



OFFICIAL NOTICE AND AGENDA

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

Meeting of: **CITY OF STOUGHTON UTILITIES COMMITTEE**
Date/Time: Monday, May 20, 2019 at 5:00 p.m.
Location: Edmund T. Malinowski Board Room, Stoughton Utilities Administration Office
600 South Fourth Street, Stoughton, Wisconsin
Members: Citizen Member Kym Ackerman, Citizen Member David Erdman, Alderperson Ben Heili, Alderperson Regina Hirsch, Alderperson Greg Jenson, Citizen Member John Kallas, Mayor Tim Swadley

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. Draft Minutes of the April 15, 2019 Utilities Committee Meeting
- b. Stoughton Utilities April Payments Due List Report
- c. Stoughton Utilities March Financial Summary
- d. Stoughton Utilities March Statistical Report
- e. Stoughton Utilities April Activities Report
- f. Communications

ORGANIZATIONAL BUSINESS

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

OLD BUSINESS

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

NEW BUSINESS

5. Stoughton Utilities 2018 Audit Reports and Management Letter (**Action**)
6. Stoughton Utilities Data Sharing and Non-Disclosure Agreement for Proprietary and Confidential Mapping Information (**Action**)
7. Anticipated Annual Fund Transfers to the City of Stoughton (**Discussion**)
8. Invitation to Attend an Orientation to WPPI Energy (**Discussion**)
9. Utilities Committee Future Agenda Item(s) (**Discussion**)

ADJOURNMENT

Notices Sent To:

Stoughton Utilities Committee Members
Stoughton Utilities Director Jill M. Weiss, P.E.
Stoughton Utilities Assistant Director Brian Hoops

cc: Stoughton City Attorney Matthew Dregne
Stoughton Common Council Members
Stoughton City Clerk Holly Licht
Stoughton Leadership Team
Stoughton Utilities Electric System Supervisor Bryce Sime
Stoughton Utilities Operations Superintendent Sean Grady
Stoughton Utilities Water System Supervisor Kent Thompson
Stoughton Utilities Wastewater System Supervisor Brian Erickson
Ms. Megan Cahill – Baker Tilly Virchow Krause, LLP
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 Brian Hoops via telephone at (608) 877-7412, or via email at 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>.

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, April 15, 2019 – 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, Citizen Member David Erdman, Alderperson Regina Hirsch, Citizen Member John Kallas, Alderperson Pat O'Connor, Mayor Tim Swadley

Excused: Alderperson Matt Bartlett

Absent: None

Others Present: Stoughton Director of Finance & Comptroller Jamin Friedl, CPA, Stoughton Utilities Assistant Director Brian Hoops, Stoughton Utilities Director Jill Weiss

Call to Order: Utilities Committee Chairperson David Erdman 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. A status update was provided on customer collections and the end of the cold weather electric disconnection moratorium. Discussion followed.

Motion by O'Connor, the motion seconded by Hirsch, to approve the following consent agenda items as presented:

- a. Draft Minutes of the March 26, 2019 Regular Utilities Committee Meeting
- b. Stoughton Utilities March Payments Due List Report
- c. Stoughton Utilities February Financial Summary
- d. Stoughton Utilities February Statistical Report
- e. Stoughton Utilities March Activities Report
- f. Communications

The motion carried unanimously 6 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:

Business:

1. Licensing Agreement for Communications Attachments to Utility Poles Between City of Stoughton and MCImetro Access Transmission Services Corp.
2. Approval of the 2019 Water Infrastructure Reconstruction Project
3. Approval of the 2019 Sanitary Sewer Infrastructure Reconstruction Project
4. Appointment of Jill M. Weiss, P.E. as Director to the WPPI Energy Board of Directors

Consent Agenda:

1. Minutes of the February 18, 2019 Regular Utilities Committee Meeting

DRAFT STOUGHTON UTILITIES COMMITTEE REGULAR MEETING MINUTES

Monday, April 15, 2019 – 5:00 p.m.

Stoughton, WI

Page No. 2

2. Stoughton Utilities February Payments Due List Report
3. Stoughton Utilities January Financial Summary
4. Stoughton Utilities January Statistical Report

Stoughton Utilities Proposed Electric and Water Tax Stabilization Dividends: Stoughton Utilities and City of Stoughton staff presented and discussed the annual tax stabilization dividends. The history of the annual dividends was discussed, as well as the calculation methodology. Staff informed the committee that the recommendation of the Finance Department and Stoughton Utilities is to approve an electric utility tax stabilization dividend of \$27,902, and to not approve a water utility tax stabilization dividend due to insufficient utility earnings and cash flow. Discussion followed.

Motion by Erdman, the motion seconded by Kallas, to approve the electric tax-stabilization dividend of \$27,902, to present the dividend to the Stoughton Common Council, and to direct staff to discontinue the practice of issuing dividends in future years.

Motion by Swadley, the motion seconded by O'Connor, to amend the original motion to remove the direction to discontinue the practice of issuing dividends in future years. The motion failed on a tie 3 to 3, with Ackerman, Erdman, and Kallas voting no.

The motion as originally read carried 4 to 2, with Hirsch and O'Connor voting no.

Stoughton Electric Utility Annual Report filed with the Public Service Commission of Wisconsin:

Stoughton Utilities and City of Stoughton staff presented and discussed the Stoughton Electric Utility Annual Report filed with the Public Service Commission of Wisconsin. Discussion followed.

Stoughton Water Utility Annual Report filed with the Public Service Commission of Wisconsin:

Stoughton Utilities and City of Stoughton staff presented and discussed the Stoughton Water Utility Annual Report filed with the Public Service Commission of Wisconsin. Discussion followed.

Utilities Committee future agenda items: Staff informed the committee that upcoming topics include the presentation of the 2018 financial audit report and management letter by Baker Tilly Virchow Krause, LLP; and discussions regarding funding assistance programs for the replacement of privately-owned lead water services, including a future ordinance mandating such replacement; and the resumption of periodic tours of utility facilities as weather allows. Swadley thanked O'Connor for his time serving on the Utilities Committee, and discussed his planned appointments to the Committee and the committee's reorganization at the May meeting. Hirsch requested a future discussion on changes occurring in the electric industry relating to renewables, storage, and distributed generation, and how Stoughton Utilities will adapt to such changes.

Adjournment: Motion by O'Connor, the motion seconded by Kallas, to adjourn the regular Stoughton Utilities Committee Meeting at 5:45 p.m. The motion carried unanimously 6 to 0.

Respectfully submitted

Brian R. Hoops
Stoughton Utilities Assistant Director

Date: Monday, May 06, 2019
 Time: 10:14AM
 User: SGUNSOLUS

Stoughton Utilities
Check Register Summary - Standard

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

Period: - As of: 5/6/2019

Check Nbr	Type	Date	Amount Paid	Vendor ID / Name	Description
Company: 7430					
001786	EP	4/4/2019	74,182.73	516 WELLS FARGO BANK	VO for check batch: 308935/VO for check batch: 308935
001787	HC	4/8/2019	830,845.24	009 WPPI	WPPI-Renewable Energy/WPPI-Renewable Energy/WPPI-Buy Back Solar Credit/WPPI-Buy Back Solar Credit/WPPI-Large Power/WPPI-Large Power/WPPI-Support Services/WPPI-Support Services/WPPI-Support Services/WPPI-Support Services/WPPI-Support Services/More...
001788	HC	4/30/2019	30.52	421 FIRST DATA CHARGES	First Data-April Ach/First Data-April Ach/First Data-April Ach/First Data-April Ach/First Data-April Ach/First Data-April Ach/First Data-April Ach/First Data-April Ach
001789	HC	4/30/2019	422.03	547 Charter Communications-Ach	Charter Comm-April Ach/Charter Comm-April Ach/Charter Comm-April Ach/Charter Comm-April Ach/Charter Comm-April Ach/Charter Comm-April Ach
001790	HC	4/30/2019	546.31	856 GORDON FLESCH COMPANY, INC.	Gordon Flesch-April Ach/Gordon Flesch-April Ach/Gordon Flesch-April Ach/Gordon Flesch-April Ach/Gordon Flesch-April Ach/Gordon Flesch-April Ach
001791	HC	4/30/2019	2,719.64	001 Delta Dental - Ach	Delta Dental - April Ach/Delta Dental - April Ach/Delta Dental - April Ach/Delta Dental - April Ach
001792	HC	4/30/2019	459.60	007 TDS Metrocom - Ach	TDS Metrocom - April Ach/TDS Metrocom - April Ach/TDS Metrocom - April Ach/TDS Metrocom - April Ach/TDS Metrocom - April Ach
001793	HC	4/30/2019	742.20	002 Employee Benefits Corp - Ach	EBC - April Ach/EBC - April Ach/EBC - April Ach/EBC - April Ach/EBC - April Ach/EBC - April Ach
001794	HC	4/30/2019	155.20	952 AT&T	AT&T-April Ach/AT&T-April Ach/AT&T-April Ach/AT&T-April Ach

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Check Nbr	Type	Date	Amount Paid	Vendor ID / Name	Description
001795	HC	4/30/2019	698.62	004 Us Cellular - Ach	Us Cellular - April Ach/Us Cellular - April Ach/Us Cellular - April Ach/Us Cellular - April Ach/Us Cellular - April Ach/Us Cellular - April Ach/Us Cellular - April Ach/Us Cellular - April Ach
001796	HC	4/30/2019	2,805.37	003 Alliant Energy - Ach	Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/Alliant Energy - April Ach/More...
001797	HC	4/30/2019	36,176.73	025 Payroll Federal Taxes- Ach	Federal Taxes-April Ach/Federal Taxes-April Ach/Federal Taxes-April Ach/Federal Taxes-April Ach/Federal Taxes-April Ach/Federal Taxes-April Ach/Federal Taxes-April Ach/Federal Taxes-April Ach
001798	HC	4/30/2019	6,846.00	014 A T C Company - Ach	A T C Company - April Ach/A T C Company - April Ach
001799	HC	4/30/2019	12,067.55	020 Wells Fargo Bank-Ach	Client Analysis-April Ach/Client Analysis-April Ach/Client Analysis-April Ach/Client Analysis-April Ach/Client Analysis-April Ach/Client Analysis-April Ach/Client Analysis-April Ach
001800	HC	4/30/2019	7,118.39	008 Payroll State Taxes - Ach	State Taxes-April Ach/State Taxes-April Ach/State Taxes-April Ach/State Taxes-April Ach
001801	HC	4/30/2019	15,337.12	010 WI Dept. of Revenue Taxpayment-Ach	Dept of Rev - April Ach/Dept of Rev - April Ach/Dept of Rev - April Ach/Dept of Rev - April Ach
001802	HC	4/30/2019	7,575.00	318 PITNEY-BOWES INC-PURCHASE POWER	Pitney Bowes - April Ach/Pitney Bowes - April Ach/Pitney Bowes - April Ach/Pitney Bowes - April Ach/Pitney Bowes - April Ach/Pitney Bowes - April Ach/Pitney Bowes - April Ach
023642	VC	4/3/2019	-77.39	545 KEVIN DRAKE	M Drake-Customer Refund/M Drake-Customer Refund
026219	CK	4/4/2019	9,110.50	031 IPSWITCH INC	Ipswitch-Network monitor/Ipswitch-Network monitor/Ipswitch-Network monitor/Ipswitch-Network monitor/Ipswitch-Network monitor
026220	CK	4/4/2019	183.00	058 BOARDMAN CLARK LLP	Boardman Clark-ATG Agre/Boardman Clark-ATG Agre

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Check Nbr	Type	Date	Amount Paid	Vendor ID / Name	Description
026221	CK	4/4/2019	175.00	290 MID-WEST TREE & EXCAVATION, INC	Midwest-Trenching/Midwest-Trenching
026222	CK	4/4/2019	7,417.86	448 STRAND ASSOCIATES INC.	Strand-19 Utility Const/Strand-19 Utility Const/Strand-19 Utility Const/Strand-19 Utility Const
026223	CK	4/4/2019	77.39	545 KEVIN DRAKE	M Drake-Customer Refund/M Drake-Customer Refund
026224	CK	4/4/2019	78.38	979 EFI INC	EFI INC-Exit Signs/EFI INC-Exit Signs
026225	CK	4/4/2019	456.77	133 WISCONSIN SCTF	WI SCTF-Support/WI SCTF-Support
026226	CK	4/10/2019	2,036.30	166 INKWORKS, INC.	Inkworks-Annual Wa Report/Inkworks-Annual Wa Report/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies/Inkworks-Supplies
026227	CK	4/10/2019	5,081.17	327 BORDER STATES ELECTRIC SUPPLY	Border States-Inventory/Border States-Inventory/Border States-Inventory/Border States-Inventory/Border States-Inventory/Border States-Supplies/Border States-Supplies
026228	CK	4/10/2019	591.60	464 SEAN CROWLEY	S Crowley-Customer Refund/S Crowley-Customer Refund
026229	CK	4/10/2019	463.36	324 ELECTRICAL TESTING LAB., LLC.	EI Testing-New Sleeves/EI Testing-New Sleeves
026230	CK	4/10/2019	8,318.70	400 RESCO	Resco-Transformers/Resco-Transformers/Resco-Inventory/Resco-Inventory/Resco-Supplies/Resco-Supplies
026231	CK	4/10/2019	6,657.31	489 WRIGHT TREE SERVICE	Wright Tree-Tree Trimming/Wright Tree-Tree Trimming/Wright Tree-Tree Trimming/Wright Tree-Tree Trimming
026232	CK	4/10/2019	1,853.50	290 MID-WEST TREE & EXCAVATION, INC	Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching
026233	CK	4/10/2019	45.00	956 WI DNR - OPERATOR CERTIFICATION SS/7	WI DNR - Operator Certificate/WI DNR - Operator Certificate

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026234	CK	4/17/2019	18,530.26	131 CITY OF STOUGHTON	City Stoton-Apr Retirement/City Stoton-Apr Retirement/City Stoton-Apr Retirement/City Stoton-Apr Retirement/City Stoton-Apr Retirement/City Stoton-Apr Retirement
026235	CK	4/17/2019	456.77	133 WISCONSIN SCTF	WI SCTF-Support/WI SCTF-Support
026236	CK	4/17/2019	393.50	324 ELECTRICAL TESTING LAB., LLC.	Elec Testing-Glove Tests/Elec Testing-Glove Tests/Elec Testing-Sleeve Tests/Elec Testing-Sleeve Tests
026237	CK	4/17/2019	2,766.00	327 BORDER STATES ELECTRIC SUPPLY	Border States-Supplies/Border States-Inventory/Border States-Inventory/Border States-Supplies
026238	CK	4/17/2019	1,106.00	400 RESCO	Resco-Inventory/Resco-Inventory/Resco-Inventory/Resco-Inventory/Resco-Inventory/Resco-Inventory
026239	CK	4/17/2019	2,614.21	451 INSIGHT FS	Insights-Fuel/Insights-Fuel/Insights-Fuel/Insights-Fuel/Insights-Fuel/Insights-Fuel
026240	CK	4/17/2019	4,049.25	727 GLS UTILITY LLC	GLS Utility-March Locates/GLS Utility-March Locates/GLS Utility-March Locates/GLS Utility-March Locates/GLS Utility-March Locates
026241	CK	4/17/2019	20,240.00	084 HARVEST FARMS, LLC	Harvest Farms-Emb Credits/Harvest Farms-Emb Credits/Harvest Farms-Emb Credits/Harvest Farms-Emb Credits
026242	CK	4/17/2019	67,780.00	207 L.W. ALLEN, INC.	LW Allen-Final Pay Req/LW Allen-Final Pay Req
026243	CK	4/17/2019	1,511.50	290 MID-WEST TREE & EXCAVATION, INC	Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching/Midwest-Trenching
026244	CK	4/17/2019	1,391.06	313 MUNICIPAL ENVIRONMENTAL GROUP	Municipal-19 Member Dues/Municipal-19 Member Dues
026245	CK	4/17/2019	6,259.00	489 WRIGHT TREE SERVICE	Wright-Tree Trimming/Wright-Tree Trimming/Wright-Tree Trimming/Wright-Tree Trimming
026246	CK	4/17/2019	240.00	584 VINING SPARKS IBG, L.P.	Vining Sparks-Safekeeping/Vining Sparks-Safekeeping

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Check Nbr	Type	Date	Amount Paid	Vendor ID / Name	Description
026247	CK	4/17/2019	47,566.91	131 CITY OF STOUGHTON	City Stoton-Water Tower Rental/City Stoton-Vehicle Maint.
026248	CK	4/24/2019	7,301.66	362 UTILITY SERVICE CO., INC	Utility-Qtr Tower/Utility-Qtr Tower
026249	CK	4/24/2019	50.81	844 ANN BOLLUM	A Bollom-Customer Refund/A Bollom-Customer Refund
026250	CK	4/24/2019	198.09	921 KEVIN HERMANSON	K Hermanson-Customer Refund/K Hermanson-Customer Refund
026251	CK	4/24/2019	8,556.00	400 RESCO	Resco-Transformers/Resco-Transformers
026252	CK	4/24/2019	140.00	405 ROSENBAUM CRUSHING & EXCAV.	Rosenbaum-Hydro Excavation/Rosenbaum-Hydro Excavation
026253	CK	4/24/2019	2,437.13	448 STRAND ASSOCIATES INC.	Strand-19 Utility Const/Strand-19 Utility Const/Strand-General Eng/Strand-General Eng/Strand-Uniroyal/Strand-Uniroyal/Strand-Scada/Strand-Scada/Strand-19 Utility Const/Strand-19 Utility Const
026254	CK	4/24/2019	22.27	536 GARY MASON	G Mason-Customer Refund/G Mason-Customer Refund
026255	CK	4/24/2019	407.51	471 ANGELA JENSEN	A Jensen-Customer Refund/A Jensen-Customer Refund/A Jensen-Customer Refund/A Jensen-Customer Refund/A Jensen-Customer Refund/A Jensen-Customer Refund
101811	CK	4/4/2019	2,230.00	157 FORSTER ELEC. ENG.,INC.	Forster-Cracked Cts/Forster-Scada Assist/Forster-Scada Assist/Forster-Tech Assist/Forster-Cracked Cts/Forster-Tech Assist/Forster-Roundabout/Forster-Roundabout
101812	CK	4/4/2019	2,617.00	463 GREAT-WEST	Great West-April A Def Comp/Great West-April A Def Comp
101813	CK	4/4/2019	450.00	731 NORTH SHORE BANK FSB-DEFERRED COMP.	N Shore Bk-Apr A Def Comp/N Shore Bk-Apr A Def Comp
101814	CK	4/11/2019	66.00	801 KATHRYN KIND	K Kind-Customer Refund/K Kind-Customer Refund/K Kind-Customer Refund
101815	CK	4/18/2019	28.00	310 HANSON PEST MANAGEMENT	Hanson Pest-Pest Maint.

