213)</u>	<u>(23,455)</u>	<u>8,515</u>
Changes in Net Position	666,942	827,265	621,218	(160,323)
Beginning Net Position	<u>19,540,741</u>	<u>18,713,476</u>	<u>17,791,591</u>	<u>827,265</u>
Cumulative Effect of Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>300,667</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 20,207,683</u>	<u>\$ 19,540,741</u>	<u>\$ 18,713,476</u>	<u>\$ 666,942</u>

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

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

	2017	2016	2015	2017-2016 Change
Operating Revenues	\$ 2,071,229	\$ 2,001,124	\$ 1,784,416	\$ 70,105
Non-Operating Revenues	28,800	27,981	8,608	819
Total Revenues	<u>2,100,029</u>	<u>2,029,105</u>	<u>1,793,024</u>	<u>70,924</u>
Depreciation Expense	444,601	428,084	408,632	16,517
Other Operating Expense	1,049,770	1,012,205	885,770	37,565
Non-Operating Expenses	60,136	126,093	87,136	(65,957)
Total Expenses	<u>1,554,507</u>	<u>1,566,382</u>	<u>1,381,538</u>	<u>(11,875)</u>
Income Before Capital Contributions and Transfers	545,522	462,723	411,486	82,799
Capital Contributions	236,136	756,373	501,276	(520,237)
Capital Contribution - Municipal	-	215,803	498,076	(215,803)
Transfers - Tax Equivalent	(420,305)	(387,855)	(363,249)	(32,450)
Transfers	<u>(3,743)</u>	<u>(2,412)</u>	<u>(59)</u>	<u>(1,331)</u>
Changes in Net Position	357,610	1,044,632	1,047,530	(687,022)
Beginning Net Position	<u>13,753,368</u>	<u>12,708,736</u>	<u>11,550,727</u>	<u>1,044,632</u>
Cumulative Effect of Change in Accounting Principle	<u>-</u>	<u>-</u>	<u>110,479</u>	<u>-</u>
Total Net Position - Ending	<u>\$ 14,110,978</u>	<u>\$ 13,753,368</u>	<u>\$ 12,708,736</u>	<u>\$ 357,610</u>

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

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

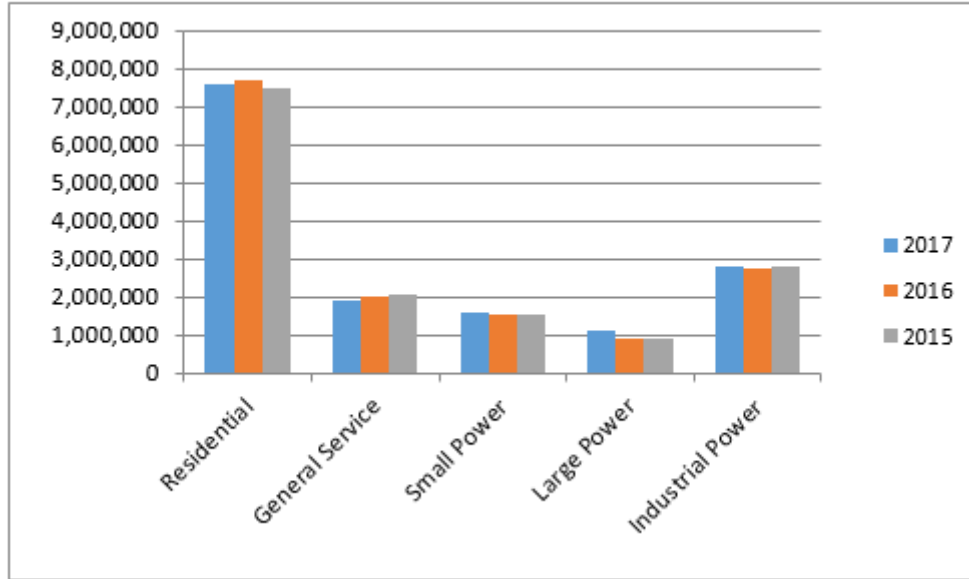
	2017	2016	2015	2017-2016 Change
Operating Revenues	\$ 2,051,313	\$ 2,036,002	\$ 2,037,835	\$ 15,311
Non-Operating Revenues	33,367	2,485	9,863	30,882
Total Revenues	2,084,680	2,038,487	2,047,698	46,193
Depreciation Expense	811,239	796,285	777,150	14,954
Other Operating Expense	1,012,657	1,020,298	1,042,161	(7,641)
Non-Operating Expenses	134,977	147,663	156,284	(12,686)
Total Expenses	1,958,873	1,964,246	1,975,595	(5,373)
Income Before Capital Contributions and Transfers	125,807	74,241	72,103	51,566
Capital Contributions	224,299	846,838	647,528	(622,539)
Changes in Net Position	350,106	921,079	719,631	(570,973)
Beginning Net Position	16,635,084	15,714,005	14,876,176	921,079
Cumulative Effect of Change in Accounting Principle	-	-	118,198	-
Total Net Position - Ending	\$ 16,985,190	\$ 16,635,084	\$ 15,714,005	\$ 350,106

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Electric Sales



Electric sales increased by .84% in 2017. The increase is mainly due to a 1.71% retail rate increase effective April 1, 2017 offset by a slight decrease in consumption.

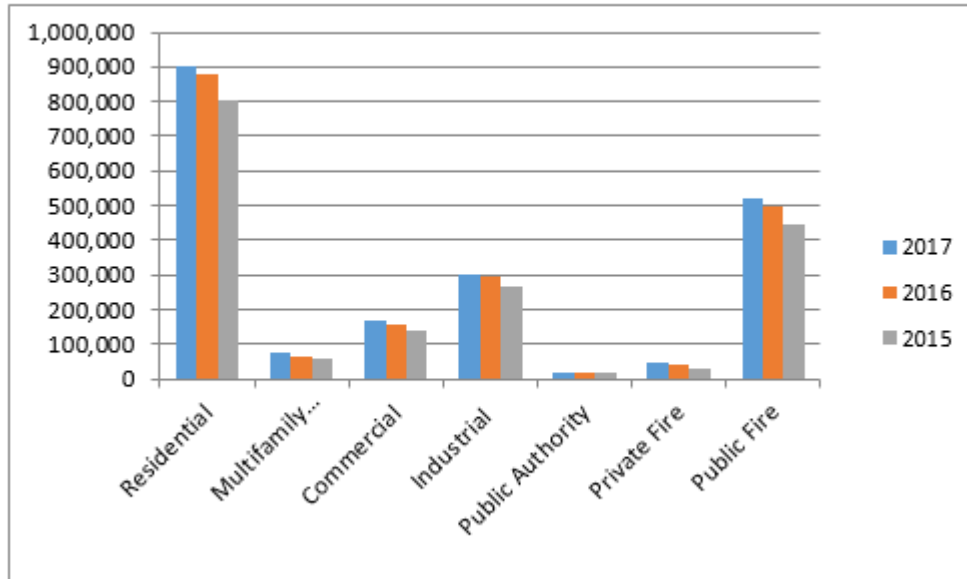
	2017	2016	2015
Residential	\$ 7,577,650	\$ 7,708,713	\$ 7,467,797
General Service	1,919,866	1,975,648	2,049,345
Small Power	1,601,536	1,509,874	1,548,289
Large Power	1,107,643	914,513	885,980
Industrial Power	2,766,794	2,742,903	2,814,381
Public Lighting	133,097	129,286	140,565
Total Electric Sales	\$ 15,106,586	\$ 14,980,937	\$ 14,906,357

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Water Sales



Sales increased by \$75,900 or 3.88% in 2017 mainly due to the implementation of a 13% retail rate adjustment effective May 1, 2016 offset by a decrease in consumption.

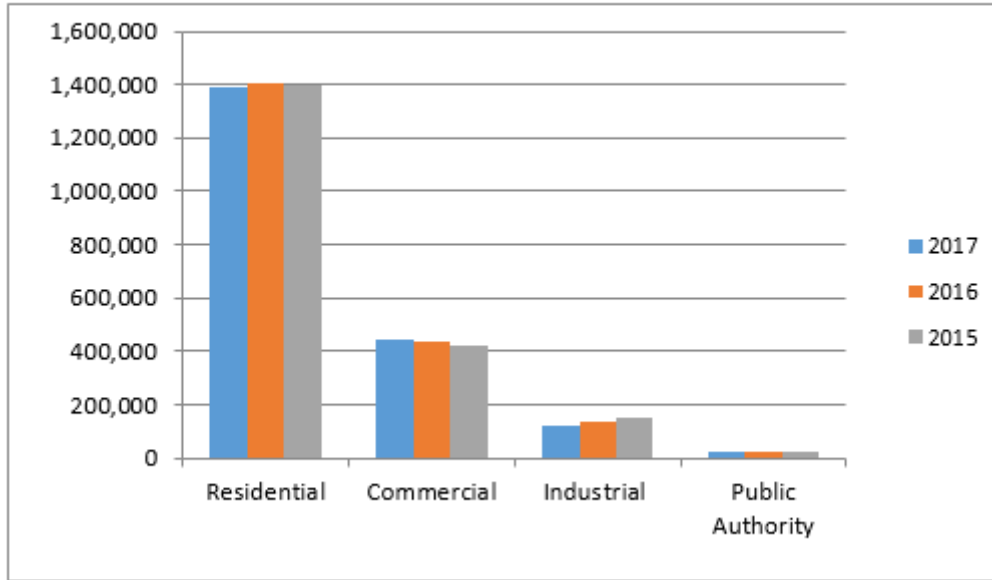
	2017	2016	2015
Residential	\$ 899,421	\$ 876,828	\$ 805,271
Multifamily Residential	74,247	65,660	56,463
Commercial	170,380	158,636	136,433
Industrial	301,957	296,674	268,342
Public Authority	19,310	18,747	18,485
Private Fire	43,901	38,842	29,373
Public Fire	520,495	498,439	446,666
Total Water Sales	\$ 2,029,711	\$ 1,953,826	\$ 1,761,033

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Wastewater Sales



The utility experienced a decrease in revenues of \$26,100 or 1.31 % in 2017 due to a 1.5% decrease in consumption.

	2017	2016	2015
Residential	\$ 1,386,580	\$ 1,405,052	\$ 1,399,906
Commercial	441,215	434,528	417,257
Industrial	121,253	135,789	150,898
Public Authority	23,360	23,174	25,331
Total Wastewater Sales	\$ 1,972,408	\$ 1,998,543	\$ 1,993,392

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

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

	2017	2016	2015	2017-2016 Change
Cash Flows From:				
Operating activities	\$ 1,978,120	\$ 1,855,536	\$ 2,082,750	\$ 122,584
Non-capital financing activities	(338,993)	(341,973)	(340,958)	2,980
Capital and related financing activities	(3,700,950)	838,779	(1,147,670)	(4,539,729)
Investing activities	339,760	30,632	115,694	309,128
Net Change in Cash and Cash Equivalents	(1,722,063)	2,382,974	709,816	(4,105,037)
Cash and Cash Equivalents Beginning of Year	6,668,674	4,285,700	3,575,884	2,382,974
Cash and Cash Equivalents End of Year	\$ 4,946,611	\$ 6,668,674	\$ 4,285,700	\$ (1,722,063)

The decrease in cash and cash equivalents in 2017 is mainly the result capital expenditures offset by cash flows from normal operating activities during 2017.

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

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 8
Condensed Statements of Cash Flows -
Water Utility

	2017	2016	2015	2017-2016 Change
Cash Flows From:				
Operating activities	\$ 1,046,543	\$ 1,020,539	\$ 940,902	\$ 26,004
Non-Capital financing activities	(391,598)	(359,016)	(343,995)	(32,582)
Capital and related financing activities	(1,139,594)	120,688	(738,915)	(1,260,282)
Investing activities	38,866	37,294	53,308	1,572
Net Change in Cash and Cash Equivalents	(445,783)	819,505	(88,700)	(1,265,288)
Cash and Cash Equivalents Beginning of Year	1,079,216	259,711	348,411	819,505
Cash and Cash Equivalents End of Year	\$ 633,433	\$ 1,079,216	\$ 259,711	\$ (445,783)

The water utility experienced a decrease in cash and cash equivalents in 2017 resulting mainly from capital expenditures offset by cash flows from normal operating activities during 2017.

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.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 9
Condensed Statements of Cash Flows -
Wastewater Utility

	2017	2016	2015	2017-2016 Change
Cash Flows From:				
Operating activities	\$ 1,022,329	\$ 1,067,230	\$ 1,033,828	\$ (44,901)
Capital and related financing activities	(1,003,192)	(1,052,534)	(762,538)	49,342
Investing activities	52,538	(336,570)	35,624	389,108
Net Change in Cash and Cash Equivalents	71,675	(321,874)	306,914	393,549
Cash and Cash Equivalents Beginning of Year	2,033,724	2,355,598	2,048,684	(321,874)
Cash and Cash Equivalents End of Year	\$ 2,105,399	\$ 2,033,724	\$ 2,355,598	\$ 71,675

The utility experienced an increase in cash and cash equivalents in 2017 resulting mainly from reduced purchases of long-term investments compared to 2016.