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Check Nbr	Type	Date	Amount Paid	Vendor ID / Name	Description
101816	CK	4/18/2019	2,617.00	463 GREAT-WEST	Great West-Apr B Def Comp/Great West-Apr B Def Comp
101817	CK	4/18/2019	7,960.00	604 CDW GOVERNMENT	CDW Gvt-Proff Services/CDW Gvt-Proff Services/CDW Gvt-Firewall Upgrades/CDW Gvt-Firewall Upgrades/CDW Gvt-Firewall Upgrades/CDW Gvt-Firewall Upgrades/CDW Gvt-Proff Services/CDW Gvt-Proff Services/CDW Gvt-Proff Services/CDW Gvt-Proff Services/More...
101818	CK	4/18/2019	450.00	731 NORTH SHORE BANK FSB-DEFERRED COMP.	N Shore Bk-Apr B Def Comp/N Shore Bk-Apr B Def Comp
Company Total			1,251,632.63		

Date: Thursday, April 04, 2019

Time: 10:28AM

User: SGUNSOLUS

Stoughton Utilities Posting Preview Report

Select By: {PSSPurchCard.RefNbr} = '0000000097'

Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
Import ID: 009010		Import # : 0000000097							
7430	143	000000	553	LAWMENS DISTRIBUTION LLC	-305.96	REFUNDED	03/29/2019	6970	-
7460	833	000000	830	NCL OF WISCONSIN INC	302.88	LAB SUPPLIES	03/04/2019	8300	-
7460	107.14	000000	937	SPEE-DEE DELIVERY SERVICE	32.43	PARADISE POND TESTING	03/11/2019	8300	190303XX - 1
7460	833	000000	907	ENVIRONMENTAL CONSULTING	1,450.00	TOXICITY TESTING	03/12/2019	8300	-
7460	107.14	000000	937	SPEE-DEE DELIVERY SERVICE	16.42	PARADISE POND TESTING	03/18/2019	8300	190303XX - 1
7460	833	000000	974	NORTHERN LAKE SERVICE, IN	168.00	MERCURY TEST	03/20/2019	8300	-
7460	833	000000	974	NORTHERN LAKE SERVICE, IN	287.00	PLANT SAMPLES	03/25/2019	8300	-
7460	107.14	000000	974	NORTHERN LAKE SERVICE, IN	156.00	PARADISE POND TESTING	03/25/2019	8300	190303XX - 1
7460	833	000000	390	BADGER WATER	30.00	LAB WATER	03/29/2019	8300	-
7430	920	000000	894	AUTOGRAPH MAYFLOWER	1,093.17	Training Expense - Lodging - APPA Legislative Rally	03/01/2019	5250	-
7430	143	000000	757	DIGICERT INC	99.00	SSL CERTIFICATE - PHONE SYSTEM CUCM - INVALID DOMAIN - WILL BE	03/04/2019	5250	-
7430	921	000000	836	MSFT E04007NZ70	31.90	SOFTWARE LICENSING - HOSTED O365 - MONTHLY	03/04/2019	5250	-
7450	921	000000	836	MSFT E04007NZ70	11.60	SOFTWARE LICENSING - HOSTED O365 - MONTHLY	03/04/2019	5250	-
7460	851	000000	836	MSFT E04007NZ70	14.50	SOFTWARE LICENSING - HOSTED O365 - MONTHLY	03/04/2019	5250	-
7430	921	000000	757	DIGICERT INC	54.45	SSL CERTIFICATE - PHONE SYSTEM - SUCUCM01	03/04/2019	5250	-
7450	921	000000	757	DIGICERT INC	19.80	SSL CERTIFICATE - PHONE SYSTEM - SUCUCM01	03/04/2019	5250	-
7460	851	000000	757	DIGICERT INC	24.75	SSL CERTIFICATE - PHONE SYSTEM - SUCUCM01	03/04/2019	5250	-
7430	143	000000	757	DIGICERT INC	99.00	SSL CERTIFICATE - PHONE SYSTEM CUXN - INVALID DOMAIN - WILL BE	03/04/2019	5250	-
7430	921	000000	757	DIGICERT INC	54.45	SSL CERTIFICATE - PHONE SYSTEM - SUUCXN01	03/04/2019	5250	-
7450	921	000000	757	DIGICERT INC	19.80	SSL CERTIFICATE - PHONE SYSTEM - SUUCXN01	03/04/2019	5250	-
7460	851	000000	757	DIGICERT INC	24.75	SSL CERTIFICATE - PHONE SYSTEM - SUUCXN01	03/04/2019	5250	-
7430	903	000000	419	PAYFLOW/PAYPAL	56.67	Credit card processing - MyAccount Online	03/05/2019	5250	-
7450	903	000000	419	PAYFLOW/PAYPAL	20.40	Credit card processing - MyAccount Online	03/05/2019	5250	-
7460	840	000000	419	PAYFLOW/PAYPAL	27.20	Credit card processing - MyAccount Online	03/05/2019	5250	-
7430	233	001099	419	PAYFLOW/PAYPAL	9.08	Credit card processing - MyAccount Online	03/05/2019	5250	-
7430	903	000000	419	PAYFLOW/PAYPAL	39.72	Credit card processing - Desktop and recurring	03/05/2019	5250	-
7450	903	000000	419	PAYFLOW/PAYPAL	14.30	Credit card processing - Desktop and recurring	03/05/2019	5250	-
7460	840	000000	419	PAYFLOW/PAYPAL	19.06	Credit card processing - Desktop and recurring	03/05/2019	5250	-
7430	233	001099	419	PAYFLOW/PAYPAL	6.37	Credit card processing - Desktop and recurring	03/05/2019	5250	-
7430	921	000000	604	CDW GOVT #RJF5832	29.46	PHONE WALL MOUNT X1	03/06/2019	5250	-
7450	921	000000	604	CDW GOVT #RJF5832	10.71	PHONE WALL MOUNT X1	03/06/2019	5250	-
7460	851	000000	604	CDW GOVT #RJF5832	13.41	PHONE WALL MOUNT X1	03/06/2019	5250	-
7430	921	000000	604	CDW GOVT #RJF5003	123.02	REPLACEMENT PHONE - FILING ROOM	03/06/2019	5250	-
7450	921	000000	604	CDW GOVT #RJF5003	44.73	REPLACEMENT PHONE - FILING ROOM	03/06/2019	5250	-
7460	851	000000	604	CDW GOVT #RJF5003	55.93	REPLACEMENT PHONE - FILING ROOM	03/06/2019	5250	-
7430	921	000000	969	PAYPAL ONEUP-BINS	2.74	Software license - Bins	03/06/2019	5250	-
7450	921	000000	969	PAYPAL ONEUP-BINS	0.99	Software license - Bins	03/06/2019	5250	-
7460	851	000000	969	PAYPAL ONEUP-BINS	1.26	Software license - Bins	03/06/2019	5250	-
7430	920	000000	724	BANUSHI'S	59.49	MEETING EXPENSE - JWEISS INTRODUCTION	03/11/2019	5250	-
7450	920	000000	724	BANUSHI'S	21.63	MEETING EXPENSE - JWEISS INTRODUCTION	03/11/2019	5250	-
7460	850	000000	724	BANUSHI'S	27.06	MEETING EXPENSE - JWEISS INTRODUCTION	03/11/2019	5250	-
7430	921	000000	422	AMZN MKTP US MW03T2OQ1	49.44	TELEPHONE WALL MOUNTS X2	03/11/2019	5250	-

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Company	Account	Sub	Vendor ID	Merchant	Amount	Description	Post Date	Emp ID	Projec
7450	921	000000	422	AMZN MKTP US MW03T2OQ1	17.98	TELEPHONE WALL MOUNTS X2	03/11/2019	5250	-
7460	851	000000	422	AMZN MKTP US MW03T2OQ1	22.48	TELEPHONE WALL MOUNTS X2	03/11/2019	5250	-
7430	921	000000	604	CDW GOVT #RLF4396	478.61	LAPTOP - JWEISS	03/13/2019	5250	-
7450	921	000000	604	CDW GOVT #RLF4396	174.04	LAPTOP - JWEISS	03/13/2019	5250	-
7460	851	000000	604	CDW GOVT #RLF4396	217.56	LAPTOP - JWEISS	03/13/2019	5250	-
7430	921	000000	604	CDW GOVT #RLV9812	3,971.88	SOFTWARE LICENSING - MS OFFICE 2019 - 20 LICENSES - PERPETUAL	03/15/2019	5250	-
7450	921	000000	604	CDW GOVT #RLV9812	1,444.32	SOFTWARE LICENSING - MS OFFICE 2019 - 20 LICENSES - PERPETUAL	03/15/2019	5250	-
7460	851	000000	604	CDW GOVT #RLV9812	1,805.40	SOFTWARE LICENSING - MS OFFICE 2019 - 20 LICENSES - PERPETUAL	03/15/2019	5250	-
7430	921	000000	786	HPE NA_HP PARTS STORE	153.92	SERVER HARDWARE REPLACEMENT - FANS X3	03/18/2019	5250	-
7450	921	000000	786	HPE NA_HP PARTS STORE	55.97	SERVER HARDWARE REPLACEMENT - FANS X3	03/18/2019	5250	-
7460	851	000000	786	HPE NA_HP PARTS STORE	69.98	SERVER HARDWARE REPLACEMENT - FANS X3	03/18/2019	5250	-
7430	921	000000	994	CBI EASEUS SOFTWARE	40.39	SOFTWARE LICENSING - EASEUS DATA RECOVERY - PERPETUAL	03/18/2019	5250	-
7450	921	000000	994	CBI EASEUS SOFTWARE	14.69	SOFTWARE LICENSING - EASEUS DATA RECOVERY - PERPETUAL	03/18/2019	5250	-
7460	851	000000	994	CBI EASEUS SOFTWARE	18.37	SOFTWARE LICENSING - EASEUS DATA RECOVERY - PERPETUAL	03/18/2019	5250	-
7430	921	000000	994	ARROW.COM&VERICAL.COM	4.04	SPARE FUSES FOR INET RADIOS - X6	03/28/2019	5250	-
7450	921	000000	994	ARROW.COM&VERICAL.COM	1.47	SPARE FUSES FOR INET RADIOS - X6	03/28/2019	5250	-
7460	851	000000	994	ARROW.COM&VERICAL.COM	1.85	SPARE FUSES FOR INET RADIOS - X6	03/28/2019	5250	-
7430	921	000000	604	CDW GOVT #RQS9240	959.57	SERVER HARDWARE REPLACEMENT - BARRACUDA EMAIL ARCHIVE	03/29/2019	5250	-
7450	921	000000	604	CDW GOVT #RQS9240	348.93	SERVER HARDWARE REPLACEMENT - BARRACUDA EMAIL ARCHIVE	03/29/2019	5250	-
7460	851	000000	604	CDW GOVT #RQS9240	436.19	SERVER HARDWARE REPLACEMENT - BARRACUDA EMAIL ARCHIVE	03/29/2019	5250	-
7430	107.14	000000	148	FASTENAL COMPANY01	12.14	WASHERS	03/05/2019	5200	190055XX - 1
7430	932	000000	422	AMZN MKTP US M14SJ3SJ2	34.30	MISC SUPPLIES	03/11/2019	5200	-
7430	588	000000	422	AMZN MKTP US M14SJ3SJ2	14.66	MISC SUPPLIES	03/11/2019	5200	-
7430	594	000000	422	AMZN MKTP US MW4506AX0	193.03	TOOLS	03/20/2019	5200	-
7430	593	000000	422	AMZN MKTP US MW7U80ZF2	47.05	TOOLS	03/21/2019	5200	-
7430	594	000000	436	STOUGHTON LUMBER CO	19.57	LANDSCAPING ADHESIVE	03/25/2019	5200	-
7450	652	000000	108	ASLESON'S TRUE VALUE HDW	8.85	CHEMICAL PUMP TUBE	03/01/2019	8400	-
7450	633	000000	108	ASLESON'S TRUE VALUE HDW	14.99	BOOSTER 7 VALVE	03/08/2019	8400	-
7430	934	000000	994	BP#8161960BLUEMKES BP AM	100.00	FUEL FOR TRUCK 12	03/12/2019	8700	-
7450	933	000000	108	ASLESON'S TRUE VALUE HDW	9.99	TRUCK 3 REPAIRS	03/29/2019	8700	-
7450	633	000000	108	ASLESON'S TRUE VALUE HDW	9.49	PIPE THREADING/CAP	03/29/2019	8700	-
7430	920	000000	994	GISCI	156.75	GISP Certification Renewal - Annual	03/07/2019	4300	-
7450	920	000000	994	GISCI	57.00	GISP Certification Renewal - Annual	03/07/2019	4300	-
7460	850	000000	994	GISCI	71.25	GISP Certification Renewal - Annual	03/07/2019	4300	-
7450	107.14	000000	354	HYDRO DESIGNS	693.57	CROSS CONNECTIONS	03/04/2019	7400	190901XX - 1
7450	642	000000	675	WI STATE HYGIENE LAB	26.00	FLOURIDE ANALYSIS	03/05/2019	7400	-
7450	641	000000	309	HAWKINS INC	872.04	CHEMICALS	03/25/2019	7400	-
7450	633	000000	108	ASLESON'S TRUE VALUE HDW	8.48	WELL 7 PUMP REPAIR PARTS	03/26/2019	7400	-
7460	833	000000	164	THE UPS STORE 3617	159.04	WET TESTING	03/04/2019	8710	-
7460	833	000000	994	KWIK TRIP 73900007393	1.99	ICE FOR SAMPLES	03/04/2019	8710	-
7460	831	000000	626	663 STOUGHTON BUMPER TO B	20.37	JET VAC WAX	03/08/2019	8710	-
7460	834	000000	108	ASLESON'S TRUE VALUE HDW	10.04	PAINT SUPPLIES	03/13/2019	8710	-
7460	831	000000	108	ASLESON'S TRUE VALUE HDW	5.56	JET VAC PARTS	03/21/2019	8710	-
7460	831	000000	883	WIEDENBECK INC	71.64	MANHOLE LIFT	03/25/2019	8710	-

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7460	833	000000	994	KWIK TRIP 73900007393	1.99	WET TESTING	03/01/2019	8200	-
7460	834	000000	087	H&H INDUSTRIES	343.45	MAIN PLANT BOILER REPAIRS	03/13/2019	8200	-
7460	834	000000	087	H&H INDUSTRIES	420.00	SCREENING ROOM HEATER REPAIRS	03/15/2019	8200	-
7460	831	000000	422	AMZN MKTP US MW0BZ9L90	69.99	TWO WAY RADIOS	03/15/2019	8200	-
7460	831	000000	969	PAYPAL SALES741	39.90	JET VAC COUPLERS	03/15/2019	8200	-
7460	851	000000	108	ASLESON'S TRUE VALUE HDW	7.49	OUTLET PLUG	03/20/2019	8200	-
7460	833	000000	994	NATIONAL FILTER -ME	587.18	GBT PRESS BELT	03/20/2019	8200	-
7460	834	000000	550	FIRST SUPPLY LLC #2010	382.79	PLANT BOILER PARTS	03/21/2019	8200	-
7460	827	000000	108	ASLESON'S TRUE VALUE HDW	31.49	MISC SUPPLIES	03/28/2019	8200	-
7460	833	000000	969	PAYPAL LANCECONSTR	210.54	LIMIT SWITCH	03/29/2019	8200	-
7430	920	000000	445	TLF STOUGHTON FLORAL	21.73	Welcome plant for office - JW Weiss	03/06/2019	3680	-
7450	920	000000	445	TLF STOUGHTON FLORAL	7.90	Welcome plant for office - JW Weiss	03/06/2019	3680	-
7460	850	000000	445	TLF STOUGHTON FLORAL	9.88	Welcome plant for office - JW Weiss	03/06/2019	3680	-
7450	642	000000	824	UPS 1ZG194WT0323247542	10.22	SHIPPING OF WATER SAMPLES	03/07/2019	3680	-
7430	921	000000	352	STAPLS7214726659000001	47.02	KITCHEN, JANITORIAL, AND CONFERENCE ROOM SUPPLIES	03/11/2019	3680	-
7450	921	000000	352	STAPLS7214726659000001	17.10	KITCHEN, JANITORIAL, AND CONFERENCE ROOM SUPPLIES	03/11/2019	3680	-
7460	851	000000	352	STAPLS7214726659000001	21.38	KITCHEN, JANITORIAL, AND CONFERENCE ROOM SUPPLIES	03/11/2019	3680	-
7430	921	000000	352	STAPLS7214792580000001	34.86	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7450	921	000000	352	STAPLS7214792580000001	12.55	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7460	851	000000	352	STAPLS7214792580000001	16.73	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7430	233	001099	352	STAPLS7214792580000001	5.59	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7430	921	000000	352	STAPLS7214726525000001	39.13	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7450	921	000000	352	STAPLS7214726525000001	14.08	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7460	851	000000	352	STAPLS7214726525000001	18.78	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7430	233	001099	352	STAPLS7214726525000001	6.27	GENERAL OFFICE SUPPLIES	03/11/2019	3680	-
7430	921	000000	352	STAPLS7214726841000001	45.64	GIS MAPPING PRINTER SUPPLIES	03/11/2019	3680	-
7450	921	000000	352	STAPLS7214726841000001	16.59	GIS MAPPING PRINTER SUPPLIES	03/11/2019	3680	-
7460	851	000000	352	STAPLS7214726841000001	20.76	GIS MAPPING PRINTER SUPPLIES	03/11/2019	3680	-
7430	921	000000	352	STAPLS7214793219000001	20.72	JANITORIAL AND CONFERENCE ROOM SUPPLIES	03/11/2019	3680	-
7450	921	000000	352	STAPLS7214793219000001	7.53	JANITORIAL AND CONFERENCE ROOM SUPPLIES	03/11/2019	3680	-
7460	851	000000	352	STAPLS7214793219000001	9.44	JANITORIAL AND CONFERENCE ROOM SUPPLIES	03/11/2019	3680	-
7450	642	000000	824	UPS 1ZG194WT0311614453	10.22	SHIPPING OF WATER SAMPLES	03/14/2019	3680	-
7430	921	000000	352	STAPLS7214726525000002	46.99	BILLPRINT PAPER SUPPLIES	03/18/2019	3680	-
7450	921	000000	352	STAPLS7214726525000002	16.91	BILLPRINT PAPER SUPPLIES	03/18/2019	3680	-
7460	851	000000	352	STAPLS7214726525000002	22.55	BILLPRINT PAPER SUPPLIES	03/18/2019	3680	-
7430	233	001099	352	STAPLS7214726525000002	7.54	BILLPRINT PAPER SUPPLIES	03/18/2019	3680	-
7430	921	000000	994	KWIK TRIP 73900007393	10.42	Conference room supplies	03/20/2019	3680	-
7450	921	000000	994	KWIK TRIP 73900007393	3.79	Conference room supplies	03/20/2019	3680	-
7460	851	000000	994	KWIK TRIP 73900007393	4.75	Conference room supplies	03/20/2019	3680	-
7450	642	000000	824	UPS 1ZG194WT0327807555	10.22	SHIPPING OF WATER SAMPLES	03/21/2019	3680	-
7430	932	000000	108	ASLESON'S TRUE VALUE HDW	45.90	CHAINSAW PARTS	03/14/2019	6960	-
7430	932	000000	108	ASLESON'S TRUE VALUE HDW	39.98	CHAINSAW OIL	03/14/2019	6960	-
7430	932	000000	436	STOUGHTON LUMBER CO	69.99	CHAINSAW REPAIRS	03/15/2019	6960	-
7430	593	000000	994	KWIK TRIP 73900007393	16.25	GAS FOR CHAINSAWS	03/15/2019	6960	-

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7430	921	000000	108	ASLESON'S TRUE VALUE HDW	20.99	CLOCK	03/14/2019	5296	-
7430	594	000000	108	ASLESON'S TRUE VALUE HDW	11.48	SPLICING KNIVES	03/14/2019	5296	-
7430	926	000000	398	HOFFMAN BOOTS	300.00	SAFETY BOOTS	03/07/2019	6930	-
7430	143	000000	398	HOFFMAN BOOTS	63.57	SAFETY BOOTS	03/07/2019	6930	-
7430	597	000000	089	MUNICIPAL ELECTRIC UTILIT	495.00	MEUW METER SCHOOL	03/12/2019	5275	-
7430	597	000000	894	RADISSON HOTEL	190.00	METER SCHOOL	03/22/2019	5275	-
7430	932	000000	994	REVERE ELECTRIC SUPPLY CO	178.99	REPAIRS TO JILLS OFFICE	03/18/2019	6980	-
7450	932	000000	994	REVERE ELECTRIC SUPPLY CO	65.09	REPAIRS TO JILLS OFFICE	03/18/2019	6980	-
7460	834	000000	994	REVERE ELECTRIC SUPPLY CO	81.37	REPAIRS TO JILLS OFFICE	03/18/2019	6980	-
7460	834	000000	108	ASLESON'S TRUE VALUE HDW	30.63	HOSE AND CLAMPS	03/26/2019	8740	-
7430	926	000000	398	HOFFMAN BOOTS	300.00	SAFETY BOOTS	03/15/2019	6940	-
7430	143	000000	398	HOFFMAN BOOTS	65.66	SAFETY BOOTS	03/15/2019	6940	-
7430	933	000000	894	KWIK TRIP 39000003905	46.49	GAS	03/22/2019	6940	-
7430	593	000000	894	HAMPTON INN EAU CLAIRE	222.50	HOTEL FOR SCHOOL	03/26/2019	6940	-
7430	594	000000	894	HAMPTON INN EAU CLAIRE	222.50	HOTEL FOR SCHOOL	03/26/2019	6940	-
7430	143	000000	553	LAWMENS DISTRIBUTION LLC	305.96	REFUNDED	03/18/2019	6970	-
7430	595	000000	436	STOUGHTON LUMBER CO	141.00	CONCRETE BLOCK FOR XFMR	03/22/2019	6970	-
7430	921	000000	422	AMAZON PRIME	13.07	MEMBERSHIP FEE	03/01/2019	4000	-
7430	926	000000	809	CINTAS 446	98.81	UNIFORM CLEANING	03/04/2019	4000	-
7450	926	000000	809	CINTAS 446	17.74	UNIFORM CLEANING	03/04/2019	4000	-
7460	854	000000	809	CINTAS 446	12.28	UNIFORM CLEANING	03/04/2019	4000	-
7430	934	000000	269	UTILITY SALES & SERV	5,050.35	TRUCK 16 REPAIRS/MAINTENANCE	03/08/2019	4000	-
7430	926	000000	809	CINTAS 446	98.81	UNIFORM CLEANING	03/11/2019	4000	-
7450	926	000000	809	CINTAS 446	17.74	UNIFORM CLEANING	03/11/2019	4000	-
7460	854	000000	809	CINTAS 446	12.28	UNIFORM CLEANING	03/11/2019	4000	-
7430	932	000000	322	IN SUNDANCE BIOCLEAN, IN	280.50	JANITORIAL	03/12/2019	4000	-
7450	932	000000	322	IN SUNDANCE BIOCLEAN, IN	102.00	JANITORIAL	03/12/2019	4000	-
7460	834	000000	322	IN SUNDANCE BIOCLEAN, IN	127.50	JANITORIAL	03/12/2019	4000	-
7430	926	000000	809	CINTAS 446	98.81	UNIFORM CLEANING	03/18/2019	4000	-
7450	926	000000	809	CINTAS 446	17.74	UNIFORM CLEANING	03/18/2019	4000	-
7460	854	000000	809	CINTAS 446	12.28	UNIFORM CLEANING	03/18/2019	4000	-
7430	932	000000	900	GENERAL HEATING AND AC	586.85	ADMIN HVAC	03/20/2019	4000	-
7450	932	000000	900	GENERAL HEATING AND AC	213.40	ADMIN HVAC	03/20/2019	4000	-
7460	834	000000	900	GENERAL HEATING AND AC	266.75	ADMIN HVAC	03/20/2019	4000	-
7430	926	000000	809	CINTAS 446	98.81	UNIFORM CLEANING	03/25/2019	4000	-
7450	926	000000	809	CINTAS 446	17.74	UNIFORM CLEANING	03/25/2019	4000	-
7460	854	000000	809	CINTAS 446	12.28	UNIFORM CLEANING	03/25/2019	4000	-
7430	588	000000	439	AMER PUBLIC POWER ASSO	680.40	ERELIABIILITY TRACKER SUBSCRIPTION	03/27/2019	4000	-
7430	583	000000	824	UPS 1ZD4W91T0316028841	34.14	GLOVE TESTING	03/04/2019	4100	-
7430	583	000000	824	UPS ADJ00210185320991	14.25	GLOVE TESTING	03/04/2019	4100	-
7430	932	000000	331	MONONA PLUMBING	96.25	SPRINKLER TESTING	03/06/2019	4100	-
7450	932	000000	331	MONONA PLUMBING	35.00	SPRINKLER TESTING	03/06/2019	4100	-
7460	834	000000	331	MONONA PLUMBING	43.75	SPRINKLER TESTING	03/06/2019	4100	-
7430	232	001099	355	STUART C IRBY	26,446.14	ELECTRIC INVENTORY	03/07/2019	4100	-