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

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 10
Capital Assets – Electric Utility

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017-2016</u> <u>Change</u>
Capital Assets				
Transmission and distribution	\$ 25,073,360	\$ 24,173,466	\$ 23,013,424	\$ 899,894
General	<u>4,107,521</u>	<u>4,116,528</u>	<u>4,109,843</u>	<u>(9,007)</u>
Total Capital Assets	<u>29,180,881</u>	<u>28,289,994</u>	<u>27,123,267</u>	<u>890,887</u>
Less: Accumulated depreciation	(15,289,472)	(14,429,881)	(13,478,535)	(859,591)
Construction in progress	<u>2,358,222</u>	<u>189,399</u>	<u>251,853</u>	<u>2,168,823</u>
Net Capital Assets	<u>\$ 16,249,631</u>	<u>\$ 14,049,512</u>	<u>\$ 13,896,585</u>	<u>\$ 2,200,119</u>

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 11
Capital Assets – Water Utility

	2017	2016	2015	2017-2016 Change
Capital Assets				
Source of supply	\$ 607,365	\$ 607,365	\$ 607,365	\$ -
Pumping	1,513,265	1,489,439	1,468,519	23,826
Water treatment	90,763	90,763	90,763	-
Transmission and distribution	19,500,116	18,550,406	16,779,796	949,710
General	1,242,106	1,241,535	1,248,562	571
Total Capital Assets	22,953,615	21,979,508	20,195,005	974,107
Less: Accumulated depreciation	(7,110,163)	(6,778,559)	(6,402,633)	(331,604)
Construction in progress	5,693	80,638	106,478	(74,945)
Net Capital Assets	\$ 15,849,145	\$ 15,281,587	\$ 13,898,850	\$ 567,558

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

UTILITY FINANCIAL ANALYSIS (cont.)

Table 12
Capital Assets – Wastewater Utility

	2017	2016	2015	2017-2016 Change
Capital Assets				
Collection system	\$ 11,807,685	\$ 11,214,653	\$ 10,363,837	\$ 593,032
Collection system pumping	733,518	733,518	401,065	-
Treatment and disposal	15,614,020	15,554,352	15,554,351	59,668
General	1,377,328	1,376,617	1,314,953	711
Total Capital Assets	<u>29,532,551</u>	<u>28,879,140</u>	<u>27,634,206</u>	<u>653,411</u>
Less: Accumulated depreciation	(10,994,875)	(10,250,053)	(9,483,326)	(744,822)
Construction in progress	<u>59,092</u>	<u>94,791</u>	<u>61,100</u>	<u>(35,699)</u>
Net Capital Assets	<u>\$ 18,596,768</u>	<u>\$ 18,723,878</u>	<u>\$ 18,211,980</u>	<u>\$ (127,110)</u>

LONG-TERM DEBT

As of December 31, 2017, the electric utility had total mortgage revenue bond debt outstanding of \$5,640,000 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, 2017, the water utility had total mortgage revenue bond debt outstanding of \$2,620,747 payable from and secured by a pledge of income and revenue to be derived from the operation of the water utility and \$423,000 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 \$4,744,967 of clean water fund loans and \$282,000 of general obligation bonds outstanding as of December 31, 2017. 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 7 of this audit report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017 and 2016

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.

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF NET POSITION As of December 31, 2017 and 2016

	ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and investments		\$ 6,786,544	\$ 6,951,441
Interest receivable		23,727	49,995
Restricted Assets			
Redemption account		503,126	486,538
Customer accounts receivable		1,520,616	1,526,861
Other accounts receivable		239,188	161,218
Due from municipality		10,182	15,289
Materials and supplies		153,499	163,294
Prepayments		8,402	3,276
Current portion of advance		<u>41,375</u>	<u>39,190</u>
Total Current Assets		<u>9,286,659</u>	<u>9,397,102</u>
NONCURRENT ASSETS			
Restricted Assets			
Reserve account		649,338	649,338
Depreciation account		25,000	25,000
Construction account		-	1,840,074
Other Assets			
Electric plant and maintenance reserve account		510,846	508,914
Sick leave reserve account		176,481	171,811
Advances to other funds		296,088	337,463
Investment in ATC		389,457	361,850
Property held for future use		352,664	352,664
Non-utility property, net		10,633	17,953
Capital Assets			
Plant in service		29,180,881	28,289,994
Accumulated depreciation		(15,289,472)	(14,429,881)
Construction work in progress		<u>2,358,222</u>	<u>189,399</u>
Total Noncurrent Assets		<u>18,660,138</u>	<u>18,314,579</u>
Total Assets		<u>27,946,797</u>	<u>27,711,681</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension		<u>405,146</u>	<u>575,914</u>

LIABILITIES	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,217,494	\$ 1,068,767
Due to municipality	459,897	462,554
Customer deposits	119,724	106,064
Accrued wages	6,685	2,973
Accrued interest	2,751	2,005
Accrued liabilities	107,880	102,073
Commitment to community	21,114	26,651
Current Liabilities Payable from Restricted Assets		
Current portion of revenue bonds	610,000	610,000
Accrued interest	<u>31,928</u>	<u>70,648</u>
Total Current Liabilities	<u>2,577,473</u>	<u>2,451,735</u>
NONCURRENT LIABILITIES		
Revenue bonds	5,030,000	5,640,000
Unamortized debt premium	108,833	131,571
Accrued sick leave	176,481	171,811
Customer advances for construction	28,641	27,141
Net pension liability	<u>52,947</u>	<u>103,350</u>
Total Noncurrent Liabilities	<u>5,396,902</u>	<u>6,073,873</u>
 Total Liabilities	 <u>7,974,375</u>	 <u>8,525,608</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	<u>169,885</u>	<u>221,246</u>
 NET POSITION		
Net investment in capital assets	10,853,462	9,860,679
Restricted for:		
Debt service	1,145,536	1,090,228
Unrestricted	<u>8,208,685</u>	<u>8,589,834</u>
 TOTAL NET POSITION	 <u><u>\$ 20,207,683</u></u>	 <u><u>\$ 19,540,741</u></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, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Sales of electricity	\$ 15,106,586	\$ 14,980,937
Other	143,037	135,267
Total Operating Revenues	15,249,623	15,116,204
OPERATING EXPENSES		
Operation and maintenance	13,257,421	13,329,607
Depreciation	1,019,024	996,954
Total Operating Expenses	14,276,445	14,326,561
OPERATING INCOME	973,178	789,643
NONOPERATING REVENUES (EXPENSES)		
Investment income	92,681	92,308
Debt issuance costs	-	(110,140)
Interest expense	(128,148)	(148,952)
Amortization of premium	22,739	10,958
Miscellaneous expenses	(10,342)	(3,080)
Other income (expense)	4,011	-
Total Nonoperating Revenues (Expenses)	(19,059)	(158,906)
Income Before Contributions and Transfers	954,119	630,737
CAPITAL CONTRIBUTIONS	120,147	324,625
CAPITAL CONTRIBUTIONS - MUNICIPAL	-	269,901
TRANSFER IN (OUT)	(12,698)	(21,213)
TRANSFERS - TAX EQUIVALENT	(394,626)	(376,785)
CHANGE IN NET POSITION	666,942	827,265
NET POSITION - Beginning of Year	19,540,741	18,713,476
NET POSITION - END OF YEAR	\$ 20,207,683	\$ 19,540,741

See accompanying notes to the financial statements.

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 15,132,657	\$ 14,973,046
Received for street lighting	133,097	129,286
Paid to suppliers for goods and services	(12,503,353)	(12,486,322)
Paid to employees for operating payroll	(784,281)	(760,474)
Net Cash Flows From Operating Activities	1,978,120	1,855,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(376,785)	(370,260)
Received from municipality principal on Wisconsin Retirement UAAL liability	39,190	37,088
Received from municipality interest on Wisconsin Retirement UAAL liability	11,300	12,412
Transfers to other funds	(12,698)	(21,213)
Net Cash Flows From Noncapital Financing Activities	(338,993)	(341,973)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,081,826)	(1,196,807)
Capital contributions received	156,998	374,680
Premium on debt issue	-	93,666
Debt retired	(610,000)	(2,215,000)
Interest paid	(166,122)	(112,620)
Proceeds from debt issue	-	4,005,000
Debt issuance costs	-	(110,140)
Net Cash Flows From Capital and Related Financing Activities	(3,700,950)	838,779
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(466,567)	(1,926,705)
Investments sold and matured	704,983	1,893,138
Dividends/(Investment) in ATC	21,520	15,064
Investment income	79,824	49,135
Net Cash Flows From Investing Activities	339,760	30,632
Net Change in Cash and Cash Equivalents	(1,722,063)	2,382,974
CASH AND CASH EQUIVALENTS - Beginning of Year	6,668,674	4,285,700
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,946,611	\$ 6,668,674
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
ATC earnings allocated	\$ 6,831	\$ 10,016
Unrealized gain (loss) on investments	\$ (21,302)	\$ (37,560)
Capital contribution	\$ 6,384	\$ -

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 973,178	\$ 789,643
Nonoperating revenue (expense)	990	(3,080)
Noncash items in operating income		
Depreciation	1,019,024	996,954
Depreciation charged to clearing and other utilities	46,140	45,600
Changes in assets and liabilities		
Customer accounts receivable	6,245	(77,030)
Other accounts receivable	(9,871)	66,161
Due from other funds	5,107	(8,637)
Materials and supplies	9,795	(33,889)
Prepayments	(5,126)	(741)
Pension related deferrals and liabilities	69,004	57,322
Accounts payable	(138,180)	(29,236)
Due to other funds	(20,498)	46,468
Customer deposits	13,660	8,714
Accrued sick leave	4,670	1,728
Other current liabilities	9,519	(5,004)
Commitment to community	(5,537)	563
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,978,120</u>	<u>\$ 1,855,536</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 6,786,544	\$ 6,951,441
Redemption account	503,126	486,538
Reserve account	649,338	649,338
Depreciation account	25,000	25,000
Construction account	-	1,840,074
Electric plant and maintenance reserve account	510,846	508,914
Sick leave reserve account	176,481	171,811
Total Cash and Investments	8,651,335	10,633,116
Less: Noncash equivalents	(3,704,724)	(3,964,442)
CASH AND CASH EQUIVALENTS	<u>\$ 4,946,611</u>	<u>\$ 6,668,674</u>

See accompanying notes to the financial statements.

WATER UTILITY

STOUGHTON WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2017 and 2016

	ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash and investments		\$ 292,435	\$ 412,856
Interest receivable		1,271	3,858
Restricted Assets			
Redemption account		262,397	267,550
Customer accounts receivable		216,487	198,827
Other accounts receivable		5,356	38,421
Due from municipality		238,930	70,394
Materials and supplies		41,401	34,812
Prepayments		2,692	828
Current portion of special assessments		<u>29,026</u>	<u>50,103</u>
Total Current Assets		<u>1,089,995</u>	<u>1,077,649</u>
NONCURRENT ASSETS			
Restricted Assets			
Reserve account		244,677	244,677
Depreciation account		25,000	25,000
Construction account		-	213,127
Other Assets			
Water plant and maintenance reserve account		186,538	328,378
Sick leave reserve account		99,237	96,587
Preliminary survey and investigation		9,245	-
Special assessments receivable		203,181	400,824
Non-utility property, net		26,358	30,638
Capital Assets			
Plant in service		22,953,615	21,979,508
Accumulated depreciation		(7,110,163)	(6,778,559)
Construction work in progress		<u>5,693</u>	<u>80,638</u>
Total Noncurrent Assets		<u>16,643,381</u>	<u>16,620,818</u>
Total Assets		<u>17,733,376</u>	<u>17,698,467</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension		<u>136,127</u>	<u>206,806</u>

LIABILITIES		<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES			
Accounts payable		\$ 41,086	\$ 75,473
Due to municipality		446,538	403,264
Accrued wages		10,503	8,515
Accrued interest		2,168	2,423
Current portion of general obligation debt		51,000	51,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		318,415	322,677
Accrued interest		7,615	8,230
Total Current Liabilities		<u>877,325</u>	<u>871,582</u>
NONCURRENT LIABILITIES			
General obligation debt		372,000	423,000
Revenue bonds		2,302,332	2,620,747
Unamortized debt premium		29,046	35,638
Accrued sick leave		99,237	86,587
Net pension liability		<u>21,314</u>	<u>36,404</u>
Total Noncurrent Liabilities		<u>2,823,929</u>	<u>3,202,376</u>
Total Liabilities		<u>3,701,254</u>	<u>4,073,958</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>57,271</u>	<u>77,947</u>
NET POSITION			
Net investment in capital assets		12,776,352	12,041,652
Restricted for:			
Debt service		524,459	528,997
Unrestricted		<u>810,167</u>	<u>1,182,719</u>
TOTAL NET POSITION		<u>\$ 14,110,978</u>	<u>\$ 13,753,368</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, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Sales of water	\$ 2,029,711	\$ 1,953,826
Other	<u>41,518</u>	<u>47,298</u>
Total Operating Revenues	<u>2,071,229</u>	<u>2,001,124</u>
OPERATING EXPENSES		
Operation and maintenance	1,049,770	1,012,205
Depreciation	<u>444,601</u>	<u>428,084</u>
Total Operating Expenses	<u>1,494,371</u>	<u>1,440,289</u>
OPERATING INCOME	<u>576,858</u>	<u>560,835</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	22,208	25,029
Interest expense	(55,856)	(74,001)
Amortization of premium	6,592	2,952
Miscellaneous expenses	(4,280)	(4,280)
Debt issuance costs	<u>-</u>	<u>(47,812)</u>
Total Nonoperating Revenues (Expenses)	<u>(31,336)</u>	<u>(98,112)</u>
Income Before Contributions	545,522	462,723
CAPITAL CONTRIBUTIONS	236,136	756,373
CAPITAL CONTRIBUTIONS - MUNICIPAL	-	215,803
TRANSFER IN (OUT)	(3,743)	(2,412)
TRANSFERS - TAX EQUIVALENT	<u>(420,305)</u>	<u>(387,855)</u>
CHANGE IN NET POSITION	357,610	1,044,632
NET POSITION - Beginning of Year	<u>13,753,368</u>	<u>12,708,736</u>
NET POSITION - END OF YEAR	<u><u>\$ 14,110,978</u></u>	<u><u>\$ 13,753,368</u></u>

See accompanying notes to the financial statements.

STOUGHTON WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 2,077,982	\$ 2,000,726
Paid to suppliers for goods and services	(643,222)	(600,919)
Paid to employees for operating payroll	(388,217)	(379,268)
Net Cash Flows From Operating Activities	1,046,543	1,020,539
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(387,855)	(356,604)
Transfers to other funds	(3,743)	(2,412)
Net Cash Flows From Noncapital Financing Activities	(391,598)	(359,016)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(833,246)	(1,497,384)
Capital contributions received	58,921	586,352
Special assessments received	65,134	-
Premium on debt issue	-	38,590
Debt retired	(373,677)	(1,399,957)
Interest paid	(56,726)	(79,101)
Proceeds from debt issue	-	2,520,000
Debt issuance costs	-	(47,812)
Net Cash Flows From Capital and Related Financing Activities	(1,139,594)	120,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(194,506)	(200,000)
Investments sold and matured	212,292	222,122
Investment income	21,080	15,172
Net Cash Flows From Investing Activities	38,866	37,294
Net Change in Cash and Cash Equivalents	(445,783)	819,505
CASH AND CASH EQUIVALENTS - Beginning of Year	1,079,216	259,711
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 633,433	\$ 1,079,216
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	\$ 210,787	\$ 352,096
Unrealized gain (loss) on investments	\$ (14,322)	\$ (8,367)

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 576,858	\$ 560,835
Noncash items in operating income		
Depreciation	444,601	428,084
Depreciation charged to clearing and other utilities	28,133	31,606
Changes in assets and liabilities		
Customer accounts receivable	(17,660)	(31,717)
Other accounts receivable	(507)	14,969
Due from other funds	3,087	(2,841)
Materials and supplies	(6,589)	(4,981)
Prepayments	(1,864)	(277)
Pension related deferrals and liabilities	34,913	19,979
Accounts payable	(39,891)	8,963
Due to other funds	10,824	-
Customer deposits	-	(1,615)
Accrued wages	1,988	4,029
Accrued sick leave	12,650	(6,495)
	<u>12,650</u>	<u>(6,495)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,046,543</u>	<u>\$ 1,020,539</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 292,435	\$ 412,856
Redemption account	262,397	267,550
Reserve account	244,677	244,677
Depreciation account	25,000	25,000
Construction account	-	213,127
Water plant and maintenance reserve account	186,538	328,378
Sick leave reserve account	99,237	96,587
Total Cash and Investments	<u>1,110,284</u>	<u>1,588,175</u>
Less: Noncash equivalents	<u>(476,851)</u>	<u>(508,959)</u>
CASH AND CASH EQUIVALENTS	<u>\$ 633,433</u>	<u>\$ 1,079,216</u>

See accompanying notes to the financial statements.

WASTEWATER UTILITY

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and investments	\$ 1,361,952	\$ 1,333,682
Interest receivable	4,229	1,921
Restricted Assets		
Redemption account	333,597	365,599
Customer accounts receivable	210,313	205,564
Other accounts receivable	8,865	6,718
Due from municipality	164,633	49,361
Prepayments	3,363	1,035
Current portion of special assessments	<u>19,905</u>	<u>34,359</u>
Total Current Assets	<u>2,106,857</u>	<u>1,998,239</u>
NONCURRENT ASSETS		
Restricted Assets		
Depreciation account	33,283	33,283
Replacement account	1,134,247	1,096,288
Construction account	-	123
Other Assets		
Sick leave reserve account	124,633	120,910
Preliminary survey and investigation	10,093	-
Special assessments receivable	139,336	274,874
Capital Assets		
Plant in service	29,532,551	28,879,140
Accumulated depreciation	(10,994,875)	(10,250,053)
Construction work in progress	<u>59,092</u>	<u>94,791</u>
Total Noncurrent Assets	<u>20,038,360</u>	<u>20,249,356</u>
Total Assets	<u>22,145,217</u>	<u>22,247,595</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>151,361</u>	<u>227,166</u>

		<u>2017</u>	<u>2016</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		\$ 15,513	\$ 66,855
Due to municipality		20,147	9,073
Accrued wages		13,728	15,881
Accrued interest		1,445	1,615
Current portion of general obligation debt		34,000	34,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		424,703	413,395
Accrued interest		<u>20,876</u>	<u>22,761</u>
Total Current Liabilities		<u>530,412</u>	<u>563,580</u>
NONCURRENT LIABILITIES			
General obligation debt		248,000	282,000
Revenue bonds		4,320,264	4,744,968
Accrued sick leave		124,633	120,910
Net pension liability		<u>22,833</u>	<u>40,825</u>
Total Noncurrent Liabilities		<u>4,715,730</u>	<u>5,188,703</u>
Total Liabilities		<u>5,246,142</u>	<u>5,752,283</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>65,246</u>	<u>87,394</u>
NET POSITION			
Net investment in capital assets		13,569,801	13,249,638
Restricted for:			
Debt service		346,004	376,121
Equipment replacement		1,134,247	1,096,288
Unrestricted		<u>1,935,138</u>	<u>1,913,037</u>
TOTAL NET POSITION		<u><u>\$ 16,985,190</u></u>	<u><u>\$ 16,635,084</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, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Treatment charges	\$ 1,972,408	\$ 1,998,543
Other	<u>78,905</u>	<u>37,459</u>
Total Operating Revenues	<u>2,051,313</u>	<u>2,036,002</u>
OPERATING EXPENSES		
Operation and maintenance	1,012,657	1,020,298
Depreciation	<u>811,239</u>	<u>796,285</u>
Total Operating Expenses	<u>1,823,896</u>	<u>1,816,583</u>
OPERATING INCOME	<u>227,417</u>	<u>219,419</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	33,367	2,485
Interest expense	<u>(134,977)</u>	<u>(147,663)</u>
Total Nonoperating Revenues (Expenses)	<u>(101,610)</u>	<u>(145,178)</u>
Income Before Contributions	125,807	74,241
CAPITAL CONTRIBUTIONS	224,299	660,959
CAPITAL CONTRIBUTIONS - MUNICIPAL	<u>-</u>	<u>185,879</u>
CHANGE IN NET POSITION	350,106	921,079
NET POSITION - Beginning of Year	<u>16,635,084</u>	<u>15,714,005</u>
NET POSITION - END OF YEAR	<u><u>\$ 16,985,190</u></u>	<u><u>\$ 16,635,084</u></u>

See accompanying notes to the financial statements.

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 2,041,099	\$ 2,027,899
Paid to suppliers for goods and services	(622,707)	(579,463)
Paid to employees for operating payroll	(396,063)	(381,206)
Net Cash Flows From Operating Activities	1,022,329	1,067,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(492,428)	(745,230)
Capital contributions received	28,998	277,552
Special assessments received	44,666	-
Debt retired	(447,396)	(434,390)
Interest paid	(137,032)	(150,466)
Net Cash Flows From Capital and Related Financing Activities	(1,003,192)	(1,052,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(240,466)	(825,095)
Investments sold and matured	242,360	469,943
Investment income	50,644	18,582
Net Cash Flows From Investing Activities	52,538	(336,570)
Net Change in Cash and Cash Equivalents	71,675	(321,874)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,033,724	2,355,598
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,105,399	\$ 2,033,724
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Unrealized gain (loss) on investments	\$ (31,954)	\$ (26,717)
Capital Contributions	\$ 201,042	\$ 563,389

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 227,417	\$ 219,419
Noncash items in operating income		
Depreciation	811,239	796,285
Changes in assets and liabilities		
Customer accounts receivable	(4,749)	(14,000)
Other accounts receivable	(7,888)	7,568
Due to / from other funds	13,497	1,559
Prepayments	(2,328)	(334)
Pension related deferrals and liabilities	35,665	22,507
Accounts payable	(52,094)	14,153
Accrued sick leave	3,723	15,088
Other current liabilities	<u>(2,153)</u>	<u>4,985</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,022,329</u>	<u>\$ 1,067,230</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 1,361,952	\$ 1,333,682
Redemption account	333,597	365,599
Depreciation account	33,283	33,283
Replacement account	1,134,247	1,096,288
Construction account	-	123
Sick leave reserve account	<u>124,633</u>	<u>120,910</u>
Total Cash and Investments	2,987,712	2,949,885
Less: Noncash equivalents	<u>(882,313)</u>	<u>(916,161)</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,105,399</u>	<u>\$ 2,033,724</u>

See accompanying notes to the financial statements.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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 are 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.

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

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

Deposits and Investments

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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

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

Deposits and Investments (cont.)

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

- > Time deposits in any credit union, bank, savings bank or trust company 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, 2017 and 2016

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.

Property Held for Future Use

The electric utility has purchased land with the intent of it being used for the site of a future substation.

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, 2017 and 2016. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2017 and 2016. The costs are being amortized on a straight-line basis over their useful life.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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

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

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.

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

Deferred Outflow of Resources

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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

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

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.

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.

Deferred Inflows of Resources

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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

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.

Current electric rates were approved by the PSCW on April 1, 2017. The rates are designed to provide a 5% 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 are 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. 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*, Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 85, *Omnibus*, Statement No. 86, *Certain Debt Extinguishment Issues*, and Statement No. 87, *Leases*. 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, 2017 and 2016

NOTE 2 - DEPOSITS AND INVESTMENTS

	Carrying Value as of December 31,		Risks
	2017	2016	
Checking or savings	\$ 6,586,033	\$ 8,664,392	Custodial credit risk
Local government investment pool	1,099,120	1,119,688	Credit and interest rate risks
Certificates of deposit	2,638,245	2,643,412	Custodial credit risk
State and local bonds	1,021,945	1,029,196	Custodial credit, credit, concentration and interest rate risks
U.S. agency securities -explicitly guaranteed	1,011,045	1,317,486	Custodial credit and interest rate risks
U.S. agency securities - implicitly guaranteed	392,193	396,252	Custodial credit, credit, concentration and interest rate risks
Petty cash	750	750	
Totals	\$ 12,749,331	\$ 15,171,176	

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 have collateral or depository insurance agreements in the amount of \$5,062,722 and \$4,848,162 at December 31, 2017 and 2016 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, 2017 and 2016, 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, 2017 and 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (cont.)

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 measurement using the market approach.

<u>Investment Type</u>	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. agency securities	\$ -	\$ 1,403,238	\$ -	\$ 1,403,238
State and local bonds	-	1,021,945	-	1,021,945
Total	\$ -	\$ 2,425,183	\$ -	\$ 2,425,183

<u>Investment Type</u>	December 30, 2016			
	Level 1	Level 2	Level 3	Total
U.S. agency securities	\$ -	\$ 1,713,738	\$ -	\$ 1,713,738
State and local bonds	-	1,029,196	-	1,029,196
Total	\$ -	\$ 2,742,934	\$ -	\$ 2,742,934

The investment in ATC is measured at the net asset value (NAV) per share of ownership. As of December 31, 2017 and 2016 the fair value of the investment was \$389,457 and \$361,850, 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, 2017 and 2016

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 following is a summary of the utilities' total deposit balances at these institutions.