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7430	232	001099	355	STUART C IRBY	1,910.80	ELECTRIC INVENTORY	03/08/2019	4100	-
7430	596	000000	119	LAMP RECYCLERS	95.20	HID	03/08/2019	4100	-
7430	932	000000	119	LAMP RECYCLERS	158.39	MISC	03/08/2019	4100	-
7430	232	001099	355	STUART C IRBY	7,125.21	ELECTRIC INVENTORY	03/14/2019	4100	-
7430	593	000000	422	AMZN MKTP US MI8WS9RO2	29.99	EAR PLUGS	03/15/2019	4100	-
7430	594	000000	422	AMZN MKTP US MI8WS9RO2	29.99	EAR PLUGS	03/15/2019	4100	-
7430	232	001099	355	STUART C IRBY	978.85	ELECTRIC INVENTORY	03/15/2019	4100	-
7430	593	000000	355	STUART C IRBY	333.00	HOT LINE CLAMP	03/15/2019	4100	-
7430	232	001099	134	CRESCENT ELECTRIC 017	435.60	ELECTRIC INVENTORY	03/15/2019	4100	-
7430	232	001099	134	CRESCENT ELECTRIC 017	384.00	ELECTRIC INVENTORY	03/15/2019	4100	-
7430	232	001099	484	CREE LIGHTING	4,550.00	ELECTRIC INVENTORY	03/20/2019	4100	-
7430	932	000000	134	CRESCENT ELECTRIC 087	43.18	ADMIN BLDG BREAKER	03/21/2019	4100	-
7450	932	000000	134	CRESCENT ELECTRIC 087	15.70	ADMIN BLDG BREAKER	03/21/2019	4100	-
7460	834	000000	134	CRESCENT ELECTRIC 087	19.64	ADMIN BLDG BREAKER	03/21/2019	4100	-
7430	232	001099	484	CREE LIGHTING	181.00	ELECTRIC INVENTORY	03/21/2019	4100	-
7430	934	000000	994	CAPITAL EQUIPMENT	69.00	FORKLIFT MAINT	03/28/2019	4100	-
7430	232	001099	355	STUART C IRBY	600.00	ELECTRIC INVENTORY	03/28/2019	4100	-
Total:					74,182.73				

Stoughton Utilities

Financial Summary

March 2019 YTD

Highlights/Concerns

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

Overall Summary:

YTD 2019 net income is coming in 8%, or \$34,000, lower than YTD 2018. This is mostly due to expensing the entire year's insurance coverage in the first quarter in 2019 compared to amortizing it over the year in 2018.

Electric Summary:

Operating revenues were 2.2%, or \$80,400 lower, than YTD 2018 but were mostly offset by lower purchase power costs. The majority of the decrease in sales revenue comes from residential customers and large commercial/industrial customers. YTD kWh sold has increased by 0.9 million, or 2.5%, which shows that demand for power has not waned.

Non-power operating expenses were up \$32,500. However, the increase is entirely due to the insurance expense timing issue. Taking out the insurance expense issue, non-operating expenses declined so far in 2019 but are expected to exceed the prior year at year-end given the additional depreciation expense and other increased operating expenses. The YTD net change in net income was a decrease of \$64,729 to \$238,069. The main cause of the net change in net income after removing the insurance and depreciation impact is mainly due to a gain on the sale of a digger derrick in 2018.

The rate of return is currently 0.30% compared to 0.75% at this point in time in 2018. Unrestricted cash balances are \$5.1 million (4.1 months of sales).

Water Summary:

Operating revenues were up \$60,406, or 11.8%, from prior YTD due to the October 2018 rate increase. Total gallons sold YTD has only increased by 80,000 gallons or 0.08%. Residential sales are up 17% or \$36,900. Industrial sales are up 21.2% or \$13,500. Operating expenses were up 6.8% YTD or \$30,600. About half of the added cost is from a phone/firewall upgrade and the other half is from the insurance amortization issue.

The rate of return is currently 0.88% compared to 0.60% at this point in time in 2018. Unrestricted cash balances are \$0.31 million (1.7 months of sales).

Wastewater Summary:

Operating revenue YTD was \$511,699 and about equal with YTD 2018. Expenses were \$451,413, up \$28,055 from the prior year. \$23,000 of this expense is from the insurance amortization issue and the rest is mostly from extra depreciation.

Unrestricted cash balances are \$1.4 million (9.0 months of sales). Unrestricted cash will be needed for the future capital investment needs of the wastewater utility.

Submitted by:
Ryan Wiesen

STOUGHTON UTILITIES

Balance Sheets

As of March 31, 2019

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Assets				
Cash & Investments	\$ 6,250,143	\$ 1,464,954	\$ 3,134,348	\$ 10,849,445
Customer A/R	1,424,983	236,254	201,344	1,862,581
Other A/R	42,481	-	4	42,486
Other Assets	1,168,732	339,596	240,097	1,748,426
Plant in Service	29,943,736	15,861,159	30,649,340	76,454,235
Accumulated Depreciation	(14,025,477)	(5,486,827)	(12,008,134)	(31,520,438)
Plant in Service - CIAC	3,694,784	7,962,587	-	11,657,371
Accumulated Depreciation-CIAC	(1,842,529)	(2,226,591)	-	(4,069,121)
Construction Work in Progress	216,702	49,555	77,260	343,517
GASB 68 Deferred Outflow	584,707	199,447	221,465	1,005,619
Total Assets	<u>\$ 27,458,262</u>	<u>\$ 18,400,134</u>	<u>\$ 22,515,725</u>	<u>\$ 68,374,122</u>
Liabilities + Net Assets				
Accounts Payable	\$ 78,572	\$ 64,911	\$ 45,194	\$ 188,677
Payable to City of Stoughton	597,150	529,704	-	1,126,854
Interest Accrued	-	16,593	45,414	62,008
Other Liabilities	391,286	76,251	94,779	562,316
Long-Term Debt	4,501,552	2,646,313	4,534,264	11,682,129
Net Assets	21,255,877	14,850,970	17,566,184	53,673,030
GASB 68 Deferred Inflow	633,826	215,392	229,890	1,079,108
Total Liabilities + Net Assets	<u>\$ 27,458,262</u>	<u>\$ 18,400,134</u>	<u>\$ 22,515,725</u>	<u>\$ 68,374,122</u>

STOUGHTON UTILITIES

Year-to-Date Combined Income Statement

March 31, 2019

	Electric	Water	Wastewater	Total
<i>Operating Revenue:</i>				
Sales	\$ 3,448,871	\$ 554,503	\$ 476,982	\$ 4,480,357
Other	46,270	16,195	34,717	97,181
<i>Total Operating Revenue:</i>	\$ 3,495,141	\$ 570,697	\$ 511,699	\$ 4,577,538
<i>Operating Expense:</i>				
Purchased Power	2,545,945	-	-	2,545,945
Expenses (Including Taxes)	489,413	243,327	236,412	969,152
PILOT	114,999	109,500	-	224,499
Depreciation	297,450	127,191	215,001	639,642
<i>Total Operating Expense:</i>	\$ 3,447,807	\$ 480,018	\$ 451,413	\$ 4,379,238
<i>Operating Income</i>	\$ 47,334	\$ 90,679	\$ 60,286	\$ 198,300
Non-Operating Income	220,380	21,272	44,536	286,187
Non-Operating Expense	(29,644)	(11,499)	(27,750)	(68,893)
<i>Net Income</i>	\$ 238,069	\$ 100,452	\$ 77,072	\$ 415,594

STOUGHTON UTILITIES

Year-to-Date Combined Income Statement

March 31, 2018

	Electric	Water	Wastewater	Total
<i>Operating Revenue:</i>				
Sales	\$ 3,524,551	\$ 494,048	\$ 487,395	\$ 4,505,994
Other	50,992	\$ 16,243	\$ 19,873	87,108
<i>Total Operating Revenue:</i>	\$ 3,575,543	\$ 510,291	\$ 507,268	\$ 4,593,102
<i>Operating Expense:</i>				
Purchased Power	2,614,503	-	-	2,614,503
Expenses (Including Taxes)	479,049	216,579	211,609	907,237
PILOT	111,999	109,500	-	221,499
Depreciation	278,274	123,300	211,749	613,323
<i>Total Operating Expense:</i>	\$ 3,483,825	\$ 449,379	\$ 423,358	\$ 4,356,562
<i>Operating Income</i>	\$ 91,718	\$ 60,912	\$ 83,910	\$ 236,540
Non-Operating Income	243,836	14,559	30,841	289,236
Non-Operating Expense	(32,756)	(12,774)	(30,675)	(76,205)
<i>Net Income</i>	\$ 302,798	\$ 62,697	\$ 84,076	\$ 449,571

STOUGHTON UTILITIES

Rate of Return

Year-to-Date March 2019

	<u>Electric</u>	<u>Water</u>
Operating Income (Regulatory)	\$ 47,334	\$ 90,679
Average Utility Plant in Service	29,451,187	15,751,097
Average Accumulated Depreciation	(13,702,961)	(5,337,530)
Average Materials and Supplies	231,625	39,032
Average Regulatory Liability	(99,724)	(154,030)
Average Customer Advances	(66,587)	-
Average Net Rate Base	\$ 15,813,541	\$ 10,298,569
March 2019 Rate of Return	0.30%	0.88%
March 2018 Rate of Return	0.75%	0.60%
December 2018 Rate of Return	4.99%	3.91%
Authorized Rate of Return	5.00%	5.00%

STOUGHTON UTILITIES
Cash and Investments Summary
As of March 31, 2019

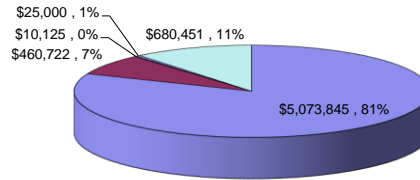
Electric

March 2019

Unrestricted (4.1 months sales)	\$	5,073,845
Bond Reserve	\$	460,722
Redemption Fund (P&I)	\$	10,125
Depreciation	\$	25,000
Designated	\$	680,451
Total	\$	<u>6,250,143</u>

Electric Cash - March 2019

■ Unrestricted (4.1 months sales) ■ Bond Reserve ■ Redemption Fund (P&I) ■ Depreciation ■ Designated



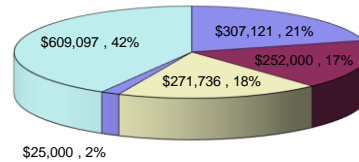
Water

March 2019

Unrestricted (1.7 months sales)	\$	307,121
Bond Reserve	\$	252,000
Redemption Fund (P&I)	\$	271,736
Depreciation	\$	25,000
Designated	\$	609,097
Total	\$	<u>1,464,954</u>

Water Cash - March 2019

■ Unrestricted (1.7 months sales) ■ Bond Reserve ■ Redemption Fund (P&I) ■ Depreciation ■ Designated



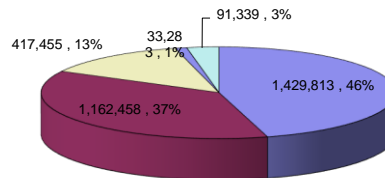
Wastewater

March 2019

Unrestricted (9.0 months sales)		1,429,813
DNR Replacement		1,162,458
Redemption Fund (P&I)		417,455
Depreciation		33,283
Designated		91,339
Total		<u>3,134,348</u>

Wastewater Cash - March 2019

■ Unrestricted (9.0 months sales) ■ DNR Replacement ■ Redemption Fund (P&I) ■ Depreciation ■ Designated



STOUGHTON UTILITIES
2019 Statistical Worksheet

Electric	Total Sales 2018 kWh	Total kWh Purchased 2018	Total Sales 2019 kWh	Total kWh Purchased 2019	Demand Peak 2018	Demand Peak 2019
January	12,609,523	13,204,183	12,752,096	13,363,141	24,195	26,165
February	11,167,697	11,394,593	11,560,908	11,896,849	22,984	23,038
March	11,302,081	11,305,664	11,641,186	11,972,418	20,886	23,235
April						
May						
June						
July						
August						
September						
October						
November						
December						
TOTAL	35,079,301	35,904,440	35,954,190	37,232,408		

Water	Total Sales 2018 Gallons	Total Gallons Pumped 2018	Total Sales 2019 Gallons	Total Gallons Pumped 2019	Max Daily High 2018	Max Daily Highs 2019
January	35,560,000	44,660,000	36,143,000	39,813,000	1,668,000	1,466,000
February	33,594,000	41,438,000	33,948,000	36,797,000	1,711,000	1,443,000
March	36,877,000	40,980,000	36,020,000	38,991,000	1,449,000	1,419,000
April						
May						
June						
July						
August						
September						
October						
November						
December						
TOTAL	106,031,000	127,078,000	106,111,000	115,601,000		

Wastewater	Total Sales 2018 Gallons	Total Treated Gallons 2018	Total Sales 2019 Gallons	Total Treated Gallons 2019	Precipitation 2018	Precipitation 2019
January	25,668,000	31,460,000	24,591,000	36,827,000	2.15	3.10
February	23,717,000	30,781,000	23,125,000	33,032,000	3.54	3.19
March	25,915,000	28,544,000	25,549,000	43,136,000	0.75	0.96
April						
May						
June						
July						
August						
September						
October						
November						
December						
TOTAL	75,300,000	90,785,000	73,265,000	112,995,000	6.44	7.25



Stoughton Utilities Activities Report April 2019

Director's Report

Jill M. Weiss, P.E.
Stoughton Utilities Director

It has been an exciting second month for me here at Stoughton Utilities. I have had the opportunity to engage with more of our customers by attending the Sustainable Stoughton Earth Day Expo, Coffee with the Mayor, and the Stoughton Chamber of Commerce Lunch and Learn and Business Expo events. I also had the opportunity, through WPPI Energy, to attend the Greater Madison Chamber of Commerce Icebreaker Luncheon, which brought numerous Madison area stakeholders and business partners together.

With the exciting 2019 CIP work on South Monroe, Patterson, and Lowell Streets, we have completed a customer outreach and education campaign regarding the importance of replacing lead water services, using letters and informational pamphlets and follow-up phone calls. We are delighted to have received some inquiries into the replacement of the private lead services. Through these inquiries, we have encouraged neighbor-to-neighbor outreach to continue to encourage lead service replacement. We anticipate the project will begin very soon, including sanitary sewer and water improvements, with completion anticipated in late September.

Another customer outreach and education effort is underway as we have sent out informational and educational letters and permit applications for private wells. This is also a regulatory compliance effort, as we are required by the Wisconsin Department of Natural Resources (DNR) to permit all wells within the City limits. Where possible, we encourage the customer to abandon the private well when City water is available to the customer's home. This helps ensure drinking water quality and safety by minimizing unnecessary penetrations into the aquifers, which can be sources of contamination. So far, customer response to this outreach has been low. However, we have provided customers with a generous window to achieve compliance since we realize that many of the wells will be inspected and permitted for the first time. We will continue to follow up with customers through ongoing communications and notifications in order to ensure full regulatory compliance.

This month we meet with the Kettle Park West development team to begin our evaluation of their proposed upcoming residential development phases. We have met to discuss water and sanitary sewer improvements, and have shared our need for the water mains to be looped so that we can ensure high drinking water quality and adequate fire protection. We anticipate having all of our comments to the developers in the near future.

I had the opportunity to attend CVMIC's training session on succession planning. This was an important training session given that we have several people in key positions within the utility that are quickly reaching retirement eligibility. During my ongoing meetings with our teams, I continue to review individual and utility goals and determine how we plan for those upcoming retirements. Beyond succession planning, through meetings with the division supervisors, roundtable discussions, participation in morning briefings and team meetings, and continued one-on-one meetings with staff, I continue to identify many goals and opportunities for the utility to work towards achieving in both the short and long terms.

The Electric Line Division spent much of the month installing new and upgraded services, as well as responding to some small outages. The continued wet weather and ground conditions have limited our ability to move quickly with the busy spring activities. We continue to make small advances in fully commissioning our new electric SCADA system, and plan to have it fully operational following final testing of equipment,

verification of data points and controls, and finalizing the policies and procedures regarding ongoing operation and maintenance of the system.

The Wastewater Division has resumed collection system maintenance operations, including sewer cleaning and the excitement of working with our new vac-truck. The truck is working well and has been utilized by the Wastewater, Water, and Electric Divisions for various maintenance and excavation projects. It has been a great addition to our fleet. The DNR completed an inspection of the Wastewater Treatment Plant which included a review of the plant operations, lab operations, sludge hauling requirements, and our recording keeping. We are happy to share that we were found to be compliant with all regulatory requirements, with only minor recommendations provided.

The Water Division has been hampered by the wet weather and ground conditions as well. We are gearing up for valve exercising and hydrant flushing. We have been able to review our meter replacement schedule and have adopted a new plan that maintains our budgetary needs while moving forward with the removal of all meters that contain small amounts of lead materials from our system. This procedural change not only supports our mission to make our system lead-free, but also reduces the staff time and number of visits to customer's homes to test meters.

We also met with a large telecommunications provider this month. They have indicated that they are reviewing the infrastructure and demographics of the Stoughton market to determine if they will extend service to the community. This was an important meeting to better understand their goals and expectations of the Utility. We have agreed to providing them with select mapping data to ensure any project will have the least impact on utility operations, and will be starting the process to negotiate a licensing agreement for communications attachments to utility poles.

Technical Operations Division

Brian R. Hoops
Assistant Utilities Director

Choose Renewable Program: Staff promoted our optional Choose Renewable program throughout the month of April to coincide with Earth Day. Customers signed up for twelve blocks of renewable energy throughout the month, which results in 43,200 kWh of supplemental 100% renewable energy being purchased by Stoughton Utilities annually.

Our Choose Renewable program currently has 410 Stoughton Utilities customers purchasing 1,064 blocks of renewable energy, resulting in an additional 3,830,400 kWh of supplemental 100% renewable energy being purchased by Stoughton Utilities.

Customer Payments: Staff processed 9,130 payments totaling \$1.63 million, including 1,553 checks, 1,741 lockbox payments, 1,133 credit cards, 1,474 *My Account* online payments, 2,171 automated bank withdrawals, 741 direct bank payments, and over \$20,500 in cash.

Delinquent Collections: As of April 1, there were 1,667 active accounts carrying delinquent balances totaling \$274,500, and 72 final-billed accounts carrying delinquent balances totaling \$11,500. Of the total amount delinquent, \$96,200 was 30 or more days past due.

April 15 marked the end of the cold weather electric disconnection moratorium. This disconnection moratorium occurs annually between November 1 and April 15 to ensure customers maintain their heat sources during the winter months.

- On April 10, we mailed out 10-day notices of pending disconnection to 717 delinquent customers.
- On April 22, we delivered automated phone calls to 332 customers providing a warning of pending electric service disconnection. All customers without a phone number received notices delivered to their home or business.
- On April 23, we delivered autotimer phone calls to 187 customers providing a final warning of pending electric service disconnection.

- On April 24, we performed 42 electric service disconnections due to continued nonpayment. Combined, these customers were noticed for delinquencies totaling \$21,717, an average of \$517 per account.

We ended the month of April with \$40,300 remaining 30 or more days past-due. For comparison, 30+ day delinquencies are 4% higher than this time last year (\$38,500).

Earth Day Expo: Energy Services Representative Cory Neeley and Assistant Director Brian Hoops represented Stoughton Utilities at the third annual Sustainable Stoughton Earth Day Expo. Numerous customers stopped by to discuss our Choose Renewable program, existing and prospective solar power installations, energy efficiency incentives, electric vehicles, and more. Visitors received an energy efficient LED lightbulb, and customers who signed up for our Choose Renewable program received a “Smart” LED lightbulb that can be controlled and programmed by Wi-Fi and home automation software platforms such as Alexa and Google Home.