	2017		2016	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Wells Fargo	\$ 5,143,549	\$ 4,359,801	\$ 5,228,864	\$ 5,108,339
Wells Fargo Brokerage	928	928	928	928
Associated Bank	2,152,445	2,216,945	3,554,084	3,553,875
USB Financial Services	-	-	1,250	1,250
Wisconsin Investment Series Cooperative	8,359	8,359	-	-
Totals	<u>\$ 7,305,281</u>	<u>\$ 6,586,033</u>	<u>\$ 8,785,126</u>	<u>\$ 8,664,392</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, 2017 and 2016 the utilities' investments were exposed to custodial credit risk as follows:

<u>Neither Insured nor Registered and Held by Counterparty</u>	<u>2017</u>	<u>2016</u>
U.S. agencies - implicitly guaranteed	\$ 392,193	\$ 396,252
U.S. agencies - explicitly guaranteed	1,011,045	1,317,486
State and local bonds	<u>1,021,945</u>	<u>1,029,196</u>
Total Neither Insured nor Registered and Held by Counterparty	<u>\$ 2,425,183</u>	<u>\$ 2,742,934</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, 2017 and 2016

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, 2017, the utilities' investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. agencies - implicitly guaranteed	AAA	Aaa
State and local bonds	AA	Aa1 - Aaa

As of December 30, 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

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

The utilities' investment policy does not address this risk.

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, 2017 and 2016, the utilities' investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2017	2016
FHLB	U.S. agencies - implicitly guaranteed	6.36%	6.09%
State of Wisconsin	State and local bonds	10.78%	10.30%
Arkansas State	State and local bonds	5.80%	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, 2017 and 2016

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, 2017, 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	\$ 392,193	\$ -	\$ -	\$ 392,193
State and local bonds	<u>1,021,945</u>	<u>-</u>	<u>-</u>	<u>1,021,945</u>
Totals	<u>\$ 1,414,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,414,138</u>

As of December 30, 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	<u>1,029,196</u>	<u>-</u>	<u>-</u>	<u>1,029,196</u>
Totals	<u>\$ 2,742,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,742,934</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, 2017 and 2016

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances for the years ending December 31, 2017 and 2016:

Due To	Due From	2017		2016	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water utility	\$ 420,305	Payment in lieu of taxes	\$ 387,855	Payment in lieu of taxes
Municipality	Water utility	26,233	Operating	15,409	Operating
Electric utility	Municipality	10,182	Operating	15,289	Operating
Water utility	Municipality	238,930	Operating and special assessments	70,394	Operating and special assessments
Wastewater utility	Municipality	164,633	Operating and special assessments	49,361	Operating and special assessments
Municipality	Electric utility	65,271	Stormwater	85,769	Stormwater
Municipality	Electric utility	394,626	Payment in lieu of taxes	376,785	Payment in lieu of taxes
Municipality	Wastewater utility	20,147	Operating	9,073	Operating

The following is a schedule of transfer balances for the years ending December 31, 2017 and 2016:

To	From	2017		2016	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric utility	\$ 12,698	Operating	\$ 21,213	Operating
Municipality	Electric utility	394,626	Payment in lieu of taxes	376,785	Payment in lieu of taxes
Municipality	Water utility	3,743	Operating	2,412	Operating
Municipality	Water utility	420,305	Payment in lieu of taxes	387,855	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, 2017 and 2016

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.

Restricted Net Position

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

	2017	2016
Restricted Assets		
Redemption account	\$ 503,126	\$ 486,538
Reserve account	649,338	649,338
Depreciation account	25,000	25,000
Construction account	-	1,840,074
Total Restricted Assets	1,177,464	3,000,950
Less: Restricted Assets Not Funded by Revenues		
Construction account	-	(1,840,074)
Current Liabilities Payable From Restricted Assets	(31,928)	(70,648)
Total Restricted Net Position as Calculated	\$ 1,145,536	\$ 1,090,228

The purpose of the restricted net position is as follows:

	2017	2016
Debt service	\$ 1,145,536	\$ 1,090,228

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 4 - RESTRICTED ASSETS (cont.)

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

	2017	2016
Restricted Assets		
Redemption account	\$ 262,397	\$ 267,550
Reserve account	244,677	244,677
Depreciation account	25,000	25,000
Construction account	-	213,127
Total Restricted Assets	532,074	750,354
Less: Restricted Assets Not Funded by Revenues		
Construction account	-	(213,127)
Current Liabilities Payable From Restricted Assets	(7,615)	(8,230)
Total Restricted Net Position as Calculated	\$ 524,459	\$ 528,997

The purpose of the restricted net position is as follows:

	2017	2016
Debt service	\$ 524,459	\$ 528,997

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

	2017	2016
Restricted Assets		
Redemption account	\$ 333,597	\$ 365,599
Depreciation account	33,283	33,283
Replacement account	1,134,247	1,096,288
Construction account	-	123
Total Restricted Assets	1,501,127	1,495,293
Less: Restricted Assets Not Funded by Revenues		
Construction account	-	(123)
Current Liabilities Payable From Restricted Assets	(20,876)	(22,761)
Total Restricted Net Position as Calculated	\$ 1,480,251	\$ 1,472,409

The purpose of the restricted net position is as follows:

	2017	2016
Debt service	\$ 346,004	\$ 376,121
Equipment replacement	1,134,247	1,096,288
Total Restricted Net Position	\$ 1,480,251	\$ 1,472,409

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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, 2017 is \$337,463.

Repayment requirements to maturity follow:

Year Ending December 31	Principal	Interest	Total
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	51,006	4,739	55,745
2023-2025	106,970	4,987	111,957
Totals	<u>\$ 337,463</u>	<u>\$ 42,499</u>	<u>\$ 379,962</u>

NOTE 6 - CHANGES IN CAPITAL ASSETS

Electric Utility

A summary of changes in electric capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets, not being depreciated				
Land and land rights	\$ 220,797	\$ -	\$ -	\$ 220,797
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	23,937,651	1,059,041	159,147	24,837,545
General	4,116,527	35,215	44,222	4,107,520
Total Capital Assets Being Depreciated	<u>28,069,197</u>	<u>1,094,256</u>	<u>203,369</u>	<u>28,960,084</u>
Total Capital Assets	<u>28,289,994</u>	<u>1,094,256</u>	<u>203,369</u>	<u>29,180,881</u>
Less: Accumulated depreciation				
Transmission	(19,366)	-	-	(19,366)
Distribution	(11,485,664)	(882,648)	163,920	(12,204,392)
General	(2,924,851)	(154,306)	13,443	(3,065,714)
Total Accumulated Depreciation	<u>(14,429,881)</u>	<u>(1,036,954)</u>	<u>177,363</u>	<u>(15,289,472)</u>
Construction in progress	<u>189,399</u>	<u>2,358,222</u>	<u>189,399</u>	<u>2,358,222</u>
Net Capital Assets	<u>\$ 14,049,512</u>			<u>\$ 16,249,631</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Electric Utility (cont.)

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, 2017 and 2016

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility

A summary of changes in water capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
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	1,489,440	42,723	18,897	1,513,266
Water treatment	90,763	-	-	90,763
Transmission and distribution	18,527,741	1,030,499	80,789	19,477,451
General	845,703	571	-	846,274
Total Capital Assets Being Depreciated	<u>21,549,377</u>	<u>1,073,793</u>	<u>99,686</u>	<u>22,523,484</u>
Total Capital Assets	<u>21,979,508</u>	<u>1,073,793</u>	<u>99,686</u>	<u>22,953,615</u>
Less: Accumulated depreciation				
Source of supply	(369,713)	(17,276)	-	(386,989)
Pumping	(1,258,488)	(58,437)	44,632	(1,272,293)
Water treatment	(88,640)	(437)	-	(89,077)
Transmission and distribution	(4,229,057)	(349,150)	133,893	(4,444,314)
General	(832,661)	(92,139)	7,310	(917,490)
Total Accumulated Depreciation	<u>(6,778,559)</u>	<u>(517,439)</u>	<u>185,835</u>	<u>(7,110,163)</u>
Construction in progress	<u>80,638</u>	<u>5,693</u>	<u>80,638</u>	<u>5,693</u>
Net Capital Assets	<u>\$ 15,281,587</u>			<u>\$ 15,849,145</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility (cont.)

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	<u>19,764,874</u>	<u>1,851,285</u>	<u>66,782</u>	<u>21,549,377</u>
Total Capital Assets	<u>20,195,005</u>	<u>1,851,285</u>	<u>66,782</u>	<u>21,979,508</u>
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	<u>(6,402,633)</u>	<u>(462,383)</u>	<u>86,457</u>	<u>(6,778,559)</u>
Construction in progress	<u>106,478</u>	<u>883,885</u>	<u>909,725</u>	<u>80,638</u>
Net Capital Assets	<u>\$ 13,898,850</u>			<u>\$ 15,281,587</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Wastewater Utility

A summary of changes in wastewater capital assets for 2017 follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital assets being depreciated				
Collecting system	\$ 11,214,653	\$ 603,049	\$ 10,023	\$ 11,807,679
Collecting system pumping	733,519	-	-	733,519
Treatment and disposal	15,554,351	83,696	24,025	15,614,022
General	1,376,617	714	-	1,377,331
Total Capital Assets Being Depreciated	28,879,140	687,459	34,048	29,532,551
Less: Accumulated depreciation	(10,250,053)	(811,612)	66,790	(10,994,875)
Construction in progress	94,791	59,092	94,791	59,092
Net Capital Assets	\$ 18,723,878			\$ 18,596,768

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 7 - LONG-TERM OBLIGATIONS

Revenue Bonds - Electric

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/17
May 3, 2016	Electric system improvements, refund 2006 bonds	April 1, 2036	2.00 - 3.00%	\$ 4,005,000	\$ 3,695,000
February 15, 2013	Electric system improvements	April 1, 2023	2.00 - 2.25	3,170,000	1,945,000

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	685,000	68,438	753,438
2023 - 2027	1,150,000	221,956	1,371,956
2028 - 2032	655,000	138,825	793,825
2033 - 2036	590,000	36,150	626,150
Totals	<u>\$ 5,640,000</u>	<u>\$ 875,621</u>	<u>\$ 6,515,621</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 2017 and 2016 were \$775,948 and \$602,450, respectively, not including the refunding in the prior year. Total customer gross revenues as defined for the same periods were \$15,342,304 and \$15,208,512. 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, 2017 and 2016

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 12/31/17
May 3, 2016	Additions and improvements, refund 2006 bonds	May 1, 2026	1.00 - 2.75%	\$ 2,520,000	\$ 2,225,000
January 27, 2010	Additions and improvements	May 1, 2029	2.668	575,018	395,747

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	326,571	24,994	351,565
2023 - 2027	910,949	51,564	962,513
2028 - 2029	74,936	2,012	76,948
Totals	<u>\$ 2,620,747</u>	<u>\$ 227,989</u>	<u>\$ 2,848,736</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 2017 and 2016 were \$370,217 and \$243,450, respectively, not including the refunding in the prior year. Total customer gross revenues as defined for the same periods were \$2,093,437 and \$2,026,153. Annual principal and interest payments are expected to require 11% of gross revenues on average.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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 12/31/17
December 22, 1999	Wastewater interceptor	May 1, 2019	3.049%	\$ 623,465	\$ 81,426
July 12, 2000	WWTP improvements	May 1, 2020	3.049	1,116,259	213,851
September 10, 2003	WWTP improvements	May 1, 2023	2.766	1,670,624	603,752
June 27, 2007	WWTP improvements	May 1, 2027	2.475	1,539,762	933,743
November 1, 2014	WWTP improvements	May 1, 2034	2.625	3,305,713	2,912,195

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	349,930	77,175	427,105
2023 - 2027	1,431,472	266,196	1,697,668
2028 - 2032	943,088	117,353	1,060,441
2033 - 2034	412,805	10,906	423,711
Totals	<u>\$ 4,744,967</u>	<u>\$ 881,217</u>	<u>\$ 5,626,184</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 2017 and 2016 were \$544,307 and \$544,459, respectively. Total customer gross revenues as defined for the same periods were \$2,084,680 and \$2,038,487. Annual principal and interest payments are expected to require 16% of gross revenues on average.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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 12/31/17
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25%	\$ 522,000	\$ 423,000

General obligation bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	54,000	4,050	58,050
2023 - 2025	<u>165,000</u>	<u>5,468</u>	<u>170,468</u>
Totals	<u>\$ 423,000</u>	<u>\$ 36,038</u>	<u>\$ 459,038</u>

General Obligation Debt - Wastewater

The following general obligation bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/17
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25%	\$ 348,000	\$ 282,000

General obligation bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	36,000	27,000	63,000
2023-2025	<u>110,000</u>	<u>3,645</u>	<u>113,645</u>
Totals	<u>\$ 282,000</u>	<u>\$ 48,325</u>	<u>\$ 330,325</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Electric

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	1/1/17 Balance	Additions	Reductions	12/31/17 Balance	Due Within One Year
Revenue bonds	\$ 6,250,000	\$ -	\$ 610,000	\$ 5,640,000	\$ 610,000
Accrued sick leave	171,811	32,035	27,365	176,481	-
Customer advances for construction	27,141	93,410	91,910	28,641	-
Unamortized premium on bonds	131,571	-	22,738	108,833	-
Net pension liability	<u>103,350</u>	<u>11,897</u>	<u>62,300</u>	<u>52,947</u>	<u>-</u>
Totals	<u>\$ 6,683,873</u>	<u>\$ 137,342</u>	<u>\$ 814,313</u>	<u>\$ 6,006,902</u>	<u>\$ 610,000</u>

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	<u>-</u>	<u>103,350</u>	<u>-</u>	<u>103,350</u>	<u>-</u>
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 Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	1/1/17 Balance	Additions	Reductions	12/31/17 Balance	Due Within One Year
Revenue bonds	\$ 2,943,424	\$ -	\$ 322,677	\$ 2,620,747	\$ 318,415
General obligation debt	474,000	-	51,000	423,000	51,000
Accrued sick leave	86,587	22,612	9,962	99,237	-
Unamortized premium on bonds	35,638	-	6,592	29,046	-
Net pension liability	<u>36,404</u>	<u>9,989</u>	<u>25,079</u>	<u>21,314</u>	<u>-</u>
Totals	<u>\$ 3,576,053</u>	<u>\$ 32,601</u>	<u>\$ 415,310</u>	<u>\$ 3,193,344</u>	<u>\$ 369,415</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Water (cont.)

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

	<u>1/1/16</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>12/31/16</u> Balance	<u>Due Within</u> <u>One Year</u>
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>

Long-Term Obligations Summary - Wastewater

Long-term obligation activity for the year ended December 31, 2017 is as follows:

	<u>1/1/17</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u> Balance	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 5,158,363	\$ -	\$ 413,396	\$ 4,744,967	\$ 424,703
General obligation debt	316,000	-	34,000	282,000	34,000
Accrued sick leave	120,910	15,492	11,769	124,633	-
Net pension liability	40,825	8,874	26,866	22,833	-
Totals	<u>\$ 5,636,098</u>	<u>\$ 24,366</u>	<u>\$ 486,031</u>	<u>\$ 5,174,433</u>	<u>\$ 458,703</u>

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

	<u>1/1/16</u> Balance	<u>Additions</u>	<u>Reductions</u>	<u>12/31/16</u> Balance	<u>Due Within</u> <u>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	-	40,825	-	40,825	-
Totals	<u>\$ 6,014,575</u>	<u>\$ 60,516</u>	<u>\$ 438,993</u>	<u>\$ 5,636,098</u>	<u>\$ 447,395</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On May 26, 2016, electric utility issued bonds in the amount of \$4,005,000 were issued 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 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 were issued with an average interest rate of 1.77% to refund \$1,175,000 of outstanding 2006 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 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 are exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

The utilities are covered under the following insurance policies at December 31, 2017:

Type	Coverage	Expiration
Automobile	\$ 10,000,000 CVMIC Self-Insured	1/1/18
Excess Liability	5,000,000 CVMIC Self-Insured	1/1/18
Workers Compensation	5,000,000 CVMIC Self-Insured	1/1/18
	1,000,000 CVMIC Self-Insured	1/1/18
Boiler Insurance	250,000,000 CVMIC Self-Insured	1/1/18
Property	59,566,800 Wisconsin Local Property Insurance Fund	2/1/18

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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 2017 and 2016 as follows:

	2017	2016
Operating revenues	\$ 15,249,623	\$ 15,116,204
Investment income	92,681	92,308
Less: Operation and maintenance expenses	(13,257,421)	(13,329,607)
Net Defined Earnings	\$ 2,084,883	\$ 1,878,905
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 756,513	\$ 775,948
Coverage factor	1.30	1.30
Minimum Required Earnings	\$ 983,467	\$ 1,008,732
Actual Debt Coverage	2.76	2.42

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 2017 and 2016 as follows:

	2017	2016
Operating revenues	\$ 2,071,229	\$ 2,001,124
Investment income	22,208	25,029
Less: Operation and maintenance expenses	(1,049,770)	(1,012,205)
Net Defined Earnings	\$ 1,043,667	\$ 1,013,948
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 375,312	\$ 375,312
Coverage factor	1.30	1.30
Minimum Required Earnings	\$ 487,906	\$ 487,906
Actual Debt Coverage	2.78	2.70

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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 2017 and 2016 as follows:

	2017	2016
Operating revenues	\$ 2,051,313	\$ 2,036,002
Investment income	33,367	2,485
Less: Operation and maintenance expenses	(1,012,657)	(1,020,298)
Net Defined Earnings	\$ 1,072,023	\$ 1,018,189
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 544,152	\$ 544,307
Coverage factor	1.10	1.10
Minimum Required Earnings	\$ 598,567	\$ 598,738
Actual Debt Coverage	1.97	1.87

Number of Customers and Billed Volumes - Electric

The utility has the following number of customers and billed volumes for 2017 and 2016:

	Customers		Sales (000 kWh)	
	2017	2016	2017	2016
Residential	7,744	7,714	63,176	69,348
General	829	833	16,248	14,157
Small power	62	52	15,612	13,291
Large power	10	10	12,310	10,164
Industrial	6	6	30,905	31,257
Street and highway lighting	7	7	770	735
Totals	8,658	8,622	139,021	138,952

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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 2017 and 2016:

	Customers		Sales (000 gals)	
	2017	2016	2017	2016
Residential	4,469	4,444	202,150	206,657
Multifamily residential	64	63	28,762	25,465
Commercial	375	366	54,306	53,304
Industrial	25	25	174,238	179,746
Public authority	45	44	4,976	5,304
Interdepartmental	6	6	432	533
Totals	<u>4,984</u>	<u>4,948</u>	<u>464,864</u>	<u>471,009</u>

Number of Customers and Billed Volumes - Wastewater

The utility has the following number of customers and billed volumes for 2017 and 2016:

	Customers		Sales (000 gals)	
	2017	2016	2017	2016
Residential	4,465	4,440	201,168	230,659
Multifamily residential	64	63	26,228	25,465
Commercial	358	349	51,364	50,898
Industrial	21	21	23,241	26,567
Public authority	32	32	3,544	3,554
Interdepartmental	1	1	48	50
Totals	<u>4,941</u>	<u>4,906</u>	<u>305,593</u>	<u>337,193</u>

Utility Budget

The 2017 and 2016 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, 2017 and 2016

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:

	2017	2016
Construction work in progress	\$ 2,358,222	\$ 189,399
Plant in service	29,180,881	28,289,994
Accumulated depreciation	(15,289,472)	(14,429,881)
Property held for future use	352,664	352,664
Sub-Totals	16,602,295	14,402,176
Less: Capital related debt		
Current portion of capital related long-term debt	610,000	610,000
Long-term portion of capital related long-term debt	5,030,000	5,640,000
Unamortized debt premium	108,833	131,571
Sub-Totals	5,748,833	6,381,571
Add: Unspent debt proceeds		
Construction funds	-	1,840,074
Total Net Investment in Capital Assets	\$ 10,853,462	\$ 9,860,679

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 8 - NET POSITION (cont.)

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

	2017	2016
Construction work in progress	\$ 5,693	\$ 80,638
Plant in service	22,953,615	21,979,508
Accumulated depreciation	<u>(7,110,163)</u>	<u>(6,778,559)</u>
Sub-Totals	<u>15,849,145</u>	<u>15,281,587</u>
Less: Capital related debt		
Current portion of capital related long-term debt	369,415	373,677
Long-term portion of capital related long-term debt	2,674,332	3,043,747
Unamortized debt premium	<u>29,046</u>	<u>35,638</u>
Sub-Totals	<u>3,072,793</u>	<u>3,453,062</u>
Add: Unspent debt proceeds		
Construction funds	<u>-</u>	<u>213,127</u>
Total Net Investment in Capital Assets	<u><u>\$ 12,776,352</u></u>	<u><u>\$ 12,041,652</u></u>

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

	2017	2016
Construction work in progress	\$ 59,092	\$ 94,791
Plant in service	29,532,551	28,879,140
Accumulated depreciation	<u>(10,994,875)</u>	<u>(10,250,053)</u>
Sub-Totals	<u>18,596,768</u>	<u>18,723,878</u>
Less: Capital related debt		
Current portion of capital related long-term debt	458,703	447,395
Long-term portion of capital related long-term debt	<u>4,568,264</u>	<u>5,026,968</u>
Sub-Totals	<u>5,026,967</u>	<u>5,474,363</u>
Add: Unspent debt proceeds		
Reserve from borrowing	<u>-</u>	<u>123</u>
Total Net Investment in Capital Assets	<u><u>\$ 13,569,801</u></u>	<u><u>\$ 13,249,638</u></u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM

General Information About the Pension Plan

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

ETF issues a standalone Comprehensive Annual Financial Report (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, 2017 and 2016

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
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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

The WRS recognized \$114,245 and \$111,938 in contributions from the utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2017 and December 31, 2016 are:

	2017		2016	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.8%	6.8%	6.6%	6.6%
Protective with Social Security	6.8%	10.6%	6.6%	9.4%
Protective without Social Security	6.8%	14.9%	6.6%	13.2%

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

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, 2017, the utilities reported a liability (asset) of \$97,094 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the City of Stoughton's proportion was 0.04705035%, which was an increase of 0.00107361% from its proportion measured as of December 31, 2015.

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, 2017 and 2016, the utilities recognized pension expense of \$264,772 and \$218,179.

At December 31, 2017, the utilities 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>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,644	\$ 164,337	\$ 7,388	\$ 55,210	\$ 7,809	\$ 62,991
Changes in assumption	54,635	-	18,355	-	20,941	-
Net differences between project and actual earnings on pension plan	258,607	-	83,986	-	96,079	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,548	-	2,061	-	2,255
Employer contributions subsequent to the measurement date	<u>72,260</u>	<u>-</u>	<u>26,398</u>	<u>-</u>	<u>26,532</u>	<u>-</u>
Total	<u>\$ 405,146</u>	<u>\$ 169,885</u>	<u>\$ 136,127</u>	<u>\$ 57,271</u>	<u>\$ 151,361</u>	<u>\$ 65,246</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

At December 31, 2016, the utilities 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>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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>\$ 575,914</u>	<u>\$ 221,246</u>	<u>\$ 206,806</u>	<u>\$ 77,947</u>	<u>\$ 227,166</u>	<u>\$ 87,394</u>

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

<u>Year Ended December 31</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
2018	\$ 66,920	\$ 21,536	\$ 24,461
2019	66,920	21,536	24,461
2020	45,297	14,578	16,558
2021	(16,194)	(5,212)	(5,919)
2022	58	20	22
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 163,001</u>	<u>\$ 52,458</u>	<u>\$ 59,583</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

	2017	2016
Actuarial valuation date	December 31, 2015	December 31, 2014
Measurement date of net pension liability (asset)	December 31, 2016	December 31, 2015
Actuarial cost method	Entry age	Entry age
Asset valuation method	Fair market value	Fair market value
Long-term expected rate of return	7.2%	7.2%
Discount rate	7.2%	7.2%
Salary increases		
Inflation	3.2%	3.2%
Seniority/Merit	0.2% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%	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 used in the December 31, 2015 actuarial valuation are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

Actuarial assumptions used in the December 31, 2014 actuarial valuation 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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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 as of December 31, 2017 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.24	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2016 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability as of December 31, 2017 and December 31, 2016. 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 3.78% in 2017 and 3.56% in 2016. 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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

The sensitivity analysis as of December 31, 2017 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Electric Utility's proportionate share of the net position liability (asset)	\$ 696,552	\$ 52,947	\$ (442,658)
Water Utility's proportionate share of the net position liability (asset)	280,400	21,314	(178,194)
Wastewater Utility's proportionate share of the net position liability (asset)	300,383	22,833	(190,893)

The sensitivity analysis as of December 31, 2016 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
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)

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>.

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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (cont.)

Long-Term Contracts - WPPI Energy (cont.)

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 and 2016, all but two of WPPI Energy members ratified an extension to their existing contracts. The new contract expires at midnight on December 31, 2055. The contract for the remaining members expires on December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract is \$388 million as of December 31, 2017.

Claims and Judgments

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

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%.

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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2017 and 2016

NOTE 11 - RISK MANAGEMENT (cont.)