Electric SCADA System: Modifications were made throughout the month to the networked devices located at each of the electric substations. These modifications were made to provide enhanced security, as well as increase device event reporting and logging. These devices provide the communications and interfaces to the electrical infrastructure equipment to issue commands and obtain the data fed in to the SCADA master for data display, reporting, and control. There is a combined total of 80 networked devices providing 840 individual datapoints.

A frontend interface to the SCADA reporting database was developed to allow for users to access the data for reporting and analysis of the archived historical SCADA readings. This was created to facilitate analysis of the 2018 daily currents on each of the phases of each of the circuits from each substation. Additional reporting queries will be developed as further analysis is needed.

Employee Safety Recognition: Stoughton Utilities received state recognition from the Municipal Electric Utilities of Wisconsin (MEUW) for achieving exceptional employee safety practices in 2018, receiving their Gold Safety Achievement Award, the highest tier. The Safety Achievement Award recognizes utilities with the lowest number of work-related injuries and illnesses, and the utilities that have demonstrated a steadfast commitment to maintaining exceptional safety programs and training.

Energy Assistance: During the month of April, energy assistance (EA) payments totaling \$8,400 were received from the State of Wisconsin Public Benefits Program and applied to 37 customer accounts to assist these customers with their seasonal home heating expenses.

The Public Benefits Program ended acceptance of customer applications for seasonal assistance for the 2018-19 heating season beginning May 1. Crisis funding remains available to eligible customers.

Information Technology Projects: Further enhancements were made to our edge firewall to provide increased cyber security for our critical utility control systems and financial processing. Our electric and water/wastewater SCADA networks, as well as our credit card processing network, are now further protected, with all traffic to and from these networks now passing through our primary firewall, Intrusion Prevention System (IPS) device, web application firewall, and secondary communication firewalls where present. A secondary Intrusion Detection System (IDS) server continues to monitor all internal traffic, including that to and from the SCADA and card processing networks.

Our email retention archival device hardware was replaced, with all archived email data transferred to the new device. In addition to storage on the device, all data is mirrored onto a network share. SU retains all internal and external emails sent or received for a period of seven years, unless those emails have significance to an infrastructure construction project.

GIS Analyst Lou Rada received and configured a new GPS locating device. This device now integrates directly with the mobile tablets used by the field staff. A training session was held on the new device, after which it was placed into service. The Electric Division was the first to utilize it, and collected location datapoints for difficult to find and inaccessible infrastructure located in the remote areas of our rural service territory.

Lineman Appreciation Day: To celebrate National Lineworker Appreciation Day on April 18, Stoughton Utilities held a coloring contest for children that live within SU's service territory. The coloring contest ran through April 12 to raise awareness of Stoughton Utilities and the Electric Lineworker profession. Children ages 4-12 were eligible, and submissions were split into three categories based on age, with a winner chosen from each age group. All children who submitted an entry received a coupon for a free donut from Fosdal's Bakery, and the group winners received a gift card. Prizes for the contest were funded through the WPPI Energy Value of Public Power fund.

Revisions to SU Billing Statements: Billing & Metering Specialist Erin Goldade worked with the providers of our Customer Information System (CIS) and our billing statement print and mail service to make several small modifications to the design of our billing statement. These modifications were made in response to deficiencies found by SU staff while completing the responses to the Wisconsin Public Service Commission's Billing Audit data requests.

Electric Division and Planning Division

Sean O Grady
Operations Superintendent

Bryce A. Sime
Electric System Supervisor

2020 Streets and Utility Reconstruction: Three poles were relocated on South Monroe Street to accommodate sidewalk placement changes that will occur as part of the upcoming reconstruction project.

Administration Building Maintenance: Spring cleaning and maintenance occurred at the Utilities Administration Building. Carpets were shampooed and tile floors were stripped and waxed. Ceiling tiles throughout the office area were replaced where staining existed from prior roof leaks. The lighting in the hallways and in one conference room were upgraded with energy efficient LED light fixtures. The biannual inspection and cleaning of the HVAC systems was completed, with no deficiencies found... just in time for the warm summer weather that we hope arrives soon.

East Main Street Pole Replacement: Staff transferred a three-phase primary line and transformer onto a new pole installed by a local investor-owned utility (IOU). Stoughton Utilities has distribution infrastructure underbuilt on several poles owned by other utilities, and this is one of two poles that the IOU is replacing in our service territory this year.

Electric Service Installations: During the month of April we installed five temporary construction services, six service installations for new construction, two overhead service upgrade, and two service repairs.

Electric System Trouble Calls: We had nine trouble calls this month, including two distribution cutout failures, a service mast ripped from a home by a fallen tree limb, secondary connectors that were missing covers and welded themselves together, a Cable TV service wire falling and blocking a customer's driveway, a customer-owned breaker failure, a tree branch making contact during line clearance work, one equipment failure, and one wildlife contact.

Employee Training: Brian Scheel and Adam Frederick attended a three-day seminar on 600-amp termination and equipment maintenance.

Gang Operated Air Switches (GOAS): To improve outage restoration time and minimize the effects on customers of unplanned power outages, staff installed one new GOAS and repaired another. These switches, of which we have over 30 strategically placed across our service territory, allow us the ability to tie our substation circuits together and quickly and safely remove an entire substation from service for maintenance or repair.

Highway 138 Overhead Reconstruction: The final phase of the three-phase overhead reconstruction project has begun. Barring any prolonged wet weather similar to what was experienced last fall, we anticipate that this project will be completed in early summer.

Highway 51 South Pole Replacements: During our annual pole inspections, several poles along the highway were identified as needing replacement due to being hollowed out. Replacement will occur over the next two months.

Infrastructure GPS Locating: We completed the collection of precise GPS location points for all infrastructure installed in remote and inaccessible locations throughout our rural service territory

LED Street Lighting Upgrades: Upgraded LED streetlighting was installed in the Stone Crest and Eastwood Estates neighborhoods, as well as in the downtown district. Not only is LED lighting more energy efficient, but it also has a whiter appearance and contributes to less light pollution due to a more direct downward focus.

Overhead Line Clearance Projects: Our contracted line clearance provider is making good progress throughout the rural service territory. We are hoping for a period of prolonged dry weather so crews can complete the trimming of the rural service territory by the end of May.

Overhead to Underground Projects: An old overhead span of primary in the 700 block of Pine Street was replaced with a new underground line. This project was undertaken to increase system reliability and to eliminate or greatly reduce the number of wildlife outages that occur in the neighborhood.

Primary Line Extensions: We installed a new customer-contributed primary cable extension on Skyline Drive to accommodate the construction of a new home.

South Substation: This substation was taken offline while crews installed additional wildlife protection. This project was undertaken to reduce electrical outages caused by the squirrels and birds that ignore the posted warning signs and attempt to use the electrical equipment to hide their nuts or rest their wings.

This project also provided us with an opportunity to train lineworkers on planning and coordinating the transferring of load to our other three substations, and how the substation operates. The installation was completed and the substation returned to service within a couple of days.

SW5 Distribution Circuit: Our underground trenching and boring contractor was finally able to get into the farm field to restore the trench route from last fall's construction project. This restoration work was delayed until late-April by the long winter and deep frost

Transmission Line Projects: We are working with the regional electric transmission line provider on two projects this year. The first project is an overhead to underground three-phase replacement project around the electrical substations located on East South Street. As part of this project, two poles will be removed where SU has distribution infrastructure underbuilt, and our line relocation work will be funded by the transmission provider. The second project is related to a storm sewer project being undertaken by the City of Stoughton along East Street. SU and the transmission provider both have down guys located within the construction zone that will need to be relocated.

Underground Cable Replacements: Six sections measuring just under 1,000 feet of older primary and secondary underground cable along North Page and Johnson Streets were replaced with new cable. This section of line had recently experienced a cable failure that resulted in a lengthy outage for affected customers, and this replacement project will reduce the duration of outages caused by future cable failures in the area.

The next phase of the project will include digging in new basements for the transformers, terminating cables, and completing the cutovers of the new system. Project completion is expected to occur in May, barring any continued significant rain events, with lawn restoration to occur following full completion.

Underground Construction Manual: This document was initially created back in the late 80's, and it was time for an update to reflect current construction standards. The revised document now includes new drawings, required material listings, and electrical code updates for all styles of underground construction assemblies that we currently have on our distribution system. The final revisions will be shared with division staff and our electrical engineering consultants next month.

Energy Services Section of the Planning Division

Cory Neeley

Stoughton Utilities and WPPI Energy Services Representative (ESR)

Dane County Office of Climate Change: The utility met with a representative of this office to discuss opportunities for a renewable energy installation to be installed in Stoughton.

Focus on Energy: I continue to reach out to large energy users with training opportunities from Focus on Energy. Efficiency projects were also discussed with several local churches.

Smart Energy Provider Certification: I have been working on the completion of the application form for the Smart Energy Provider certification offered by the American Public Power Association. The application scores the numerous smart energy and green/renewable energy programs offered by the utility. WPPI Energy has assisted on providing much of the information required in the application, as many of these local efforts are part of the collaborative undertakings of Stoughton's energy provider.

Stoughton Area School District: The utility met with the district to review the completed tunable lighting that was recently installed in the final classroom at Fox Prairie school. The district is also working on several other lighting efficiency upgrades, and has recently completed variable frequency drive installations at a couple of locations.

Stoughton Hospital: I met with representatives from the hospital to review and discuss the scheduling of the efficiency projects that were begun last fall. Additional facility locations will be added to the schedule due to the positive results of the projects already completed. Focus on Energy is ready to complete the incentive package based on the savings results.

Sustainable Stoughton Earth Day Expo: Stoughton Utilities sponsored a booth at this event, and provided information and literature on our energy efficiency programs, our Choose Renewable program, residential rooftop solar installations, electric vehicles, and more. Energy-efficient LED lightbulbs were given away to expo visitors, and Smart LED lightbulbs were given to customers who enrolled in our Choose Renewable program.

A presentation was given by the utility on the benefits of electric vehicles, with several owners of EVs participating to provide their experiences.

Wastewater Division

Brian G. Erickson

Stoughton Utilities Wastewater System Supervisor

The wastewater treatment facility processed an average daily flow of 1.294 million gallons with a monthly total of 38.812 million gallons. The total precipitation for the month was 3.24 inches.

2020 CIP Planning: I have been reviewing our plans for the 2020 CIP. We have several plant maintenance and improvement projects that we have been carrying in our maintenance schedule in order to maintain high quality treatment and reliable plant operations. I have been working our engineering consultants and contractors to prioritize our needs and obtain estimated pricing.

Cold Weather Treatment Devices: Now that spring has finally arrived, staff has removed all cold-weather protective devices from our treatment tanks.

Collection System Maintenance: Staff has begun the annual process of cleaning and inspecting the sanitary sewer collection system. This work will continue throughout the summer as staff works to flush and inspect all sewer mains.

Digester Cover: We have discovered an issue with corrosion on one of the digesters' covers. We are working with our consulting engineers to determine a long-term solution.

Disinfection Equipment: Staff completed the spring startup of our ultraviolet disinfection equipment and post-aeration system without any issues. Staff also took down and cleaned the effluent tanks and installed the algae screens.

Gas meters: Staff installed new gas meters on the digesters' gas lines.

Standby Generator Maintenance: As part of our annual maintenance and load-banking testing program, six electric standby generators received service and testing. All generators' batteries were also replaced.

HVAC Projects: I have been working with contractors to complete the replacement and upgrade of several pieces of HVAC equipment. We experienced challenges with several of these units during this winter's period of extreme cold.

Plant maintenance: Staff continues to work on maintenance and repair projects of miscellaneous equipment throughout the plant. The air operated valves in our digesters have failed, and staff has been working to complete repairs.

Training: Wastewater Operators Mark Bakken and Phil Zweep attended a three-day Vactor training course to learn how to operate and maintain our new jet-vac sewer cleaning truck. Following the manufacturer's training, they returned to the utility and trained Water Division Staff on the operation of the truck.

Wisconsin Department of Natural Resources Plant Inspection: The DNR performed their biannual inspection of the plant operations and operational records. No significant deficiencies were found, and only minor recommendations were made.

Yearly Calibrations: Staff completed the annual calibration of the plant's gas monitors, flow meters, and backflow devices.

Water Division

Kent F. Thompson
Water System Supervisor

2019 Street Resurfacing Project: Water operators worked to complete the replacement of valve boxes located within the areas where street resurfacing will be completed this summer. The replacement of these valve boxes is being completed by water operators rather than the resurfacing contractor in an effort to minimize expenses funded by water rates.

Annual Tower Overflow: Water operators overflowed both water towers and the reservoir. Overflowing the towers and reservoir removes any accumulated biofilm that may have accumulated on the surface of the water within the tanks, which subsequently reduces the amount of disinfection added to our source water. SCADA set points are set and verified for proper operation of the computer monitoring system, and alarms are checked to ensure they are operating properly.

Excavation Training: One water operator attended an Excavation Competent Person training course that was offered by the Wisconsin Rural Water Association. This course taught safe practices and regulation in regards to excavations and shoring.

Generator Maintenance: Water operators replaced all of the batteries in the standby generators at Well Nos 5 and 7, and at Tower II. Standby generators ensure that the water system continues to operate in the event of power outages. Annual maintenance and load bank testing of the generators was performed by an outside contractor.

Routine Water Sampling: Water samples were collected from 10 sites throughout the distribution system over a period of 3 weeks, and analyzed by the Wisconsin State Laboratory of Hygiene for the presence of coliform bacteria. All samples were clear of the presence of any coliform.

A fluoride sample was analyzed in our lab and then forwarded to the State lab for additional analysis to ensure the accuracy of our testing equipment. Additional daily samples were collected throughout the city and analyzed for both chlorine and fluoride at our lab, which guides operators in making adjustments to the disinfection and fluoridation pumping systems at the wells.

Seasonal Meters: Water operators completed the installation of seasonal water meters at the sports fields, parks, and fountains maintained by the Stoughton Area School District and Department of Public Works.

Valve Exercising: Valve exercising throughout the distribution system continues. We anticipate exercising at least 500 valves this year, completing our current five-year cycle.

Water Hydrant Realignment: Water operators realigned the hydrant located near the entrance to the new Department of Public Works facility. The new alignment will allow the fire department to fill their trucks from the facility driveway and out of the lane of traffic, as well as aid the fire department during their annual hose testing.

Water Main Break: A water main break occurred when an underground contractor working within the road right-of-way hit the water main. Water operators were quickly able to isolate and repair the main. Over 60 residential customers were without water while the repairs were completed, and an estimated 50,000 gallons of water was lost during the main break and subsequent flushing.

Safety Services Section of the Planning Division

Andrew Paulson

Stoughton Utilities and Municipal Electric Utilities of Wisconsin Regional Safety Coordinator

ACCOMPLISHMENTS

1. Training

- a. Emergency Action Plan
- b. Workzone Safety
- c. Bloodborne Pathogens

2. Audits/Inspections

- a. Field Inspection – Electric – Service Replacement
- b. Utility Walkthrough – General Inspection
- c. WWTP Walkthrough – General Inspection
- d. Well Inspections
- e. Water Tower Inspections
- f. Emergency Evacuation Plans
- g. Hand Tools
- h. Fork Truck Inspection

3. Compliance/Risk Management

- a. Reviewed Bloodborne Pathogens Exposure Control Plan
- b. Review workplace hazard incidents and met with employees to discuss

- c. Added SDS documents to MSDSOnline

GOALS AND OBJECTIVES

1. Training

- a. Fall Protection

2. Audits/Inspections

- a. Field inspections
- b. Utility walkthrough
- c. WWTP walkthrough
- d. Labs
- e. Wells
- f. Water towers
- g. Inspect fall protection with teams
- h. Inspect lanyards with teams

3. Compliance/Risk Management

- a. Review fall protection written programs
- b. Update MSDSOnline with new material safety data sheets.
- c. Update MEUW safety document management system.
- d. Organize folders and files

Regional Safety Coordinator was at Stoughton Utilities on April 2nd, 9th, and 30th.

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



Stoughton Utilities

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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019
To: Stoughton Utilities Committee
From: Jill M. Weiss, P.E.
Stoughton Utilities Director
Subject: Stoughton Utilities Communications

April 10, 2019 "The Power of Great Places" – WPPI Energy 2018 Annual Report

May 8, 2019 WPPI Energy FY2019 first quarter financial highlights, power supply update, news highlights, company profile, and financial statements

2018
ANNUAL
REPORT

THE POWER OF
GREAT
PLACES





From vibrant Main Street markets to dynamic industrial hubs, and scenic waterfronts to modern agricultural centers, WPPI Energy member communities are as diverse as they are remarkable. It is our honor to feature in this report recent photos from some of these great places, including:

Gladstone, Mich. (opposite)

Hustisford, Wis. pg. 1

Cedarburg, Wis. pg. 4

Sturgeon Bay, Wis. pg. 9

Menasha, Wis. pg. 10

Oconto Falls, Wis. pg. 10

Kaukauna, Wis. pg. 15

Independence, Iowa pg. 21

Eagle River, Wis. pg. 22

Crystal Falls, Mich. pg. 22

These images only begin to capture our 51 member communities' collective strengths, character, and beauty.

WPPI Energy is a member-owned, not-for-profit regional power company that provides wholesale electricity to 51 community-owned utilities in Wisconsin, Michigan's Upper Peninsula, and Iowa. Together, WPPI Energy's member utilities provide reliable, affordable, responsible electric service to more than 200,000 homes and businesses.



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- Financial Highlights..... 27



FROM THE CHAIR & PRESIDENT/CEO

Helping to make our member communities great places to live and work... this describes the mission of our member-owned joint action agency and the driving force for all that our membership accomplishes together.

THE POWER OF GREAT PLACES

Locally owned, not-for-profit utilities deliver significant value to their communities, and working together through WPPI Energy helps them preserve and enhance this value for the long term. By partnering with like-minded communities, we have achieved:

- A diverse, cost-effective power supply portfolio
- Best-in-class shared services and technology resources supporting members and their customers
- An effective voice to advocate for energy policy that protects and promotes the interests of local communities

COST-EFFECTIVE RESOURCES

In 2018, the WPPI Energy membership continued meeting local needs with a power supply that is diverse and cost-effective. In June, the membership cut the ribbon for the 132-megawatt Bishop Hill III Wind Energy Center.

→ Read more about our new wind energy center on p. 11

Our average wholesale power supply cost to members – which decreased by 7.4 % in 2018 – are highly competitive with our utility peers in the region, and we are on track for a more than 37% reduction in carbon dioxide emissions from 2005 levels by 2025.

FINANCIAL STRENGTH

Our financial health is strong, and we continued reducing our debt in 2018. In April, we refinanced \$47 million of our 2008 A bonds for a present-value savings of \$6.5 million, which is passed directly to members. In July, we paid off another \$15.2 million of 2008 A bonds early, delivering additional rate reductions to members.

ADVANCED SERVICES AND TECHNOLOGIES

Throughout 2018, we continued to advance our cost-effective shared programs that help WPPI Energy member utilities provide great service for their customers and their communities. More member utilities than ever are now using our technology services to meet their customer service and operational needs; a WPPI Energy member-led task force designed and delivered a roadmap for utilities interested in advanced outage management systems; and we introduced new funding and support to help member utilities promote local use of electric vehicles.

EFFECTIVE ADVOCACY

We also remained actively engaged with policymakers at the state and federal levels. Throughout the year, WPPI Energy members' elected and appointed officials used the shared strength of their combined voices to advocate for sound energy policies that protect and advance the interests of customers and communities they serve.

A diverse and competitive wholesale power supply. Best-in-class programs and services delivering significant local value. An effective voice for advocacy. This is the joint action advantage of 51 local utilities partnering for the benefit of those they serve.

This is the power of great places.

Jeff Feldt, WPPI Energy Chair
General Manager, Kaukauna Utilities

Mike Peters, President/CEO





OPEN

Small Specialty Gardens



MEMBER-OWNED & MEMBER-DRIVEN

Not-for-profit, public power utilities deliver significant benefit to those they serve. Partnering through WPPI Energy helps them gain the advantage of strength in numbers while retaining community control of this valuable local asset. Working together, WPPI Energy member utilities share both their longstanding experience and a singular focus on customers and the community.

A PROVEN TRADITION.

Public power is a tradition that works. Many WPPI Energy members possess well over a century of experience providing reliable, affordable, responsible power and customer-focused service. The advantages they deliver for their communities are well-established and strongly valued.

Congratulations to the following WPPI Energy members for their milestone public power anniversaries in 2018.



110
L'ANSE



120
EAGLE RIVER



110
WATERLOO



120
FLORENCE



90
GLADSTONE



125
INDEPENDENCE



120
COLUMBUS



105
BRODHEAD

BOARD OF DIRECTORS

Member-owned WPPI Energy is built on the principle that all members contribute their expertise and experience to participate in decision-making for the organization. The WPPI Energy Board of Directors is comprised of 51 representatives — one from each member community.