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

STOUGHTON UTILITIES

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

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)
12/31/17	0.04705035%	\$ 97,094	\$ 1,730,985	5.61%	99.12%
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, 2016

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
12/31/17	\$ 125,190	\$ 125,190	\$ -	1,841,029	6.80%
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, 2017

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, 2017

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
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	52,834	-	-	52,834
Station equipment	4,336,785	2,085	-	4,338,870
Poles, towers and fixtures	3,319,040	140,314	36,464	3,422,890
Overhead conductors and devices	5,830,148	169,014	63,169	5,935,993
Underground conduit	538,813	86,650	366	625,097
Underground conductors and devices	3,702,473	373,532	18,801	4,057,204
Line transformers	3,097,723	163,447	11,468	3,249,702
Services	1,822,777	63,425	7,223	1,878,979
Meters	671,922	16,283	1,628	686,577
Street lighting and signal systems	565,135	44,291	20,028	589,398
Total Distribution	<u>24,158,446</u>	<u>1,059,041</u>	<u>159,147</u>	<u>25,058,340</u>
GENERAL				
Structures and improvements	1,656,659	-	-	1,656,659
Office furniture and equipment	215,401	1,569	-	216,970
Computer equipment	191,677	-	-	191,677
Transportation equipment	310,127	-	25,719	284,408
Stores equipment	9,984	-	-	9,984
Tools, shop and garage equipment	81,791	5,746	-	87,537
Laboratory equipment	60,822	-	-	60,822
Power-operated equipment	1,213,502	27,900	18,503	1,222,899
Communication equipment	92,122	-	-	92,122
Fiber optic equipment	279,453	-	-	279,453
Miscellaneous equipment	4,990	-	-	4,990
Total General	<u>4,116,528</u>	<u>35,215</u>	<u>44,222</u>	<u>4,107,521</u>
TOTAL ELECTRIC UTILITY PLANT	<u><u>\$28,289,994</u></u>	<u><u>\$ 1,094,256</u></u>	<u><u>\$ 203,369</u></u>	<u><u>\$29,180,881</u></u>

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Sales of Electricity		
Residential	\$ 5,156,589	\$ 5,245,492
Rural	2,804,789	2,860,599
General service	1,523,131	1,563,722
Large commercial and industrial	1,445,786	1,358,269
Large power	1,107,643	914,513
Industrial	2,766,795	2,742,903
Public street and highway lighting	123,726	121,306
Interdepartmental	178,127	174,133
Total Sales of Electricity	15,106,586	14,980,937
Other Operating Revenues		
Forfeited discounts	32,924	35,433
Other	110,113	99,834
Total Operating Revenues	15,249,623	15,116,204
 OPERATING EXPENSES		
Operation and Maintenance		
Other Power Supply		
Purchased power	11,501,767	11,588,139
Transmission		
Operation supervision and engineering	16,411	3,431
Station	37,670	34,522
Overhead lines	29,364	51,527
Underground lines	30,125	32,928
Total Transmission	113,570	122,408
Distribution		
Street lighting and signal system	-	(17)
Meter	5,577	19,196
Customer installations	-	109
Miscellaneous	53,084	70,220
Maintenance		
Supervision and engineering	482	21,774
Station equipment	20,544	18,992
Overhead lines	316,183	206,090
Underground lines	75,818	56,207
Line transformers	5,557	2,659
Street lighting and signal system	7,034	6,342
Meters	39,647	27,199
Total Distribution	523,926	428,771
Customer Accounts		
Meter reading	4,627	3,900
Customer records and collection	246,712	261,008
Miscellaneous	8,085	19,486
Total Customer Accounts	259,424	284,394

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Administrative and General		
Salaries	\$ 243,000	\$ 261,330
Office supplies	49,340	54,679
Outside services employed	23,734	23,697
Property insurance	31,228	30,397
Injuries and damages	37,740	36,826
Employee pensions and benefits	226,038	255,655
Regulatory commission	4,887	2,783
Miscellaneous	1,392	500
Rents	11,674	11,680
Maintenance	<u>56,484</u>	<u>57,664</u>
Total Administrative and General	<u>685,517</u>	<u>735,211</u>
Taxes	<u>173,217</u>	<u>170,684</u>
Total Operation and Maintenance	13,257,421	13,329,607
Depreciation	<u>1,019,024</u>	<u>996,954</u>
Total Operating Expenses	<u>14,276,445</u>	<u>14,326,561</u>
 OPERATING INCOME	 <u>\$ 973,178</u>	 <u>\$ 789,643</u>

STOUGHTON ELECTRIC UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2017 and 2016

	Electric	
	2017	2016
Utility Financed Plant in Service		
Beginning of year	\$ 24,962,668	\$ 24,260,890
End of year	25,749,349	24,962,668
Average	25,356,009	24,611,779
Utility Financed Accumulated Depreciation		
Beginning of year	(12,808,857)	(11,973,321)
End of year	(13,559,734)	(12,808,857)
Average	(13,184,296)	(12,391,089)
Materials and Supplies		
Beginning of year	163,294	129,405
End of year	153,499	163,294
Average	158,397	146,350
Regulatory Liability		
Beginning of year	(155,124)	(177,284)
End of year	(132,964)	(155,124)
Average	(144,044)	(166,204)
Customer Advances for Construction		
Beginning of year	(27,141)	(225,387)
End of year	(28,641)	(27,141)
Average	(27,891)	(126,264)
AVERAGE NET RATE BASE	\$ 12,158,175	\$ 12,074,572
OPERATING INCOME - REGULATORY BASIS	\$ 785,048	\$ 597,291
RATE OF RETURN (PERCENT)	6.46	4.95

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, 2017

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
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	625,811	29,800	11,000	644,611
Other power production equipment	278,732	12,923	7,897	283,758
Electric pumping equipment	584,896	-	-	584,896
Total Pumping	<u>1,489,439</u>	<u>42,723</u>	<u>18,897</u>	<u>1,513,265</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	11,720,653	645,924	9,775	12,356,802
Services	2,609,094	197,970	2,266	2,804,798
Meters	774,883	92,705	54,655	812,933
Hydrants	1,474,135	89,085	13,166	1,550,054
Other transmission and distribution plant	973	4,815	927	4,861
Total Transmission and Distribution	<u>18,550,406</u>	<u>1,030,499</u>	<u>80,789</u>	<u>19,500,116</u>
GENERAL				
Structures and improvements	412,821	-	-	412,821
Office furniture and equipment	62,497	571	-	63,068
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>1,241,535</u>	<u>571</u>	<u>-</u>	<u>1,242,106</u>
TOTAL WATER UTILITY PLANT	<u><u>\$21,979,508</u></u>	<u><u>\$ 1,073,793</u></u>	<u><u>\$ 99,686</u></u>	<u><u>\$22,953,615</u></u>

STOUGHTON WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Sales of Water		
Unmetered	\$ -	\$ 79
Metered		
Residential	899,421	876,749
Multifamily residential	74,247	65,660
Commercial	168,601	156,718
Industrial	301,957	296,674
Public authorities	19,310	18,747
Interdepartmental	1,779	1,918
Total Metered Sales	1,465,315	1,416,466
Private fire protection	43,901	38,842
Public fire protection	520,495	498,439
Total Sales of Water	2,029,711	1,953,826
Other Operating Revenues		
Forfeited discounts	6,422	6,309
Other	35,096	40,989
Total Operating Revenues	2,071,229	2,001,124
OPERATING EXPENSES		
Operation and Maintenance		
Source of Supply		
Maintenance		
Wells and springs	138	4,675
Pumping		
Fuel or purchased power for pumping	135,189	128,913
Pumping labor	2,899	15,995
Miscellaneous	1,501	2,498
Maintenance		
Structures and improvements	24,319	19,526
Pumping equipment	32,733	34,724
Total Pumping	196,641	201,656
Water Treatment		
Chemicals	16,159	14,569
Operation labor	53,737	44,842
Maintenance		
Structures and improvements	925	900
Water treatment equipment	2,538	8,267
Total Water Treatment	73,359	68,578

STOUGHTON WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Transmission and Distribution		
Transmission and distribution lines	\$ 13,769	\$ 14,316
Meters	40,099	25,178
Miscellaneous	41,519	40,808
Maintenance		
Reservoirs and standpipes	46,829	53,069
Mains	58,419	51,540
Services	35,154	51,644
Meters	1,160	510
Hydrants	30,842	16,191
Miscellaneous	2,348	9,386
Total Transmission and Distribution	270,139	262,642
Customer Accounts		
Meter reading	13,821	7,522
Accounting and collecting labor	94,299	92,476
Total Customer Accounts	108,120	99,998
Administrative and General		
Salaries	152,912	157,264
Office supplies	14,259	14,581
Outside services employed	30,927	28,928
Property insurance	11,355	11,054
Injuries and damages	12,540	12,621
Employee pensions and benefits	144,595	112,281
Regulatory commission	-	4,991
Miscellaneous	319	470
Rents	4,245	4,247
Maintenance	8,017	5,948
Total Administrative and General	379,169	352,385
Taxes	22,204	22,271
Total Operation and Maintenance	1,049,770	1,012,205
Depreciation	444,601	428,084
Total Operating Expenses	1,494,371	1,440,289
OPERATING INCOME	\$ 576,858	\$ 560,835

STOUGHTON WATER UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2017 and 2016

	Water	
	2017	2016
Utility Financed Plant in Service		
Beginning of year	\$ 14,600,959	\$ 13,552,786
End of year	<u>15,471,436</u>	<u>14,600,959</u>
Average	<u>15,036,198</u>	<u>14,076,873</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(4,786,329)	(4,515,479)
End of year	<u>(5,004,855)</u>	<u>(4,786,329)</u>
Average	<u>(4,895,592)</u>	<u>(4,650,904)</u>
Materials and Supplies		
Beginning of year	34,812	29,831
End of year	<u>41,401</u>	<u>34,812</u>
Average	<u>38,107</u>	<u>32,322</u>
Regulatory Liability		
Beginning of year	(239,600)	(273,828)
End of year	<u>(205,372)</u>	<u>(239,600)</u>
Average	<u>(222,486)</u>	<u>(256,714)</u>
AVERAGE NET RATE BASE	<u>\$ 9,956,227</u>	<u>\$ 9,201,577</u>
OPERATING INCOME - REGULATORY BASIS	<u>\$ 320,159</u>	<u>\$ 318,087</u>
RATE OF RETURN (PERCENT)	<u>3.22</u>	<u>3.46</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, 2017

	Balance 1/1/17	Additions	Retirements	Balance 12/31/17
COLLECTING SYSTEM				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Collecting mains	9,301,524	603,049	10,023	9,894,550
Interceptor mains	1,864,084	-	-	1,864,084
Force mains	48,951	-	-	48,951
Total Collecting System	<u>11,214,659</u>	<u>603,049</u>	<u>10,023</u>	<u>11,807,685</u>
COLLECTING SYSTEM PUMPING				
Structures and improvements	106,238	-	-	106,238
Electric pumping equipment	605,881	-	-	605,881
Other power pumping equipment	21,399	-	-	21,399
Total Collecting System Pumping	<u>733,518</u>	<u>-</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	43,010	8,683	1,576,893
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	10,853	4,311	3,928,291
Plant site piping	685,498	6,024	1,089	690,433
Flow metering and monitoring equipment	25,166	23,809	9,942	39,033
Other treatment and disposal equipment	38,818	-	-	38,818
Total Treatment and Disposal	<u>15,554,349</u>	<u>83,696</u>	<u>24,025</u>	<u>15,614,020</u>
GENERAL				
Structures and improvements	241,646	-	-	241,646
Office furniture and equipment	64,900	714	-	65,614
Computer equipment	118,386	-	-	118,386
Transportation equipment	427,383	-	-	427,383
Communication equipment	433,162	-	-	433,162
Other general equipment	91,137	-	-	91,137
Total General	<u>1,376,614</u>	<u>714</u>	<u>-</u>	<u>1,377,328</u>
TOTAL WASTEWATER UTILITY PLANT	<u><u>\$28,879,140</u></u>	<u><u>\$ 687,459</u></u>	<u><u>\$ 34,048</u></u>	<u><u>\$29,532,551</u></u>

STOUGHTON WASTEWATER UTILITY

WASTEWATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Wastewater Revenues		
Residential	\$ 1,386,580	\$ 1,405,052
Commercial	440,709	434,012
Industrial	121,253	135,789
Public authorities	23,360	23,174
Interdepartmental sales	506	516
Total Wastewater Revenues	1,972,408	1,998,543
Other Operating Revenues		
Forfeited discounts	4,499	4,692
Miscellaneous	74,406	32,767
Total Operating Revenues	2,051,313	2,036,002
OPERATING EXPENSES		
Operation and Maintenance		
Operation		
Supervision and labor	149	50
Power and fuel for pumping	91,128	85,390
Sludge conditioning chemicals	10,282	10,710
Other operating supplies	33,078	26,766
Total Operation	134,637	122,916
Maintenance		
Collection system	96,325	104,074
Treatment and disposal plant equipment	119,171	118,943
General plant structures and equipment	71,232	75,878
Total Maintenance	286,728	298,895
Customer Accounts		
Accounting and collecting	146,128	145,249
Administrative and General		
Salaries	103,114	103,307
Office supplies	35,383	36,385
Outside services employed	22,584	25,019
Insurance	29,198	28,788
Employees pensions and benefits	140,696	142,767
Miscellaneous	19,300	22,719
Rents	65,214	65,298
Total Administrative and General	415,489	424,283
Taxes	29,675	28,955
Total Operation and Maintenance	1,012,657	1,020,298
Depreciation	811,239	796,285
Total Operating Expenses	1,823,896	1,816,583
 OPERATING INCOME	 \$ 227,417	 \$ 219,419

City of Stoughton, 381 E Main Street, Stoughton WI 53589

**RESOLUTION FROM THE UTILITIES COMMITTEE TO THE
STOUGHTON COMMON COUNCIL**

Authorizing and directing the proper City official(s) to approve the Stoughton Utilities 2016 Audit Report and Management Letter.

Committee Action: ___ - ___

Fiscal Impact: 0

File Number: R-xxx-2018

Date Introduced: March 27, 2018

WHEREAS, Baker Tilly Virchow Krause LLP has prepared the Stoughton Utilities Audit Report and Management Letter for 2017, and

WHEREAS, the Stoughton Utilities Committee met on March 19, 2018 to consider, approve, and recommend the approval of the Stoughton Utilities Audit Report and Management letter for 2017 and the adoption of the corresponding resolution, and recommend approval to the Stoughton Common Council, now therefore

BE IT RESOLVED by the Common Council of the City of Stoughton that the proper city official(s) be hereby authorized and directed to approve the Stoughton Utilities Audit Report and Management Letter for 2017.

Council Action: **Adopted** **Failed** **Vote** _____

Mayoral Action: **Accept** **Veto**

Donna Olson, Mayor

Date

Council Action: _____ **Override** **Vote** _____



Stoughton Utilities

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

Serving Electric, Water & Wastewater Since 1886

Date: March 13, 2018

To: Stoughton Utilities Committee

From: Brian R. Hoops
Stoughton Utilities Assistant Director

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

Subject: Stoughton Utilities 2017 Annual Water Consumer Confidence Report

The United States Environmental Protection Agency (US EPA) specifies in the Safe Drinking Water Act that community water systems be required to deliver educational information on water quality to their consumers. This Consumer Confidence Reports (CCR) provides Americans with important information about their local drinking water quality.

The CCR provides information concerning water quality for the previous monitoring year, and must be distributed to consumers annually prior to July 1. The report identifies detected contaminants, compliance with drinking water rules, and educational language, and is based on information reported to the Wisconsin Department of Natural Resources (WDNR).

We have completed all required water quality monitoring, sampling, and testing, and no significant changes to the quality or safety of our drinking water were noted.

Stoughton Utilities certifies that a “good faith” effort to provide this information to all consumers is made, as per the standards and requirements set forth by the WDNR. Copies of the CCR are posted in several public places, delivered to numerous community organizations, and published online. Notifications that the CCR is available to be viewed are delivered to consumers through the Stoughton Tower Times, temporary and permanent messages on the utility billing statements, temporary and permanent messages on the Stoughton Utilities website homepage, and email messages to those customers that are enrolled in paperless E-Billing.

Drinking Water Facts:

Approximately 400 billion gallons of water are used in the United States each day.

Americans use about 5.7 billion gallons a day to flush toilets.

If everyone in the United States flushed the toilet just one less time per day, it would conserve the equivalent of a lake measuring one mile long, one mile wide, and four feet deep.

Refilling a half-liter water bottle 1,740 times with tap water will cost the same as a 99 cent water bottle at a convenience store.

The average cost for water supplied to a home in the United States equals about 5 gallons for a penny.

An acre of corn will release approximately 4,000 gallons of water per day in evaporation.

In one year, the average American household can consume over 28,000 gallons of water.

The average residential swimming pool requires 22,000 gallons of water to fill.

Additional Health Information:

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children.

Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Stoughton Utilities is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking.

If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline at www.epa.gov/safewater/lead.

Nitrates in drinking water at levels above 10 ppm is a health risk for infants of less than 6 months of age. High nitrate levels in drinking water can cause blue baby syndrome. Nitrate levels may rise quickly for short periods because of rainfall or agricultural activity. If you are caring for an infant, you should ask advice from your health care provider.

Ongoing System Improvements:

Like most water systems across the country, Stoughton Utilities has aging underground infrastructure, and some critical elements have exceeded their service lifespan. When possible, this infrastructure is scheduled for repair or replacement.

Stoughton Utilities water main replacement project is an ongoing program to replace aged pipelines each year. When installed, the new larger water mains deliver more water, improve fire-fighting capabilities, and help to avoid potential damage to homes, businesses, and streets.

In 2018, scheduled infrastructure rehabilitation and water main replacement projects include:

- Vernon Street, east from Academy Street to Henry Street
- Kristi Lane, south from Vernon Street
- Franklin Street, south from Vernon Street to East South Street.

How do I Report a Water Problem?

If you experience any problems with your water, or if you witness anything suspicious at our facilities, please contact our customer service department anytime, 24-hours a day, seven days a week, at (608) 873-3379 or at www.stoughtonutilities.com.

Household Faucet Aerators:

All homeowners and renters should periodically remove and clean the aerators on all household faucets used for drinking or cooking. Over time, mineral sediment can build up inside the aerator, and potentially contaminate your drinking water.

Diggers Hotline:

Did you know that you *must* contact Diggers Hotline before any project that involves any digging in your yard? State law requires you to contact Diggers Hotline any time the soil is disturbed.

This requirement exists for your safety and to protect you from legal liability. If you do not contact Digger's Hotline and you damage any underground infrastructure while digging, you will be held liable for all repair costs and other damages.

At least three days before you dig, you can contact Diggers Hotline 24 hours a day, seven days a week, 365 days a year. Simply call (800) 242-8511, or dial **811**. You can also submit your request online at www.DiggersHotline.com.



2017 Drinking Water Quality Report

For more information on:

- Account AutoPay
- Budget Billing Plan
- My Account Online
- Paperless E-Billing
- RoundUP Community Donation
- Water Conservation
- Water, Wastewater and Electric Rates

600 S. Fourth Street
P.O. Box 383
Stoughton, WI 53589

(608) 873-3379
www.stoughtonutilities.com

Educational Information:

The sources of drinking water, whether it is obtained from the tap or a bottle, include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and in some cases radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- Microbial contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, which can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- Organic chemical contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff and septic systems.
- Radioactive contaminants, which can be naturally occurring or the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the United States Environmental Protection Agency (EPA) prescribes regulations that limit the amount of certain contaminants in water provided by public water systems. FDA regulations establish limits for contaminants in bottled water, which provides the same protection for public health.

All drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by visiting the EPA online at epa.gov/safewater.

Introduction:

Once again, the employees of Stoughton Utilities are pleased to provide you with this year's annual Drinking Water Quality Report. We are proud to announce that we continue to meet or surpass all state and federal water quality standards under the Safe Drinking Water Act.

We want you to understand the efforts we make continually to improve water quality and protect our water resources. We are committed to ensuring the quality of your water remains at the highest possible level.

Water Quality Testing and Results:

Stoughton Utilities routinely monitors for constituents in your drinking water in accordance with state and federal laws.

The following Table A. shows the results of our monitoring for the period from January 1, 2017, through December 31, 2017 (unless otherwise noted). Please note that only water parameters that had a detect are listed. If you would like to see the other constituents that were tested for, but did not have any detects, please contact us.

In this table, you will find many terms and abbreviations of which you might not be familiar. To help you understand these terms, we have provided the following definitions:

- **Parts per million (ppm) or Milligrams per liter (mg/l):** One part per million corresponds to one minute in two years, or a single penny in \$10,000.
- **Parts per billion (ppb) or Micrograms per liter:** One part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.
- **Picocuries per liter (pCi/l):** Picocuries per liter is a measure of the radioactivity in water.
- **Action Level (AL):** The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow.
- **Maximum Contaminant Level (MCL):** "Maximum Allowed" is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.
- **Maximum Contaminant Level Goal (MCLG):** The "Goal" is the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
- **TCR:** Total Coliform Rule

Discussion:

Please note that Stoughton Utilities' drinking water complies with all state and federal regulations, as shown in Table A.

All sources of drinking water are subject to potential contamination by constituents that are naturally occurring or manmade. Those constituents can be microbes, organic or inorganic chemicals, or radioactive materials.

Information from the EPA:

MCLs are set at very stringent levels. To understand the possible health effects described for many regulated constituents, a person would have to drink 2 liters of water every day at MCL level for a lifetime to have a one in a million chance of having the described health effect.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons, such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections.

These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by cryptosporidium and other microbiological contaminants are available online from the EPA's website at epa.gov/safewater.

About Stoughton Utilities:

Stoughton Utilities' water comes from four wells located throughout the city. The water is treated with chlorine and fluoride as it leaves the wells and is pumped directly into the water distribution system and three storage facilities. In 2017, Stoughton Utilities pumped a total of 518,985,000 gallons of water.

Stoughton Utilities is nonprofit and is owned directly by the City of Stoughton. All operations are funded entirely by the water, electric, and wastewater rates paid for our services by SU customers. In lieu of taxes for 2017, Stoughton Utilities paid \$814,931 to the City of Stoughton, making it the largest taxpayer in the city.

How to Contact us:

We welcome you to attend the monthly Stoughton Utilities Committee meetings at the administrative office located at 600 S. Fourth Street. Meeting notices, agendas, and past meeting minutes are available at www.stoughtonutilities.com.

If you have any questions concerning this report, your drinking water utility, or Stoughton Utilities in general, please contact us at (608) 873-3379 or at www.stoughtonutilities.com.

If you have a water emergency, please contact us anytime, 24-hours a day and seven days a week, at (608) 873-3379.

TABLE A:

Disinfection Byproducts:

Contaminant (units):	MCL:	MCLG:	Level Found:	Range:	Sample Date: (if prior to 2017)	Source of Contaminant:
HAA5 (site 19) (ppb)	60	60	1	1		Byproduct of drinking water chlorination.
HAA5 (site 20) (ppb)	60	60	1	1		Byproduct of drinking water chlorination.
TTHM (site 19) (ppb)	80	0	5.1	5.1		Byproduct of drinking water chlorination.
TTHM (site 20) (ppb)	80	0	6.3	6.3		Byproduct of drinking water chlorination.

Inorganic Contaminants:

Contaminant (units):	MCL:	MCLG:	Level Found:	Range:	Sample Date: (if prior to 2017)	Source of Contaminant:
Arsenic (ppm)	10	n/a	1	0 – 1	3/5/2014	Erosion of natural deposits
Barium (ppm)	2	2	0.035	0.019 – 0.035		Drilling waste; erosion of natural deposits.
Chromium (ppb)	100	100	1	0 – 1		Erosion of natural deposits.
Copper (ppm) ¹	AL=1.3	1.3	0.1300	0 of 30 results were above the action level for copper.		Corrosion of household plumbing; erosion of natural deposits.
Fluoride (ppm)	4	4	0.6	0.1 – 0.6		Water additive; erosion of natural deposits.
Lead (ppb) ¹	AL=15	0	15.00	3 of 30 results were above the action level for lead.		Corrosion of household plumbing; erosion of natural deposits.
Nickel (ppb)	100		1.5000	.5000 – 1.5000		Naturally occurring in soils and ground / surface waters.
Nitrate (N03-N)(ppm)	10	10	4.430	0.00 – 4.70		Fertilizer use; erosion of natural deposits.
Sodium (ppm)	n/a	n/a	15.00	2.90 – 15.00		n/a
Thallium (ppm)	2	0.5	0.3	0.2 – 0.3	3/5/2014	Leaching from ore-processing sites; discharge from electronics, glass, and drug factories

Radioactive Contaminants:

Contaminant (units):	MCL:	MCLG:	Level Found:	Range:	Sample Date: (if prior to 2017)	Source of Contaminant:
Gross Alpha excl. (pCi/l)	15	0	3.1	2.2 – 3.1		Erosion of natural deposits.
Gross Alpha incl. (pCi/l)	n/a	n/a	3.1	2.2 – 3.1		Erosion of natural deposits.
Radium (pCi/l)	5	0	4.3	3.9 – 4.3		Erosion of natural deposits.

Unregulated Contaminants:

Contaminant (units):	MCL:	MCLG:	Level Found:	Range:	Sample Date: (if prior to 2017)	Source of Contaminant:
Sulfate (ppm)	n/a	n/a	23.0	15.00 – 23.00		n/a

¹ Systems exceeding a lead and/or copper action level must take actions to reduce lead and/or copper in the drinking water. The lead and copper values represent the 90th percentile of all compliance samples collected. If you would like to receive information on the number of sites or the actions taken to reduce these levels, please contact Stoughton Utilities.

Infants and children who drink water containing lead in excess of the action level could experience delays in their physical or mental development. Children could show slight deficits in attention span and learning abilities. Adults who drink this water over many years could develop kidney problems or high blood pressure.



Stoughton Utilities

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

Serving Electric, Water & Wastewater Since 1886

Date: March 13, 2018

To: Stoughton Utilities Committee

From: Brian R. Hoops
Stoughton Utilities Assistant Director

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

Subject: West Substation construction status update

Construction of the new West Substation at 3201 McComb Road continues on schedule. Construction began October 2017 and is scheduled to be complete in May 2018. The general contractor for this project is MP Systems, Inc. (Pieperline).