WISCONSIN

Algoma • Peter A. Haack
Black River Falls • Casey E. Engebretson
Boscobel • Michael B. Reynolds^{1 2}
Brodhead • Jeffrey A. Peterson
Cedarburg • Dale A. Lythjohan¹
Columbus • Michelle Kaltenberg
Cuba City • George A. Morrissey
Eagle River • Mike Sanborn
Evansville • James A. Brooks
Florence • Robert A. Friberg¹
Hartford • Brian C. Rhodes
Hustisford • Todd M. Tessmann
Jefferson • Scott R. Adler
Juneau • Robert G. Affeld
Kaukauna • Jeffery W. Feldt^{1 2}
Lake Mills • Steven D. Wilke
Lodi • Christopher A. Michel
Menasha • Melanie S. Krause

Mount Horeb • David G. Herfel
Muscoda • Gerald V. Bindl
New Glarus • Kevin Funseth
New Holstein • Randy T. Jaeckels¹
New London • Stephen M. Thompson¹
New Richmond • Weston Arndt
Oconomowoc • Joseph R. Pickart¹
Oconto Falls • Greg Kuhn
Plymouth • Brian E. Yerges
Prairie du Sac • Troy T. Murphy
Reedsburg • Brett H. Schuppner
Richland Center • Dale A. Bender
River Falls • Kevin L. Westhuis¹
Slinger • Jessi L. Balcom
Stoughton • Vacant
Sturgeon Bay • James M. Stawicki^{1 2}
Sun Prairie • Rick R. Wicklund
Two Rivers • Kenneth S. Kozak
Waterloo • Barry L. Sorenson
Waunakee • Timothy J. Herlitzka^{1 2}
Waupun • Randal L. Posthuma¹
Westby • Ronald G. Janzen
Whitehall • Neal J. Wozney

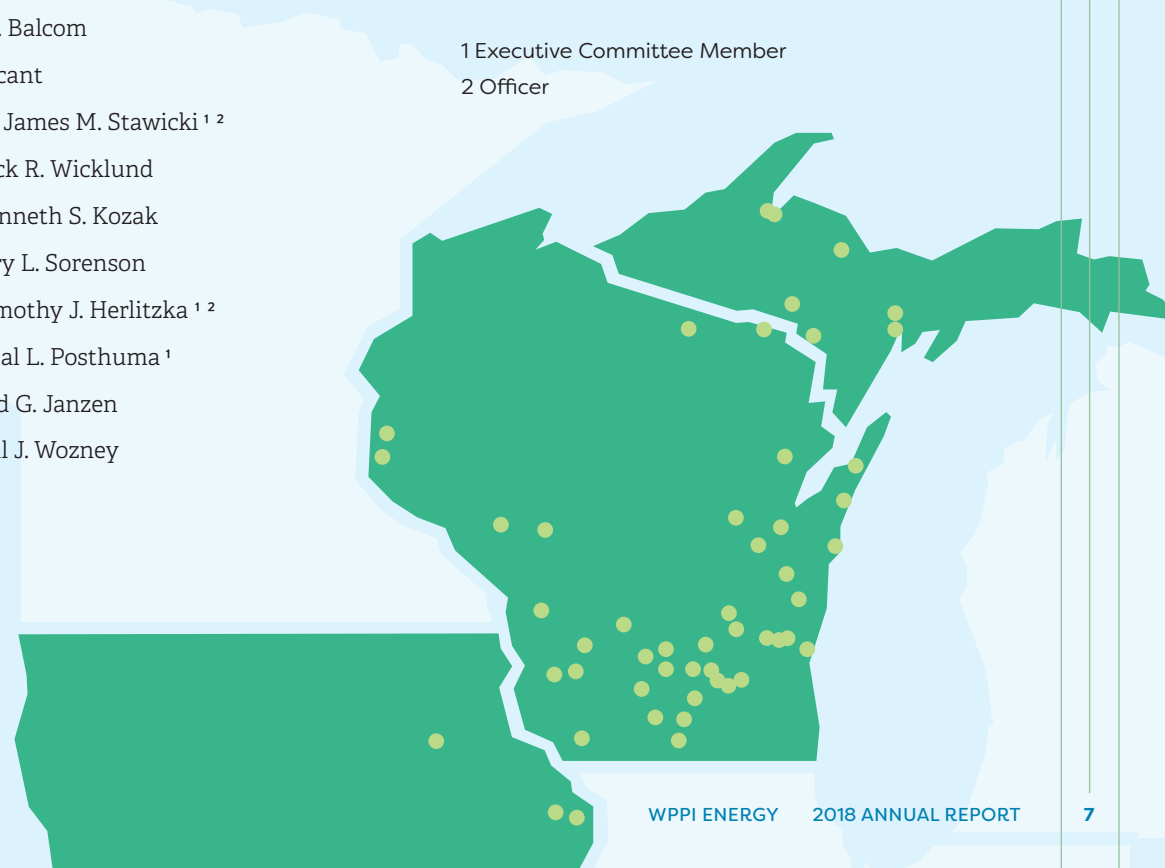
MICHIGAN

Alger Delta CEA • Thomas G. Harrell
Baraga • LeAnn M. LeClaire
Crystal Falls • David M. Graff
Gladstone • Darcy Long
L'Anse • Robert A. LaFave
Negaunee • Nate Heffron
Norway • Ray D. Anderson

IOWA

Independence • Kevin M. Sidles
Maquoketa • Christopher G. Krogman
Preston • Mayor Richard Betts

1 Executive Committee Member
2 Officer



EXECUTIVE COMMITTEE

The 11-member executive committee is elected by the board to oversee WPPI Energy's business affairs and to make recommendations for action by the board.

The WPPI Energy Executive Committee includes, from left to right: (Row 1) Kevin Westhuis; Jeff Feldt, Chair; Steve Thompson; (Row 2) Randy Posthuma; Mike Reynolds, Secretary; Tim Herlitzka, Treasurer; Randy Jaeckels; Jim Stawicki, Vice Chair; Joe Pickart; Bob Friberg; and Dale Lythjohan.



SENIOR MANAGEMENT

WPPI Energy's executive staff team, which is led by President/CEO Mike Peters, implements the board-approved WPPI Energy business strategy and directs the company's operations.

The WPPI Energy executive staff team includes, from left to right: Phil Hansen, Chief Information Officer; Tom Paque, Senior Vice President – Services & Business Strategy; Mike Peters, President/Chief Executive Officer; Valy Goepfrich, Senior Vice President – Power Supply; Tom Hanrahan, General Counsel; and Marty Dreischmeier, Chief Financial Officer.





COST-EFFECTIVE POWER SUPPLY

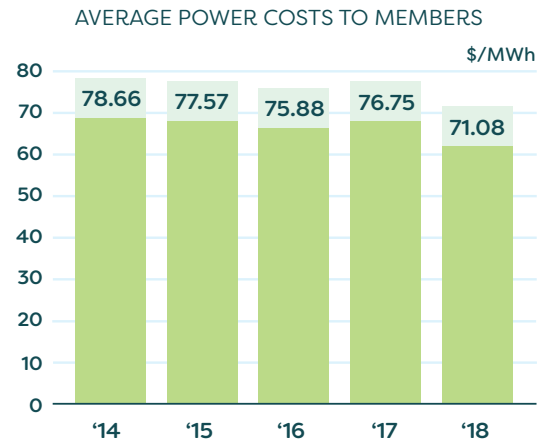
WPPI Energy member utilities deliver reliable, affordable, responsible electricity to power their 51 communities. By partnering through WPPI Energy to achieve greater economies of scale, together they have built a flexible, diverse, and cost-competitive wholesale power supply.



COMPETITIVE WHOLESALE COSTS

When it comes to power supply costs, WPPI Energy's focus is on stability and competitiveness. We remain highly competitive among our utility peers in the region, and we have held our average wholesale power cost to members relatively flat for more than the past five years. In 2018, WPPI Energy's average wholesale power cost to members decreased 7.4%.

→ Read more about our financial strength on p. 24



NEW RESOURCE: BISHOP HILL III WIND ENERGY CENTER

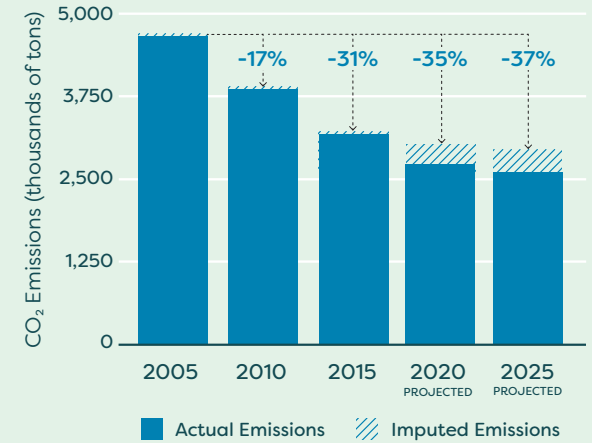
Utility leaders and local officials from across the membership got a firsthand look at their newest power supply resource in late June, when they cut the ribbon for the 53-turbine Bishop Hill III Wind Energy Center. WPPI Energy signed an agreement to purchase power from the 132-megawatt project through mid-2040.

Of the dozens of responses WPPI Energy received to a request for proposals for new power supply resources, Bishop Hill III rose to the top because not only does it further diversify WPPI Energy's power supply portfolio, it is projected to lower wholesale costs to members over the long term.

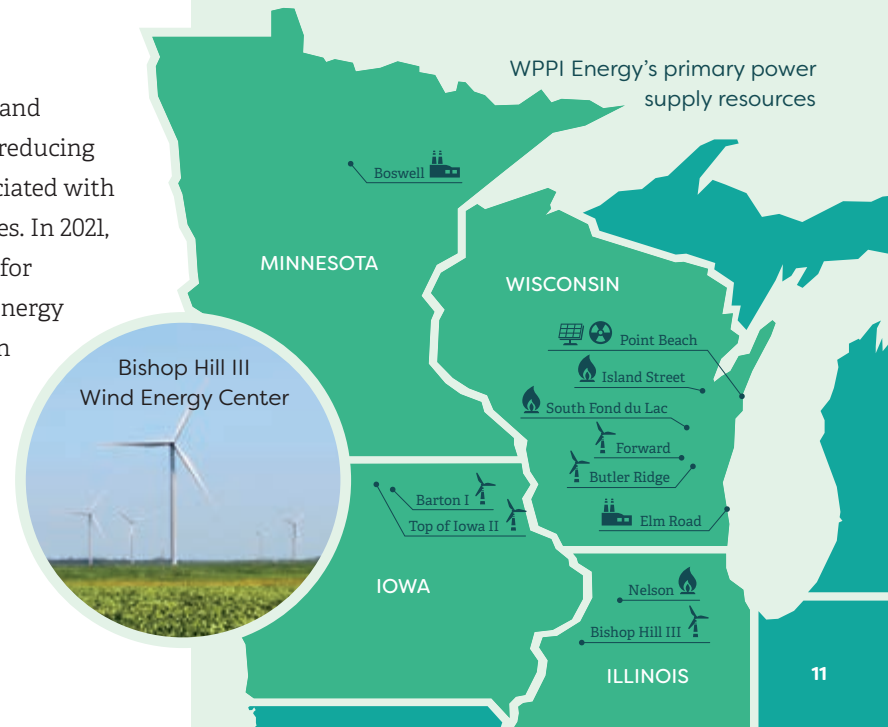
REDUCING CARBON DIOXIDE EMISSIONS

In addition to diversifying our portfolio and lowering our costs, WPPI Energy is also reducing the carbon dioxide (CO₂) emissions associated with supplying power to member communities. In 2021, solar power from another new resource for WPPI Energy — the Point Beach Solar Energy Center — will come online, keeping us on track for a more than 37% reduction in CO₂ emissions from 2005 levels by 2025.

WPPI ENERGY POWER SUPPLY CO₂ EMISSIONS



The solid bars in the chart represent WPPI Energy's actual emissions from WPPI Energy-owned generating units and purchased power from specific generating units, utility systems and the Midcontinent Independent System Operator (MISO) market. The dashed bars represent imputed emissions for renewable resources for which WPPI Energy did not purchase the associated renewable energy certificates or credits (RECs) in the first instance, or for which the associated RECs have been sold. It is possible that RECs currently held by WPPI Energy may be sold to third parties in the future, which would result in an increase in imputed emissions. Actual emissions from MISO market purchases and imputed emissions were determined using a calculated residual emission rate factor equal to the average emission rate of non-renewable resources in the MISO market. See p. 13 for more information regarding RECs.





BADGER COULEE TRANSMISSION PROJECT ENERGIZED

Owning transmission assets delivers a valuable return that helps offset increasing costs for transmission service, which now represent more than 15% of WPPI Energy’s wholesale rate to members. In 2018, we celebrated the completion of the Badger Coulee 345 kilovolt (kV) transmission project, which runs from the Briggs Road substation north of La Crosse to northern Dane County in Wisconsin. WPPI Energy owns 1.5% of the line between the Briggs Road and North Madison substations.

In addition, WPPI Energy owns approximately 9.5% of the Wisconsin portion of the 345kV Hampton-Rochester-La Crosse CapX2020 project. We recover a majority of the costs associated with our direct transmission ownership as a transmission owner within the Midcontinent Independent System Operator.

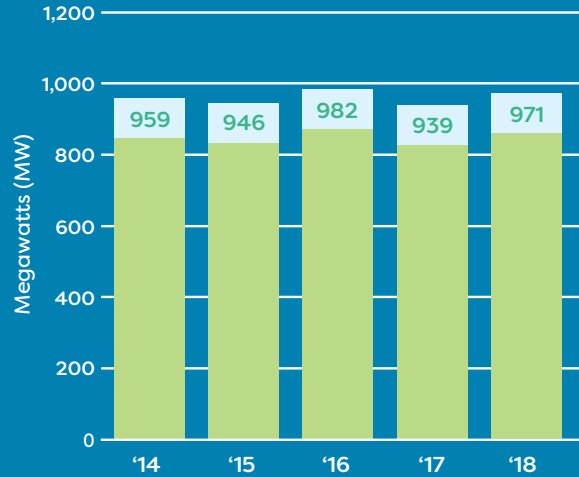
WPPI Energy also has a 6.7%, \$132-million equity ownership interest in the American Transmission Co.

2018 POWER SUPPLY RESOURCES

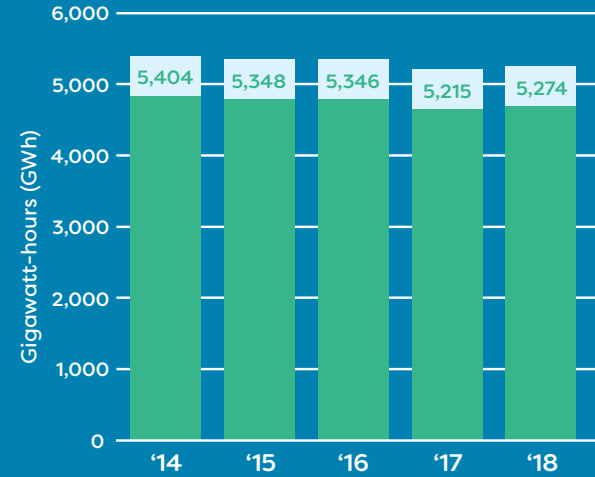
Owned Generation	Fuel	Capacity (MW)
Boswell Unit 4	Coal	117
Elm Road Generating Station	Coal	106
South Fond du Lac Units 1 & 4	Gas	154
Island Street Peaking Plant	Gas	52
Worthington Wind Turbines	Wind	2

Power Purchase Agreements	Fuel	Capacity (MW)
WPS	System Energy	150
WEPCO	System Energy	50
Bishop Hill III Wind Energy Center	Wind	132
Point Beach Nuclear Plant	Nuclear	117
Nelson Energy Center	Gas	90
Butler Ridge	Wind	54
Top of Iowa II	Wind	50
Member-Owned Generation	Gas, Oil	36.4
Barton I	Wind	30
Forward Wind Energy Center	Wind	27.5
Outagamie Clean Energy Project	Landfill	6.4
Kimberly Hydro	Hydroelectric	2.1
Richland Center Renewable Energy	Biogas	1.8
Jefferson Solar	Solar	1
John Street Hydro	Hydroelectric	0.5
Community Solar Gardens	Solar	0.5

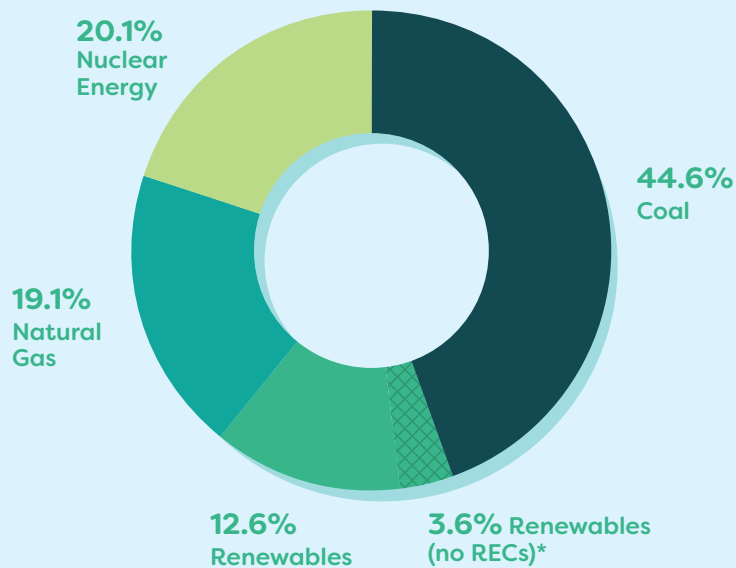
PEAK DEMAND



ENERGY REQUIREMENTS



2018 FUEL MIX



*For every megawatt hour of electricity produced by renewable sources, a renewable energy certificate or credit (REC) is created. The person or entity holding that REC is entitled to claim all of the environmental benefits of the associated renewable electricity generation. WPPI Energy holds some, but not all, of the RECs associated with the electricity it receives from renewable sources. WPPI Energy uses RECs (by retiring them within a REC tracking system) in connection with certain WPPI Energy and member programs and to comply with state renewable energy standards. WPPI Energy also sells some RECs, the revenues from which help lower the wholesale costs for WPPI Energy's members.

The area of the chart labeled "Renewables" represents the portion of electricity received from renewable sources for which WPPI Energy received and has not sold the associated RECs. These RECs may in the future be used by WPPI Energy to comply with regulatory requirements, retired for other purposes or sold to third parties as described above. The portion of the chart labeled "Renewables, No RECs" represents the portion of electricity received from renewable sources for which WPPI Energy did not purchase the associated RECs in the first instance, or for which the associated RECs have been sold.



ADVANCED SERVICES & TECHNOLOGIES

WPPI Energy's member-driven services and technologies are developed through the business plan process, member advisory groups and committees, the executive committee and, ultimately, the board of directors.

UTILITIES OF THE FUTURE

A changing utility industry, evolving customer expectations, and new approaches to gaining operational efficiencies... WPPI Energy members are making the most of all these opportunities and more. Together, they have built a comprehensive array of cost-effective, shared programs and advanced technologies for the benefit of their customers and their communities. As a result of their joint action efforts, the WPPI Energy membership is prepared for success, today and well into the future.

MOVING AHEAD WITH ELECTRIC VEHICLES

WPPI Energy members have long recognized the potential for electric vehicles (EV) to make better use of the grid's existing capacity. In 2018, we rolled out several new initiatives to help interested members promote EV market advancement, including:

- Assistance with **customer outreach**
- **Matching funds** to offset costs for utility-, municipal- or customer-owned charging stations
- **Rate-design support** to help make EV technology even more viable for customers



The WPPI Energy vehicle fleet features a Chevy Bolt EV, and visitors can access Level-2 EV charging stations in our parking lot.



DATA MANAGEMENT

120,000

Member retail AMI electric and water meters for which WPPI Energy reads and validates data



BILLING AND RATE COMPLIANCE

40

Member utilities benefiting from WPPI Energy's billing and rate compliance support



ADVANCED METERING

37

Member utilities using AMI to meet some or all of their systems' metering needs

33

Members using WPPI Energy's Shared Meter Technician Service to help with AMI



CUSTOMER INFORMATION

41

Member utilities using or preparing to use WPPI Energy's hosted utility billing and customer information system



CUSTOMER ENGAGEMENT

17

Member utilities using or preparing to use WPPI Energy's new online self-service tools

DELIVERING THE BENEFITS OF TECHNOLOGY

Industry tools such as advanced meters, customer information systems, and online customer self-service platforms help utilities increase their operational efficiencies and responsiveness. WPPI Energy members are leveraging the power of joint action to deliver cost-effective technologies and shared support services to meet their local needs.

EXCEEDING EXPECTATIONS, BOOSTING THE BOTTOM LINE

WPPI Energy members help their customers reduce energy waste, protect the environment, and improve their bottom line. These efforts yield significant utility bill savings and strengthen customer satisfaction. In 2018, we exceeded our goals for member customer participation in state, local, and WPPI Energy programs and incentives. In total, we helped member customers lower their electric bills by an estimated \$8.2 million.

RENEWABLE ENERGY OPTIONS

Customers of all types continue to seek opportunities for using renewable energy. WPPI Energy members offer options like the Choose Renewable program, through which customers can offset some or all of their electric usage with energy from renewable resources such as wind, solar, hydro, and biogas.

Revenues from the self-sustaining program are put to work to promote local use of renewables. As a result, WPPI Energy has helped fund 56 community-based renewable energy demonstration projects. In addition, we have awarded grants for 22 non-profits in member communities to install and own solar photovoltaic projects, which in aggregate provide the organizations total savings of \$100,000 per year.

SUPPORTING STRONG LOCAL ECONOMIES

In addition to helping businesses save, WPPI Energy members also help them grow. Efforts like our New Load Market Pricing Rate encourage large energy users — which are often among the largest local employers — to locate or expand in member communities. The resulting economic growth boosts competitiveness for the local community and the membership as a whole.



26

WPPI Energy members have put in place a New Load Market Pricing Rate to encourage local economic growth.



Customers of WPPI Energy member utilities voluntarily purchase enough renewable energy to power

4,200 HOMES



WPPI Energy members helped customers lower their electric bills in 2018 by

\$8.2 M

MEMBER TASK FORCE DELIVERS OUTAGE MANAGEMENT ROADMAP

People with goals
succeed because
they know where
they're going.

-Earl Nightingale

Since WPPI Energy's founding almost 40 years ago, our membership has always worked together with the common goal of providing excellent service for their customers and communities. This was certainly the case recently, when a group of member utility employees joined forces to investigate emerging utility outage management technologies.

Excellent reliability is a hallmark of public power, and it's something WPPI Energy members are strongly committed to deliver. The membership also has a long track record of collaborating on the use of modern utility technologies such as advanced meters and data management systems, updated customer information and billing systems, online customer-self-service platforms, and more. Together through joint action, they share applications, expertise and staffing support to cost-effectively deliver on the promise of technology for the good of their communities.

"Feedback from the membership indicated we should look at the next technology that would significantly improve utility operations and give our customers the information they expect,"

says Waupun Utilities General Manager Randy Posthuma, who chaired the WPPI Energy Member Outage Management Task Force. "It was our vision to explore what outage management systems could look like for member utilities and for customers."

Computerized outage management tools use data from such systems to identify and predict service outages, prioritize response efforts for faster restoration, and coordinate communications with customers. Recognizing the opportunity to put their joint action strategy to work on outage management, WPPI Energy members formed the task force to investigate.

"The group had a broad range of backgrounds," Posthuma says. "We had general managers, engineers, utility operations experts, and customer service and office managers all at the table."

Task force members used their diverse shared expertise to examine the topic of outage management from all angles. In addition to considering potential operational benefits, they also took into account findings from the membership's recent customer research, which



OUTAGE MANAGEMENT TASK FORCE REPORT

FOR WPPI ENERGY MEMBERS

2018

identifies outage communications as one of the most effective ways to take customer satisfaction to an even higher level.

“We now serve customers who grew up with a smart phone in hand and a world of information at their fingertips, and we want to be proactive about how we can best serve them in the future,” says Sun Prairie Utilities Customer Service Manager Dave Euclide. “How great would it be for us to not only proactively message customers that we are aware of an outage, but also provide them an expected restoration time and a follow-up confirmation when service is restored?”

The result would benefit both the utility and its customers, notes Euclide. “By using smart equipment in the field and accurate utility plant data, an outage management system has the potential to make us all smarter.

Among the group’s earliest conclusions was that — while outage management can incorporate a wide variety of equipment, data, tools, and practices — mapping almost always plays a central role. One immediate result of this insight was the

TASK FORCE MEMBERS



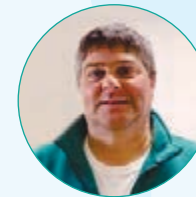
RANDY POSTHUMA
(CHAIR) WAUPUN



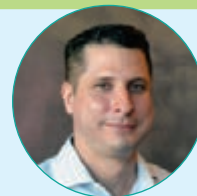
JASON BIERI
STURGEON BAY



DAVID EUCLIDE
SUN PRAIRIE



STEVE GRENELL
MENASHA



BRIAN HOOPS
STOUGHTON



DAVE PAHL
KAUKAUNA



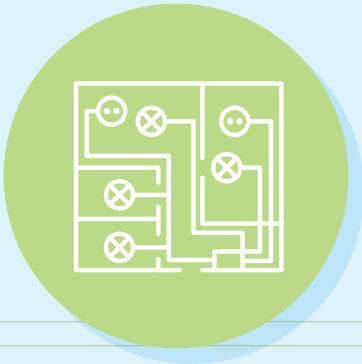
JOE PICKART
OCONOMOWOC



SHANNON STATZ
JEFFERSON



JEFF THIERFELDER
CEDARBURG



development by WPPI Energy of an online outage map for members built on their existing advanced metering infrastructure (AMI).

Not only does this basic but very functional map deliver added value for members' AMI investments, but the WPPI Energy staff also developed it in-house, at no additional cost to members.

While the AMI-based map is anticipated to work well for many members, the group also expects that some will want to pursue additional outage management functionality. More complex approaches typically integrate data from additional sources, such as utility customer service tools and applications, supervisory control and data acquisition (SCADA) systems, and Geographical Information System (GIS) mapping, to name a few.

With this diverse set of needs and technologies in mind, task force members resolved to distill their shared insights and expertise into a multi-tiered roadmap. The resulting report, which they delivered in December, lays out a path for all

interested WPPI Energy members to advance their outage management capabilities in the way that best meets their local needs and priorities.

One key finding was that, while developing fully functional GIS resources is a practical first step toward more advanced outage management, the associated costs would likely present a hurdle for some utilities. With this in mind, the task force recommended — and the membership has since implemented — a joint action WPPI Energy program for affordable GIS

consulting support. Many members are now taking steps to begin this work.

“Each utility will set its own course to meet its outage management needs,” says Oconomowoc Utilities Superintendent Joe Pickart. “That’s a big part of how we work together as WPPI Energy members; we develop cost-effective shared programs and technologies, and decisions about how and when to implement happen at the local level.”

When it comes to managing and communicating with customers about outages, there’s no question that an individual utility-directed approach works best. With its flexible, multi-tiered approach, the Outage Management Task Force’s work demonstrates how WPPI Energy members retain local control while also leveraging their shared strengths in order to maximize the value of technology for their communities.

MEMBER-DRIVEN EFFORT DELIVERS RESULTS

Outage map
Comprehensive roadmap
GIS support





EFFECTIVE ADVOCACY

WPPI Energy's advocacy efforts are driven by an engaged and active membership. Together, local elected and appointed community officials from across WPPI Energy's membership speak with the combined strength of 51 like-minded communities working together with a common purpose.



MEMBERS CONVERGE IN WASHINGTON, D.C.

Forty-eight utility staff and local officials representing 22 WPPI Energy member communities attended the American Public Power Association Legislative Rally February 26-28, 2018 in Washington, D.C. to advocate on behalf of their customers and the 2,000+ public power communities across the nation.



U.S. Senator Tammy Baldwin (row 1, center) represents WPPI Energy's 41 Wisconsin member communities.



U.S. Rep. Ron Kind (third from left) serves Wisconsin's 3rd U.S. Congressional District, which includes the WPPI Energy member communities of Black River Falls, Boscobel, Cuba City, Muscoda, Richland Center, River Falls, Westby and Whitehall.



U.S. Rep. Mark Pocan (fifth from left) serves Wisconsin's 2nd U.S. Congressional District, which includes the WPPI Energy member communities of Brodhead, Evansville, Mt. Horeb, New Glarus, Prairie du Sac, Reedsburg, Stoughton, Sun Prairie and Waunakee.



U.S. Rep Mike Gallagher (row 1, third from right) serves Wisconsin's 8th U.S. Congressional District, which includes the WPPI Energy member communities of Algoma, Kaukauna, New Holstein, New London, Oconto Falls and Sturgeon Bay.

FOCUSED ON ISSUES THAT MATTER

Raising awareness about the importance of **municipal bond financing** – a key mechanism for affordably financing critical infrastructure and delivering essential services – remains our top policy priority. In 2018, we thanked our congressional delegation for their work to preserve the tax-exempt status of municipal bonds throughout the process of drafting and passing the Tax Cut & Jobs Act in late 2017. We also highlighted the beneficial impacts of municipal bond-financed local projects, and we advocated for future steps to simplify rules governing municipal bonds so that local governments may make the most of this

cost-effective financing tool for necessary infrastructure build-out across the nation.

Additional priorities for the WPPI Energy membership's energy policy outreach in 2018 and beyond include:

- Keeping decisions about distributed energy resources local, allowing public power utilities to work with their communities, local leaders, and state regulators to ensure that all customers who benefit from the grid help to maintain it
- Preserving municipal utilities' longstanding exemption from federal pole attachment regulations in order to ensure an orderly and

safe process for others to attach to local poles, and a local determination of appropriate cost-sharing so that electric customers are not subsidizing broadband pole attachments for communications providers

- Ensuring that any future cybersecurity proposals continue to be implemented through the existing federal regulatory structure, whereby the North American Electric Reliability Corporation issues and enforces standards approved by the Federal Energy Regulatory Commission, and avoiding one-size-fits-all proposals that would unduly burden small- and medium-sized utilities



WPPI Energy Manager of Government Relations Joseph Owen (left) and Board Chair Jeff Feldt (right) in August with then-Speaker of the U.S. House of Representatives Paul Ryan. Throughout his impactful tenure in the House, the WPPI Energy membership appreciated Mr. Ryan's willingness to engage with and respond to the concerns of small public power communities across Wisconsin. His leadership on preserving our ability to issue tax-exempt debt throughout the tax reform process will save WPPI Energy member customers money as we modernize municipal utility infrastructure across Wisconsin, Michigan and Iowa.



Wis. State Senate Majority Leader Scott Fitzgerald (seventh from left) visited in October with WPPI Energy member officials and staff in Columbus.



Menasha Utilities staff and community officials met in October with Wis. State Rep. Amanda Stuck (third from right).



Columbus Water & Light welcomed a visit in June from U.S. Rep. Glenn Grothman (right).

MAKING A DIFFERENCE WITH IN-DISTRICT VISITS

Throughout the year, WPPI Energy arranges in-district visits with members and the policymakers who represent them. During these meetings, local member elected and appointed officials work to build strong policymaker relationships for the benefit of local utility customers and constituents.

In 2018, elected state and federal officials representing 19 member communities participated in such gatherings. Hosted in member communities and attended by local officials from each legislator's district, the visits provide important opportunities to showcase the value provided by public power utilities and to discuss economic development and pending energy policy issues.



FINANCIAL STRENGTH

WPPI Energy’s excellent financial health can be attributed to our ongoing focus on maintaining stable, competitive costs to members for the long term while continuing to increase equity and reduce debt.

STABLE, COMPETITIVE COSTS

When it comes to power supply costs, our focus is always on stability and competitiveness for WPPI Energy members. Our average wholesale power cost to members decreased by 7.4 % in 2018, and we have held the cost to members relatively flat for more than the past five years.

→ See our 2014 – 2018 average wholesale power costs on p. 11

REDUCING DEBT, IMPROVING OUR POSITION

Continuing to improve WPPI Energy’s financial position is one of the ways we keep power supply costs down. WPPI Energy has strengthened its financial position by increasing equity, increasing liquidity, and reducing debt — all while maintaining relatively flat power supply costs to members. These efforts provide greater capacity

for WPPI Energy to take on additional debt if needed for future beneficial resource opportunities.

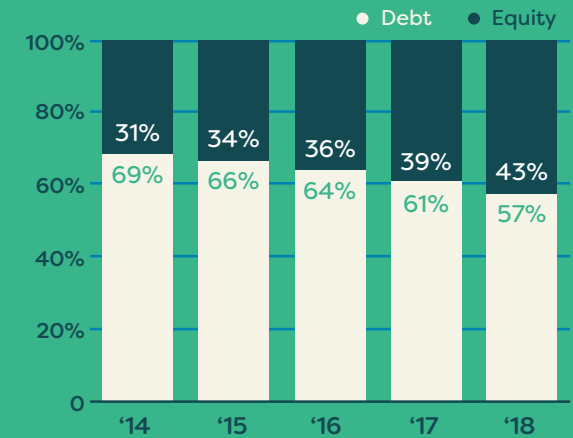
BOND REFINANCING

In April, we closed on the issuance of \$41.34 million in fixed rate bonds. We used the proceeds to refund a portion of WPPI Energy’s outstanding 2008 A bonds. The refunding resulted in present-value savings of \$6.5 million for members. In July, we used other available funds to pay off WPPI Energy’s remaining \$15.2 million in 2008 A bonds, delivering additional rate reductions for the membership.

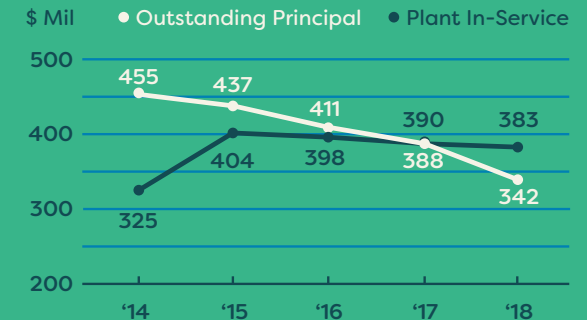
Long Term
Bond Rating

S&P A
Moody's A1
Fitch A+

DEBT-TO-EQUITY RATIO



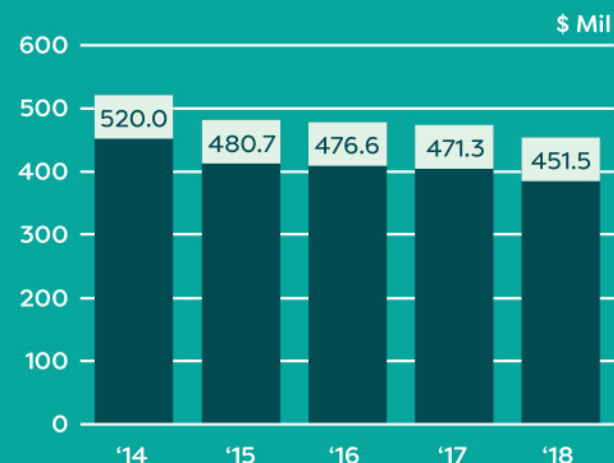
OUTSTANDING PRINCIPAL VS. PLANT IN SERVICE



SUMMARY STATEMENTS OF NET POSITION

December 31,	2018	2017
Assets		
Current assets	\$ 146,826,893	\$ 167,989,061
Non-current assets	251,617,156	239,736,840
Capital assets	386,961,678	397,863,616
Total assets	785,405,727	805,589,517
Deferred Outflows of Resources	19,812,331	20,697,236
Liabilities		
Current liabilities	55,950,036	63,975,782
Non-current liabilities	8,113,959	7,917,643
Long-term debt	366,431,567	405,775,727
Total liabilities	430,495,562	477,669,152
Deferred Inflows of Resources	83,071,455	69,628,080
Net Position	\$ 291,651,041	\$ 278,989,521

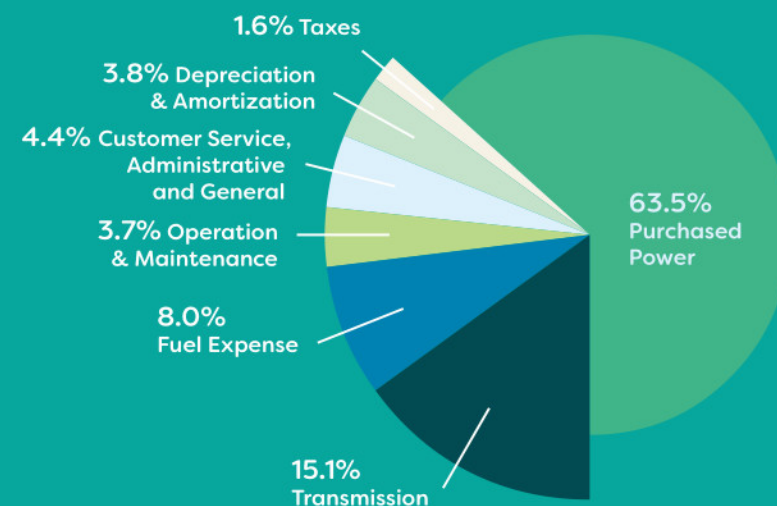
OPERATING REVENUES



SUMMARY STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Years ended December 31,	2018	2017
Operating revenues	\$ 451,539,170	\$ 471,302,057
Operating expenses	432,003,638	433,557,336
Operating income	19,535,532	37,744,721
Non-operating revenues (expenses), net	(1,159,823)	(6,197,619)
Future recoverable costs	(5,966,835)	(10,855,653)
Change in net position	12,408,874	20,691,449
Net position, beginning of year	278,989,521	258,298,072
Cumulative effect of change in accounting principle	252,646	
Net position, end of year	\$ 291,651,041	\$ 278,989,521

2018 OPERATING EXPENSES



See our complete financial statements online at www.wppienergy.org



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www.wppienergy.org

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FISCAL YEAR 2019

FIRST QUARTER HIGHLIGHTS



May 8, 2019

Financial Highlights

In the first quarter 2019, WPPI Energy's change in net position was a loss of \$1,013,084 compared to a loss of \$2,530,062 in the first quarter 2018. Due to seasonal wholesale rates that include a higher demand charge during the summer months, WPPI Energy plans a loss for the first quarter each year, and anticipates increased revenues and change in net position during the summer months.

Energy sales to members totaled 1,241,319 megawatt-hours (MWh) in the first quarter of 2019. This is 10,600 MWh or 0.9% more than the same period a year ago. Total operating revenues for the first quarter in 2019 were \$102,710,966 or 1.0% lower than the same period a year ago. Total operating expenses for the first quarter in 2019 were \$104,243,913 or 2.3% higher than the same period a year ago. The decrease in operating revenues is primarily due to lower sales to others in the first quarter of 2019 compared to 2018. The increase in operating expenses is driven by higher purchased power expenses.

Power Supply Update

WPPI Energy's 20% share of Boswell Unit 4 generated 92,226 MWh of electricity at an average capacity factor of 36.5% during the first quarter. This compares to 214,624 MWh generated at an average capacity factor of 84.9% in the first quarter of 2018. Boswell Unit 4 was offline from February 6 to March 27 to repair numerous leaks in the hot reheat steam piping. WPPI Energy's 8.33% share of the Elm Road Generating Station units generated 162,073 MWh at an average capacity factor of 71.1%. In the same quarter a year ago, the units generated 147,800 MWh at an average capacity factor of 64.8%. Unit 1 was offline for three weeks in March for a planned outage. Unit 2 was offline for 17 days in January to repair a boiler tube leak.

News Highlights

WPPI Energy released the 2018 Annual Report in early 2019. The report summarized:

- Our average wholesale power supply cost to members decreased by 7.4% in 2018.
- We are on track for a more than 37% reduction in carbon dioxide emissions from 2005 levels by 2025.
- Our members are ready for the future with programs and services that deliver significant local value.
- We remain actively engaged with policymakers at the state and federal levels.

Company Profile

WPPI Energy is a regional power company serving 51 locally owned, not-for-profit electric utilities. Together through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to more than 200,000 homes and businesses in Wisconsin, Michigan's Upper Peninsula and Iowa.

This report and other information about WPPI Energy can be found at www.wppienergy.org.

FINANCIAL STATEMENTS

Statements of Net Position (Unaudited)

March 31,	2019	2018 ¹
Assets		
Current assets	\$ 140,855,526	\$ 156,319,745
Non-current assets	256,746,827	246,526,743
Electric plant, equipment, and land, net	380,094,964	387,873,923
Construction work in progress	4,215,678	7,792,554
Total assets	781,912,995	798,512,965
Deferred Outflows of Resources		
	19,330,689	20,099,431
Liabilities		
Current liabilities	53,881,407	57,835,037
Non-current liabilities	8,038,209	7,882,130
Long-term debt, net	365,341,598	404,720,575
Total liabilities	427,261,214	470,437,742
Deferred Inflows of Resources		
	83,344,514	71,715,194
Net Position		
	\$ 290,637,956	\$ 276,459,460

Statements of Revenue, Expenses and Changes in Net Position (Unaudited)

	Quarter Ended March 31,	
	2019	2018 ¹
Operating Revenues	\$ 102,710,966	\$ 103,723,595
Operating Expenses		
Purchased power	68,147,180	64,735,220
Transmission	15,592,881	16,439,351
Fuel expense	6,058,427	7,865,716
Operation and maintenance	3,096,242	2,772,891
Customer service and administrative and general	5,306,385	4,899,043
Depreciation and amortization	4,208,400	3,388,740
Taxes	1,834,398	1,833,753
Total operating expenses	104,243,913	101,934,714
Operating Income	(1,532,947)	1,788,881
Non-Operating Revenues (Expenses)		
Investment income	3,837,273	3,407,832
Interest expense	(4,232,105)	(4,814,719)
Other	914,695	(2,912,056)
Total non-operating revenues (expenses), net	519,863	(4,318,943)
Change in Net Position	\$ (1,013,084)	\$ (2,530,062)

¹Some 2018 amounts were reclassified to conform to the 2019 presentation.