At this time, all site grading is complete, the fence is secured, all footings and foundations have been poured, underground conduits and grounds are installed, transformers have been set, and the steel structure has been erected. The substation control house has been installed, and control cables and wiring has been run from the control house to the control panel locations. The SCADA control panel has been received and installed in the control house. The general contractor is currently installing the bus and jumper installations.

A crew from American Transmission Company (ATC) is onsite working in the nearby field to install the concrete foundations for the new transmission line. This line will connect the substation to the regional power transmission grid, delivering purchased power to Stoughton Utilities from regional generation facilities.

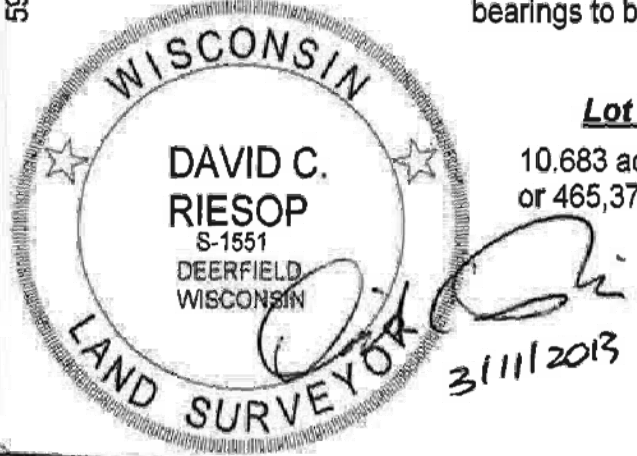
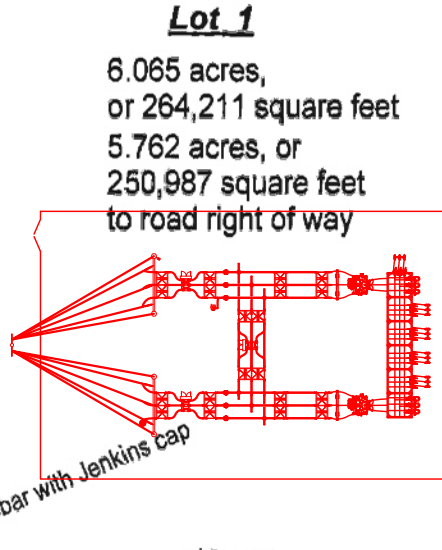
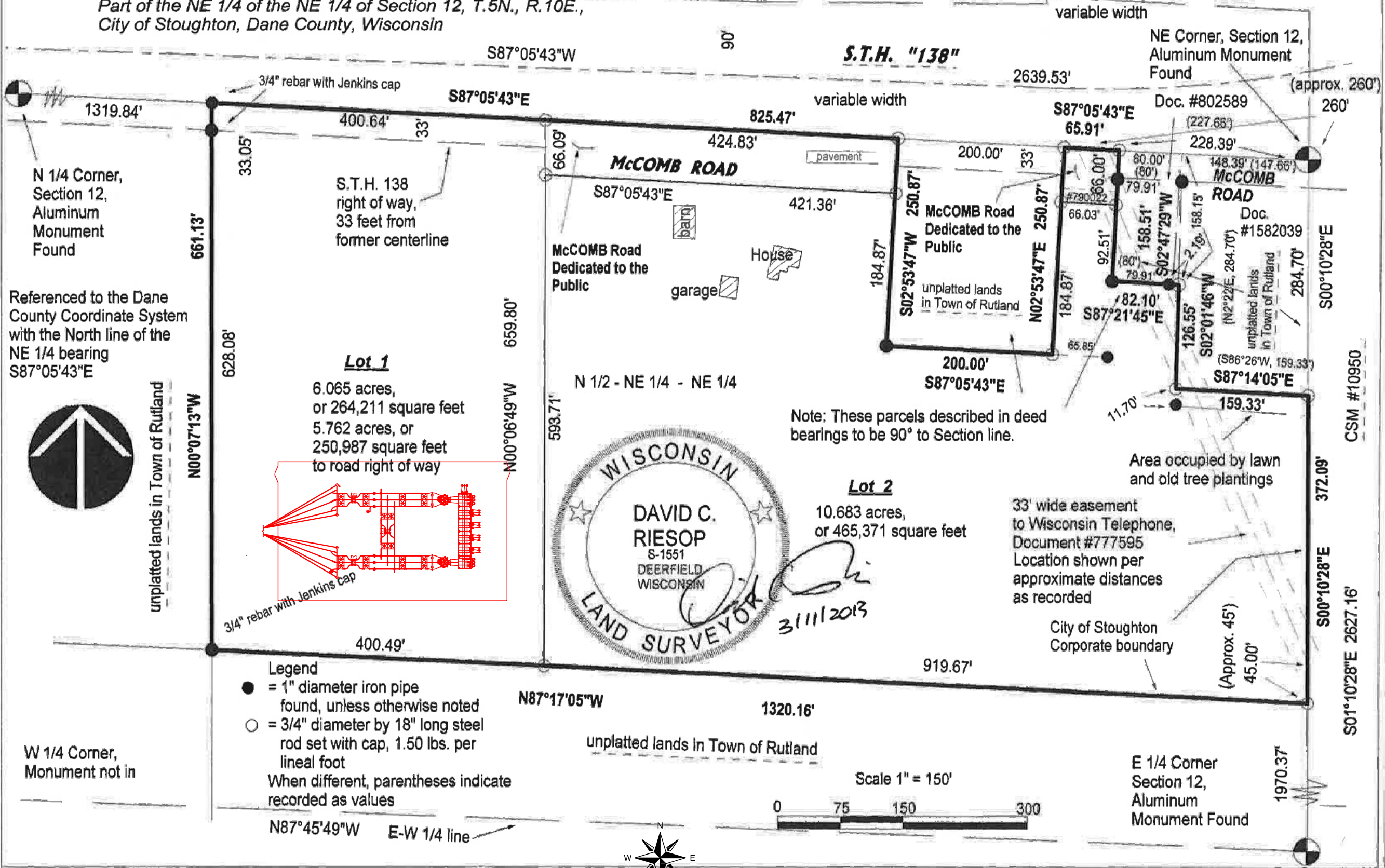
Construction of the new exit feeders connecting the West Substation to the distribution grid continues on schedule. The general contractor for this project is Pro Electric. Materials for the exit feeders have been ordered and shipments are arriving at our central storage area. All permits have been received, including those from the Wisconsin Department of Transportation the City of Stoughton, and contracts have been signed. Installation on these underground lines should begin within the week.

Our most recent quarterly report to the Wisconsin Public Service Commission, submitted March 5, 2018, has placed the physical completion at over 60%. Site diagrams and current construction photos are attached.

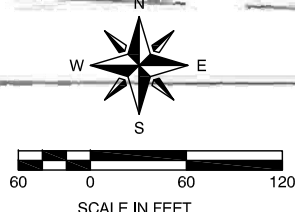
Certified Survey Map

Part of the NE 1/4 of the NE 1/4 of Section 12, T.5N., R.10E.,
City of Stoughton, Dane County, Wisconsin

CSM #3435



- Legend**
- = 1" diameter iron pipe found, unless otherwise noted
 - = 3/4" diameter by 18" long steel rod set with cap, 1.50 lbs. per lineal foot
- When different, parentheses indicate recorded as values



Dwg. No. 4079-11 Date 3/08/2013
Sheet 1 of 2
Document No. _____
C. S. M. No. _____ V. _____ P. _____

Wisconsin Mapping, LLC
surveying and mapping services
306 West Quarry Street, Deerfield, Wisconsin 53531
(608) 764-5602

Rev	Date	Description	Draft	Eng
1	01-27-14	Issued for Preliminary Review	FJW	BWB

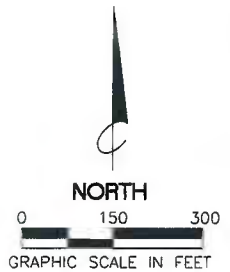
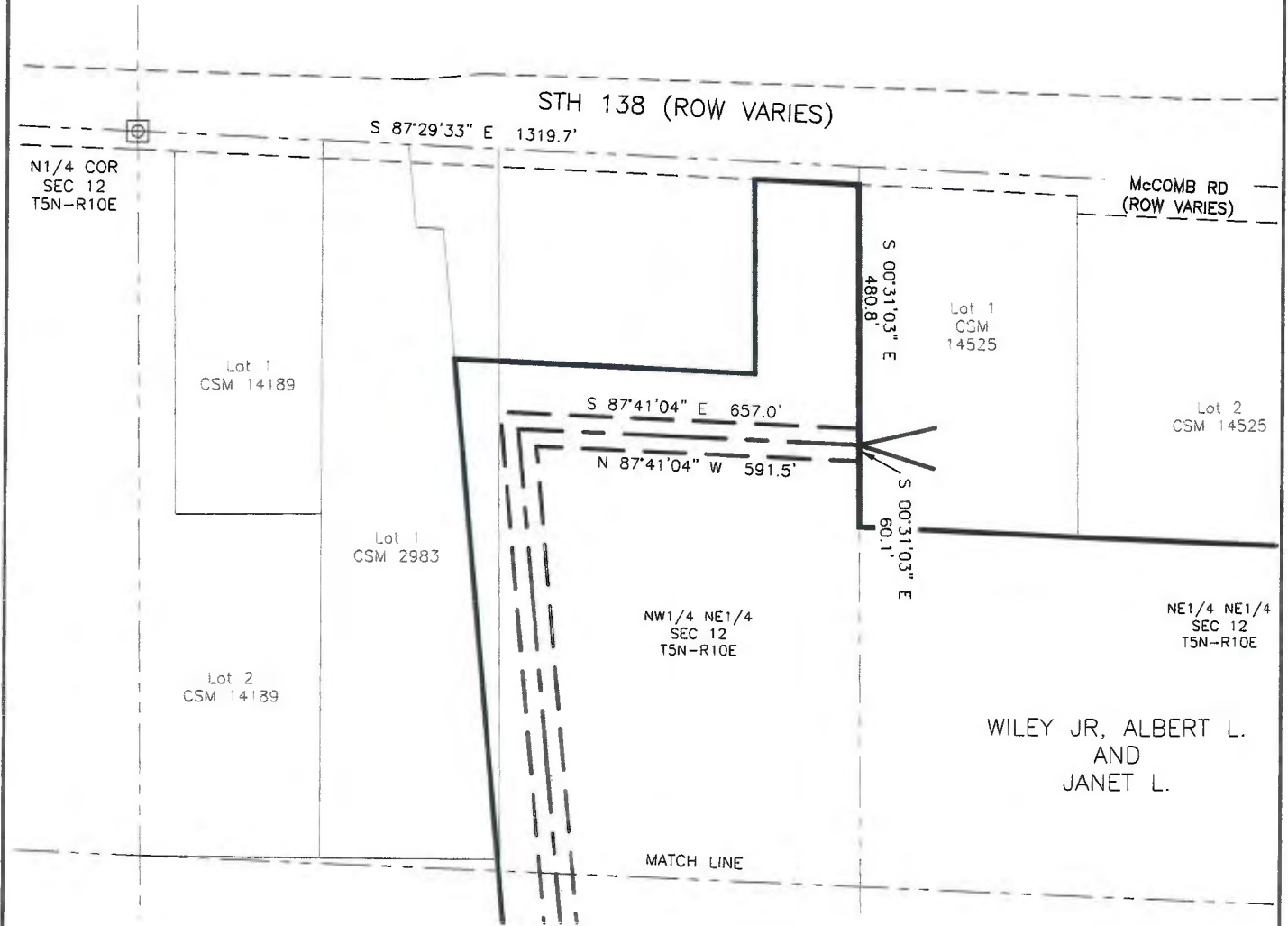
Forster Electrical Engineering
550 N. Burr Oak Ave
Oregon WI 53575 (608) 835-9009

Stoughton Utilities
Stoughton West Substation
Preliminary Substation Layout
Dwg No. S11-D-10X-EXHIBIT1

EASEMENT DESCRIPTION MAP (EXHIBIT A)

ALT. 1 B

PARCEL NUMBERS: 052/0510-121-9500-0, 052/0510-121-8190-8
 052/0510-121-9010-3, 052/0510-121-9000-5,
 052/0510-121-9060-3, 052/0510-121-8575-3,
 052/0510-121-8500-2



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SPATIAL DATA SURVEYS

NOTE: BEARINGS FOR THIS MAP ARE BASED ON THE WISCONSIN STATE PLANE COORDINATE SYSTEM, NAD83 (2011).
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Drawn:	JDP
Date:	8/25/2017
Scale:	1" = 300'
SHEET NUMBER	2 OF 4

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

Serving Electric, Water & Wastewater Since 1886

Date: March 13, 2018

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.