WPPI ENERGY IS THE POWER SUPPLIER FOR THE FOLLOWING LOCALLY-OWNED UTILITIES

WISCONSIN	Evansville	Menasha	Plymouth	Two Rivers	MICHIGAN	Negaunee
Algoma	Florence	Mount Horeb	Prairie du Sac	Waterloo	Alger Delta CEA	Norway
Black River Falls	Hartford	Muscoda	Reedsburg	Waunakee	Baraga	IOWA
Boscobel	Hustisford	New Glarus	Richland Center	Waupun	Crystal Falls	Independence
Brodhead	Jefferson	New Holstein	River Falls	Westby	Gladstone	Maquoketa
Cedarburg	Juneau	New London	Slinger	Whitehall	L'Anse	Preston
Columbus	Kaukauna	New Richmond	Stoughton			
Cuba City	Lake Mills	Oconomowoc	Sturgeon Bay			
Eagle River	Lodi	Oconto Falls	Sun Prairie			

www.wppienergy.org



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

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

Subsection 2-527 of the Stoughton Municipal Code of Ordinances requires that the Utilities Committee elect a Chairperson and a Vice-Chairperson. This election shall occur at the first regularly scheduled Utilities Committee meeting following the Stoughton Common Council Reorganization Meeting, which was held on April 16, 2019.



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

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

Subsection 2-527 of the Stoughton Municipal Code of Ordinances requires that the Utilities Committee elect two alderpersons to the positions of Liaison and Alternate Liaison to the Stoughton Common Council. This election shall occur at the first regularly scheduled Utilities Committee meeting following the Stoughton Common Council Reorganization Meeting, which was held on April 16, 2019.



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Selection of the Utilities Committee meeting date and time

Subsection 2-527 of the Stoughton Municipal Code of Ordinances requires that the Stoughton Utilities Committee select the date and time for the regular monthly meeting. This selection shall occur at the first regularly scheduled Utilities Committee meeting following the Stoughton Common Council Reorganization Meeting, which was held on April 16, 2019.

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

I am requesting that the Stoughton Utilities Committee designate the monthly meeting date to remain as the Monday after the first regularly scheduled meeting of the Stoughton Common Council, and that a meeting time be selected that is best for your participation.



Stoughton Utilities

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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

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

The following items from prior Stoughton Utilities Committee Meeting(s) were presented to and/or acted upon by the Stoughton Common Council at their April 23, 2019 meeting:

Consent Agenda:

1. Minutes of the March 26, 2019 Utilities Committee Meeting
2. Stoughton Utilities March Payments Due List Report
3. Stoughton Utilities February Financial Summary
4. Stoughton Utilities February Statistical Report



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

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

Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Stoughton Utilities 2018 Audit Reports and Management Letter

Ms. Megan Cahill of Baker Tilly Virchow Krause, LLP is scheduled to present the Stoughton Utilities audit reports and management letter. Enclosed in the packet are the following documents for the Committee's review:

1. Audit Report to the Utilities Committee (presentation handout)
2. Communication to Those Charged With Governance and Management
3. Financial Statements Including Independent Auditors' Report

We are requesting that the Utilities Committee accept the Stoughton Utilities 2018 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

Report to the Utilities Committee

May 20, 2019

Presented By:

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398
800 362 7301

Jodi Dobson, CPA, Partner
Megan Cahill, CPA, Senior Accountant

Note: Actual data was derived from current and prior years audited financial statements

Stoughton Utilities

Historical Consumption Data

Electric (000's kWhs)	2014	2015	2016	2017	2018
Residential	64,316	63,093	69,348	63,176	66,822
General Service	17,294	17,069	14,157	16,248	16,448
Small Power	16,725	15,539	13,291	15,612	16,708
Large Power	11,014	9,524	10,164	12,310	12,399
Industrial	31,232	31,431	31,257	30,905	31,702
Street Lighting	994	937	735	770	727
Total	141,575	137,593	138,952	139,021	144,806
Water (000's gallons)	2014	2015	2016	2017	2018
Residential	234,669	206,473	206,657	202,150	199,362
Commercial	59,411	51,253	53,304	54,306	54,232
Multifamily	26,012	25,561	25,465	28,762	29,205
Industrial	170,804	179,961	179,746	174,238	157,411
Public Authority	5,777	6,336	5,304	4,976	4,806
Interdepartmental	606	773	533	432	404
Total	497,279	470,357	471,009	464,864	445,420
Wastewater (000's gallons)	2014	2015	2016	2017	2018
Residential	207,008	204,935	230,659	201,168	198,733
Commercial	57,041	48,780	50,898	51,364	50,705
Multifamily	26,012	25,561	25,465	26,228	29,216
Industrial	35,629	29,639	26,567	23,241	22,687
Public Authority	4,448	4,191	3,554	3,544	4,087
Interdepartmental	45	44	50	48	68
Total	330,183	313,150	337,193	305,593	305,496

What it means....

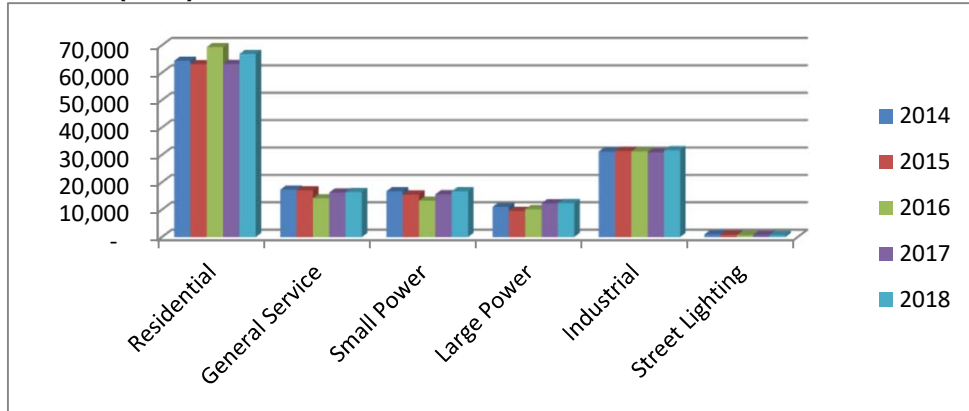
Electric usage is impacted by weather, growth and conservation. As power costs have risen and conservation has become more common, balancing reliable service and affordable rates becomes more difficult.

The general water industry trend has been a decline in usage over the last five years. General usage was higher in 2014 due to the hot, dry summer.

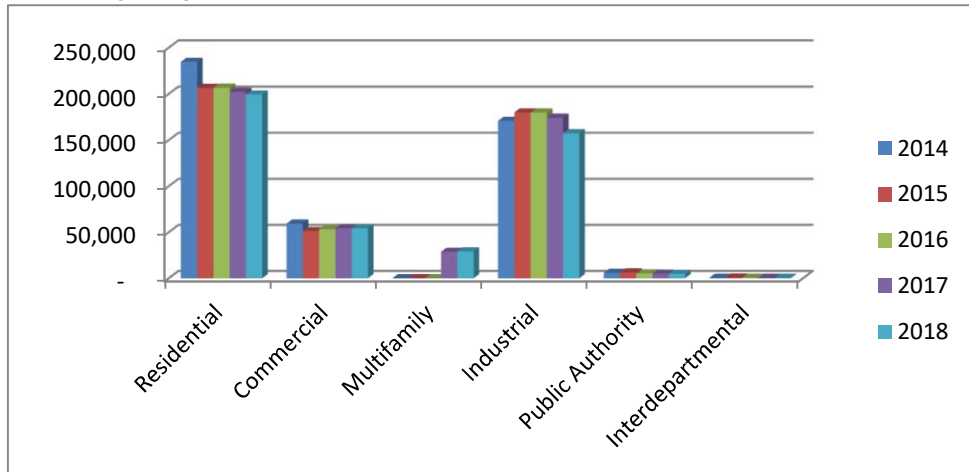
Wastewater treated tends to follow water usage, with the exception of industrial customers.

Stoughton Utilities

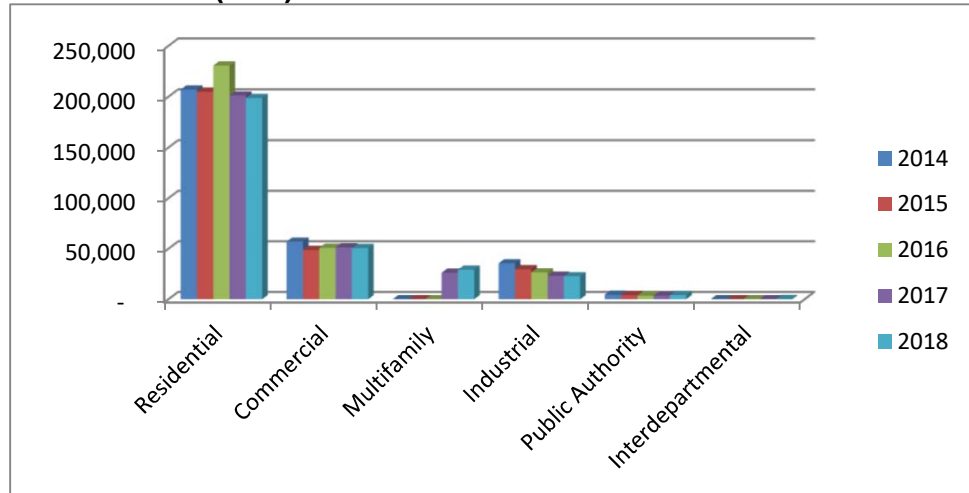
Electric kWh's (000) Sold



Water Gallons (000) Sold



Wastewater Gallons (000) Billed

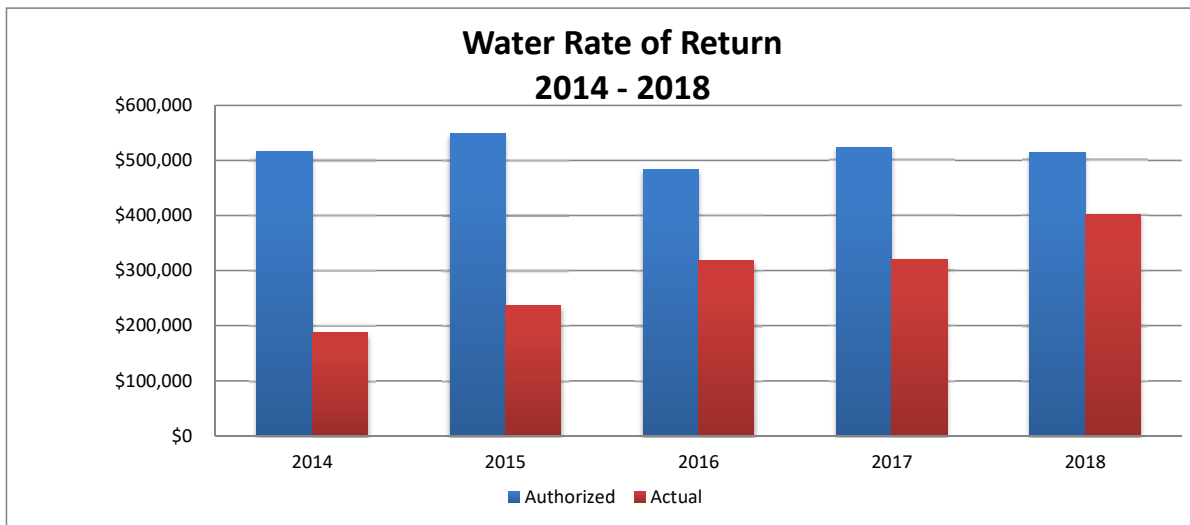
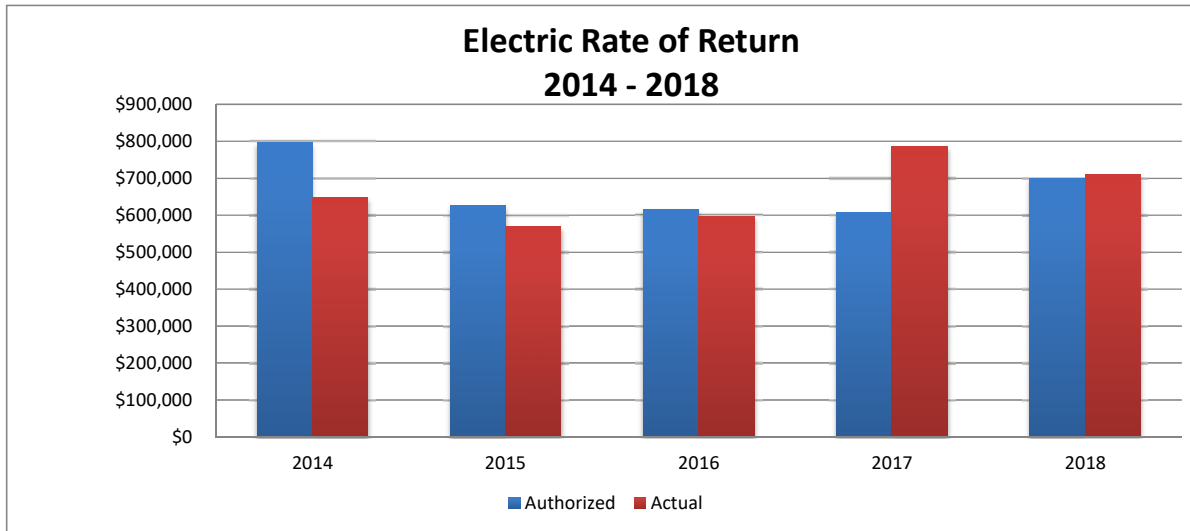


Stoughton Utilities

Rate of Return

	2014	2015	2016	2017	2018
Electric					
Average Net Rate Base	\$ 12,247,906	\$ 12,261,226	\$ 12,074,572	\$ 12,158,175	\$ 14,014,445
Authorized Return	<u>6.50%</u>	<u>5.10%</u>	<u>5.10%</u>	<u>5.00%</u>	<u>5.00%</u>
Authorized Operating Return	<u>\$ 796,114</u>	<u>\$ 625,323</u>	<u>\$ 615,803</u>	<u>\$ 607,909</u>	<u>\$ 700,722</u>
Actual Operating Income - Regulatory Basis	<u>\$ 647,833</u>	<u>\$ 569,058</u>	<u>\$ 597,291</u>	<u>\$ 785,048</u>	<u>\$ 709,336</u>
Actual Return	<u>5.29%</u>	<u>4.64%</u>	<u>4.95%</u>	<u>6.46%</u>	<u>5.06%</u>
Difference	<u>\$ (148,281)</u>	<u>\$ (56,265)</u>	<u>\$ (18,512)</u>	<u>\$ 177,139</u>	<u>\$ 8,614</u>
Water					
Average Net Rate Based	\$ 7,924,809	\$ 8,435,003	\$ 9,201,577	\$ 9,956,227	\$ 10,271,417
Authorized Return	<u>6.50%</u>	<u>6.50%</u>	<u>5.25%</u>	<u>5.25%</u>	<u>5.00%</u>
Authorized Operating Return	<u>\$ 515,113</u>	<u>\$ 548,275</u>	<u>\$ 483,083</u>	<u>\$ 522,702</u>	<u>\$ 513,571</u>
Actual Operating Income - Regulatory Basis	<u>\$ 187,072</u>	<u>\$ 236,548</u>	<u>\$ 318,087</u>	<u>\$ 320,159</u>	<u>\$ 401,277</u>
Actual Return	<u>2.36%</u>	<u>2.80%</u>	<u>3.46%</u>	<u>3.22%</u>	<u>3.91%</u>
Difference	<u>\$ (328,041)</u>	<u>\$ (311,727)</u>	<u>\$ (164,996)</u>	<u>\$ (202,543)</u>	<u>\$ (112,294)</u>

Stoughton Utilities



What it means...

Rate of return is a key indicator of financial results in any regulated utility like your electric and water utilities. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current electric rates were put into effect in April 2017 and are designed to earn a 5% rate of return. Current water rates were put in effect in October 2018 and are designed to earn a 5% rate of return.

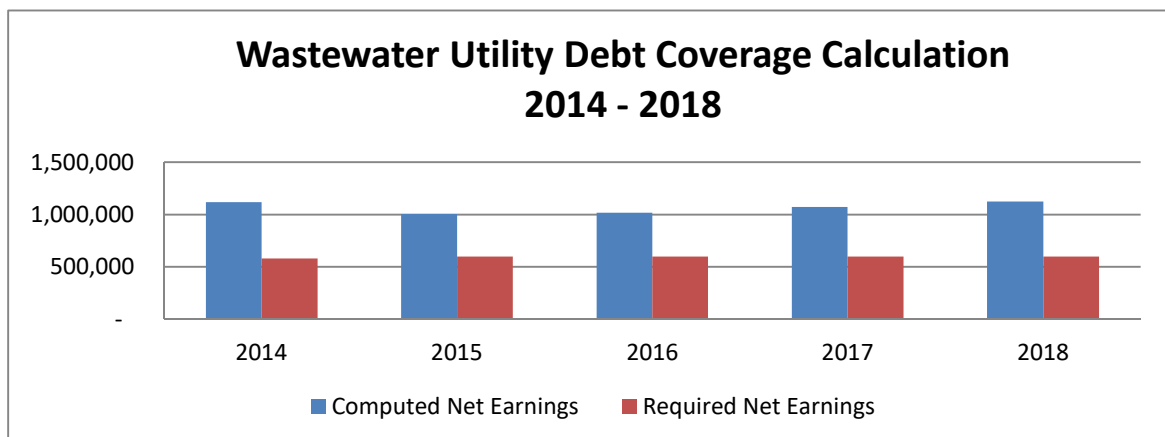
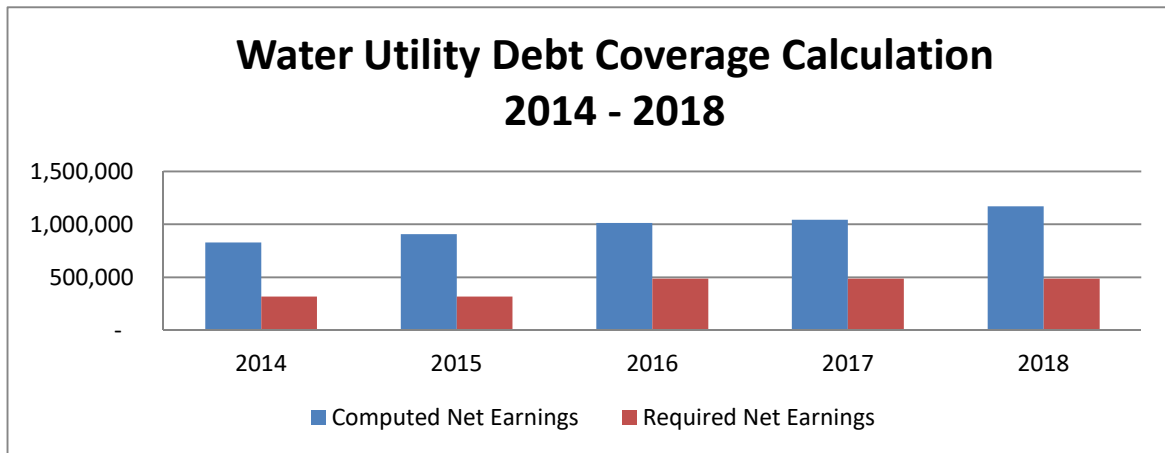
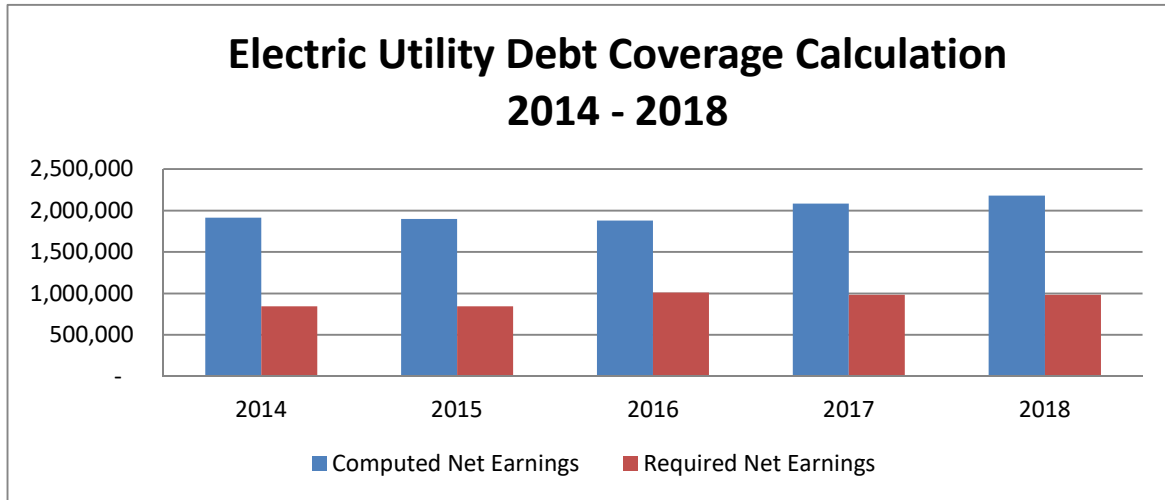
It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

Stoughton Utilities

Debt Coverage

Electric	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Revenues	\$ 15,603,989	\$ 15,057,025	\$ 15,116,204	\$ 15,249,623	\$ 15,136,031
Investment Income	80,893	101,749	92,308	92,681	104,218
Less: O & M Expenses	<u>(13,770,271)</u>	<u>(13,261,410)</u>	<u>(13,329,607)</u>	<u>(13,257,421)</u>	<u>(13,060,056)</u>
Computed Net Earnings	<u>\$ 1,914,611</u>	<u>\$ 1,897,364</u>	<u>\$ 1,878,905</u>	<u>\$ 2,084,883</u>	<u>\$ 2,180,193</u>
Subsequent Year Revenue					
Bond Debt Service	649,338	649,338	775,948	756,513	756,513
Coverage Factor	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>
Required Net Earnings	<u>\$ 844,139</u>	<u>\$ 844,139</u>	<u>\$ 1,008,732</u>	<u>\$ 983,467</u>	<u>\$ 983,467</u>
Difference	<u>\$ 1,070,472</u>	<u>\$ 1,053,225</u>	<u>\$ 870,173</u>	<u>\$ 1,101,416</u>	<u>\$ 1,196,726</u>
Coverage	<u>2.95</u>	<u>2.92</u>	<u>2.42</u>	<u>2.76</u>	<u>2.88</u>
Water	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Revenues	\$ 1,750,961	\$ 1,784,416	\$ 2,001,124	\$ 2,071,229	\$ 2,121,101
Investment Income	2,118	8,609	25,029	22,208	18,984
Less: O & M Expenses	<u>(924,261)</u>	<u>(885,770)</u>	<u>(1,012,205)</u>	<u>(1,049,770)</u>	<u>(969,181)</u>
Computed Net Earnings	<u>\$ 828,818</u>	<u>\$ 907,255</u>	<u>\$ 1,013,948</u>	<u>\$ 1,043,667</u>	<u>\$ 1,170,904</u>
Subsequent Year Revenue					
Bond Debt Service	244,677	244,677	375,312	375,312	375,312
Coverage Factor	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>
Required Net Earnings	<u>\$ 318,080</u>	<u>\$ 318,080</u>	<u>\$ 487,906</u>	<u>\$ 487,906</u>	<u>\$ 487,906</u>
Difference	<u>\$ 510,738</u>	<u>\$ 589,175</u>	<u>\$ 526,042</u>	<u>\$ 555,761</u>	<u>\$ 682,998</u>
Coverage	<u>3.39</u>	<u>3.71</u>	<u>2.70</u>	<u>2.78</u>	<u>3.12</u>
Wastewater	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Operating Revenues	\$ 2,050,885	\$ 2,037,835	\$ 2,036,002	\$ 2,051,313	\$ 2,055,876
Investment Income	11,559	9,863	2,485	33,367	29,344
Less: O & M Expenses	<u>(944,780)</u>	<u>(1,042,161)</u>	<u>(1,020,298)</u>	<u>(1,012,657)</u>	<u>(959,399)</u>
Computed Net Earnings	<u>\$ 1,117,664</u>	<u>\$ 1,005,537</u>	<u>\$ 1,018,189</u>	<u>\$ 1,072,023</u>	<u>\$ 1,125,821</u>
Subsequent Year Revenue					
Bond Debt Service	527,838	544,459	544,307	544,152	543,992
Coverage Factor	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>
Required Net Earnings	<u>\$ 580,622</u>	<u>\$ 598,905</u>	<u>\$ 598,738</u>	<u>\$ 598,567</u>	<u>\$ 598,391</u>
Difference	<u>\$ 537,042</u>	<u>\$ 406,632</u>	<u>\$ 419,451</u>	<u>\$ 473,456</u>	<u>\$ 527,430</u>
Coverage	<u>2.12</u>	<u>1.85</u>	<u>1.87</u>	<u>1.97</u>	<u>2.07</u>

Stoughton Utilities



What it means....

The bond resolutions require that earnings from the system be greater than 1.30 times the highest annual debt service of the bonds for each electric and water and 1.10 times for wastewater.

Stoughton Utilities

Unrestricted Cash Reserves

Electric	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark					
Estimated Monthly Revenues	<u>\$ 1,300,332</u>	<u>\$ 1,254,752</u>	<u>\$ 1,259,684</u>	<u>\$ 1,270,802</u>	<u>\$ 1,261,336</u>
Actual Unrestricted Funds on Hand*	<u>\$ 6,467,876</u>	<u>\$ 7,171,440</u>	<u>\$ 7,632,166</u>	<u>\$ 7,473,871</u>	<u>\$ 6,264,701</u>
Months billings on Hand	<u>4.97</u>	<u>5.72</u>	<u>6.06</u>	<u>5.88</u>	<u>4.97</u>
Water	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark					
Estimated Monthly Revenues	<u>\$ 145,913</u>	<u>\$ 148,701</u>	<u>\$ 166,760</u>	<u>\$ 172,602</u>	<u>\$ 176,758</u>
Actual Unrestricted Funds on Hand*	<u>\$ 511,345</u>	<u>\$ 399,959</u>	<u>\$ 837,821</u>	<u>\$ 578,210</u>	<u>\$ 614,480</u>
Months billings on Hand	<u>3.50</u>	<u>2.69</u>	<u>5.02</u>	<u>3.35</u>	<u>3.48</u>
Wastewater	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Funding Benchmark					
Estimated Monthly Revenues	<u>\$ 170,907</u>	<u>\$ 169,820</u>	<u>\$ 169,667</u>	<u>\$ 170,943</u>	<u>\$ 171,323</u>
Actual Unrestricted Funds on Hand*	<u>\$ 1,147,355</u>	<u>\$ 1,483,009</u>	<u>\$ 1,454,592</u>	<u>\$ 1,486,585</u>	<u>\$ 1,660,992</u>
Months billings on Hand	<u>6.71</u>	<u>8.73</u>	<u>8.57</u>	<u>8.70</u>	<u>9.70</u>

* - Includes internally restricted funds

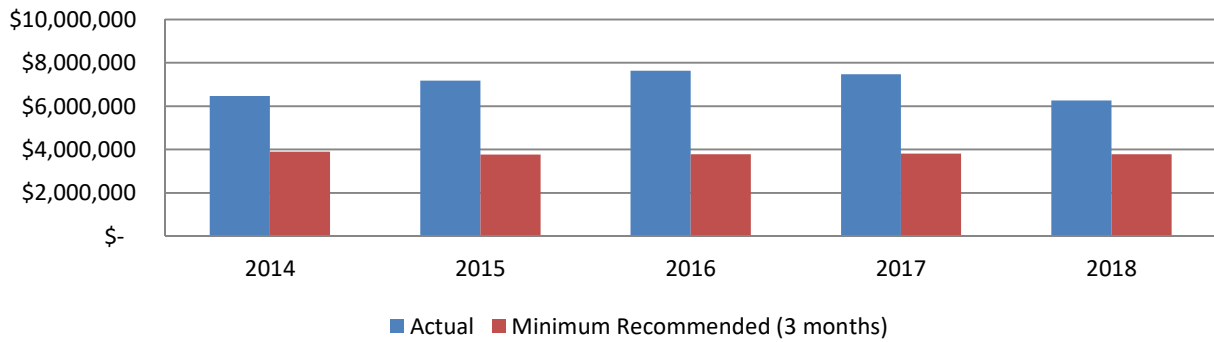
What it means....

A utility should maintain funds to cover its operations in a normal business operation cycle (i.e. quarterly, monthly) plus a contingency. In addition, utilities should have available an amount equal to one year's capital improvements. The target generally is 3 months revenue. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations.

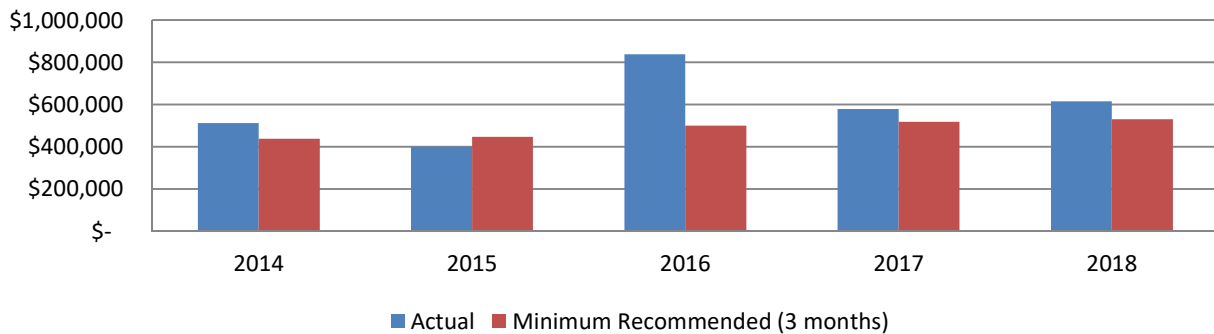
This shows that the utility has historically had ample cash reserves for operations.

Stoughton Utilities

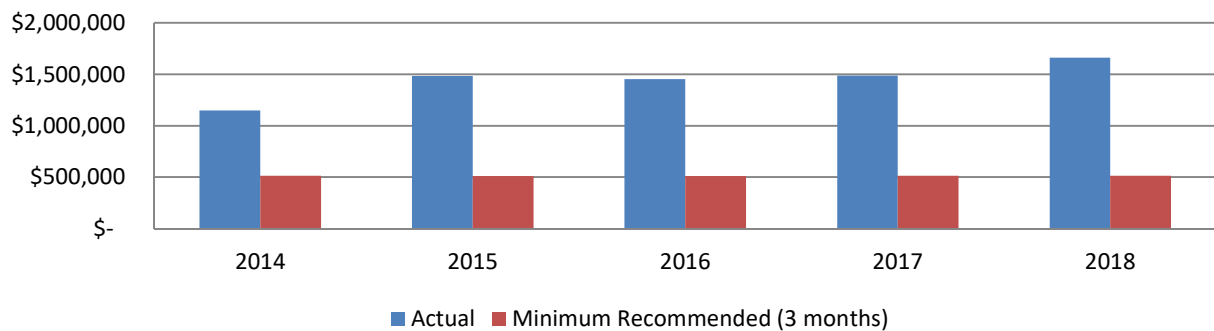
Electric Unrestricted Funds on Hand 2014 - 2018



Water Unrestricted Funds on Hand 2014 - 2018



Wastewater Unrestricted Funds on Hand 2014 - 2018



Stoughton Utilities

Capital Investment

Electric	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	\$ <u>9,349,914</u>	\$ <u>9,740,384</u>	\$ <u>9,860,679</u>	\$ <u>10,853,462</u>	\$ <u>12,982,855</u>
Net Property, Plant, and Equipment	<u>14,350,749</u>	<u>14,249,247</u>	<u>14,402,176</u>	<u>16,602,295</u>	<u>18,104,407</u>
Net Plant Funded by Equity	<u>65%</u>	<u>68%</u>	<u>68%</u>	<u>65%</u>	<u>72%</u>
Net Plant Funded by Debt	<u>35%</u>	<u>32%</u>	<u>32%</u>	<u>35%</u>	<u>28%</u>
Water	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	\$ <u>10,820,680</u>	\$ <u>11,601,469</u>	\$ <u>12,041,652</u>	\$ <u>12,776,352</u>	\$ <u>13,542,020</u>
Net Property, Plant, and Equipment	<u>12,747,318</u>	<u>13,898,850</u>	<u>15,281,587</u>	<u>15,849,145</u>	<u>16,239,333</u>
Net Plant Funded by Equity	<u>85%</u>	<u>94%</u>	<u>94%</u>	<u>94%</u>	<u>94%</u>
Net Plant Funded by Debt	<u>15%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>	<u>6%</u>
Wastewater	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Investment in Capital Assets	\$ <u>12,236,966</u>	\$ <u>12,303,350</u>	\$ <u>13,249,638</u>	\$ <u>13,569,801</u>	\$ <u>14,035,881</u>
Net Property, Plant, and Equipment	<u>17,931,136</u>	<u>18,211,980</u>	<u>18,723,878</u>	<u>18,596,768</u>	<u>18,604,146</u>
Net Plant Funded by Equity	<u>68%</u>	<u>68%</u>	<u>71%</u>	<u>73%</u>	<u>75%</u>
Net Plant Funded by Debt	<u>32%</u>	<u>32%</u>	<u>29%</u>	<u>27%</u>	<u>25%</u>

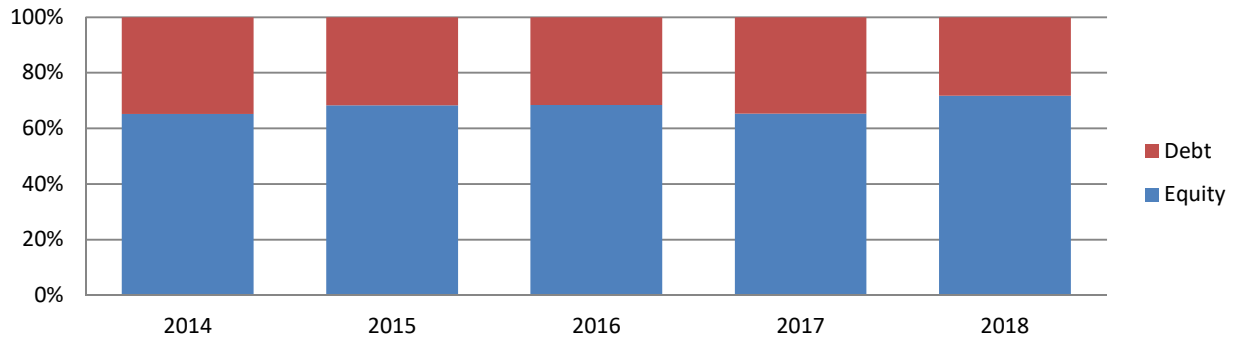
What it means....

Obtaining financing for capital improvements is normally a necessity for capital intensive utilities. Management should keep their related debt to a manageable level as this allows you to be less aggressive seeking rate relief and provides more options to address unanticipated expenses.

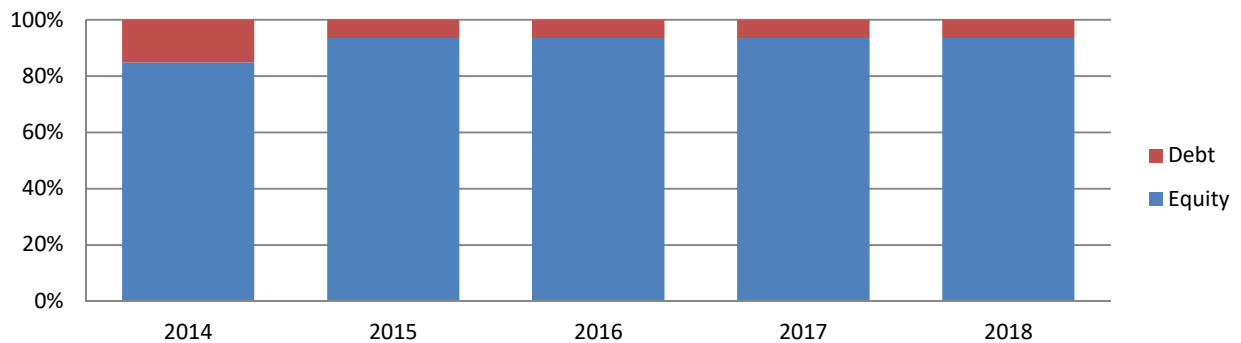
The utility industry generally targets 50% or more equity and 50% or less debt.

Stoughton Utilities

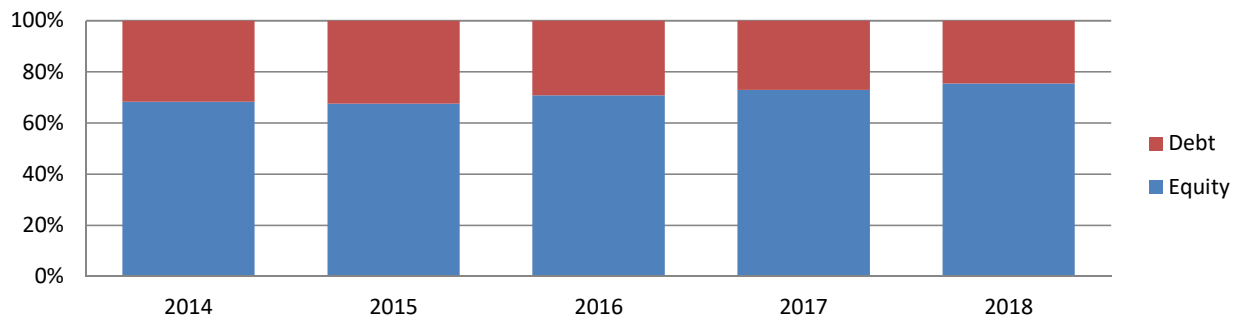
Electric Utility Net Assets vs. Net Plant 2014 - 2018



Water Utility Net Assets vs. Net Plant 2014 - 2018



Wastewater Utility Net Assets vs. Net Plant 2014 - 2018



STOUGHTON UTILITIES

Stoughton, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2018

STOUGHTON UTILITIES

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

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.

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

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, 2018, and have issued our report thereon dated April 29, 2019. This letter presents communications required by our professional standards.

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

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

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

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

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

PLANNED SCOPE AND TIMING OF THE AUDIT

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

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the utilities are described in Note 1 to the financial statements. As described in Note 1, the utilities change accounting policies related to capitalized interest by adopting GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in 2018. 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. The utilities have one uncorrected financial statement misstatement due to not implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The summary of uncorrected financial statement misstatements for each fund is attached to this letter. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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, 2018, 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 assistance

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

RESTRICTIONS ON USE

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 29, 2019

MANAGEMENT REPRESENTATIONS



Stoughton Utilities

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

Serving Electric, Water & Wastewater Since 1886

April 29, 2019

Baker Tilly Virchow Krause, LLP
600 South Fourth Street
Stoughton WI 53589

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of Stoughton Utilities as of December 31, 2018 and 2017 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 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.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole.
9. 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.
10. Guarantees, whether written or oral, under which the utility is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. 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 Stoughton Utilities Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. 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.
13. 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.
14. 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.
15. 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.
16. There are no known related parties or related party relationships and transactions of which we are aware.

Other

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. 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.
19. We have a process to track the status of audit findings and recommendations.
20. 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.
21. The utility has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. 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.
23. 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.
24. 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*.
25. 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.
26. 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.

27. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
28. 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.
29. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
30. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
31. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
32. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
33. Tax-exempt bonds issued have retained their tax-exempt status.
34. We have appropriately disclosed 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.
35. 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.
36. 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.
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. 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: *James T. Fawell*

Signed: *John W. East*

SUMMARY OF UNCORRECTED MISSTATEMENTS

Stoughton Utilities

SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

December 31, 2018

	Financial Statements Effect - Debit (Credit) to Financial Statement Total									
	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Total Assets/ Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>	<u>Total Liabilities/ Deferred Inflows</u>	<u>Total Net Position/ Fund Balances</u>	<u>Total Revenues</u>	<u>Total Expenses/ Expenditures</u>	<u>Change in Net Position/ Fund Balances</u>
Water	-	-	1,885	-	-	(46,917)	45,032	-	45,032	45,032
Wastewater	-	-	1,953	-	-	(48,623)	46,670	-	46,670	46,670
Electric	-	-	5,654	-	-	(140,750)	135,095	-	135,095	135,095

The uncorrected misstatement noted above for all three funds relates to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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, 2018 and 2017

STOUGHTON UTILITIES

Enterprise Funds of the City of Stoughton, Wisconsin

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STOUGHTON UTILITIES

Enterprise Funds of the City of Stoughton, Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the Utilities Committee
Stoughton Utilities
Stoughton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Stoughton Utilities, enterprise funds of the City of Stoughton, Wisconsin, as of and for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017 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
April 29, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

STOUGHTON UTILITIES

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

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, 2018, 2017 and 2016. You are invited to read this narrative in conjunction with the utilities' financial statements.

FINANCIAL HIGHLIGHTS

ELECTRIC:

- Electric operating revenues decreased by 0.7% in 2018 which was offset by a 1.9% decrease in purchase power costs. Total operating income in 2018 was \$967,812, a \$5,366, or 0.6%, decrease from the prior year.
- The electric division's net position increased by \$810,125 from the prior year.
- \$3.8 million of net plant was placed in service in 2018. The majority of the new plant was for a new substation constructed to improve reliability and meet future demand needs.

WATER:

- Operating income increased \$114,720, or 19.9%, in 2018 despite gallons sold decreasing by 3.78%. This was due to the Public Service Commission of Wisconsin approving a \$241,302 annual increase in operating revenues, which was in effect for 3 months of 2018.
- The water division's net position increased by \$639,546 from the prior year. \$404,385 of the increase was due to capital contributions.

WASTEWATER:

- \$805,526 of net capital asset additions were partially financed by \$321,665 in capital contributions.
- Operating income increased by \$48,282, or 21.2% from the prior year. \$43,719 of the increase was due to decreased operating expenses.
- The wastewater division's net position increased by \$503,926 from the prior year.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

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, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 1
Condensed Statement of Net Position – Electric Utility

	2018	2017	2016	2018-2017 Change
Current and Other Assets	\$ 10,176,136	\$ 11,697,166	\$ 13,309,505	\$ (1,521,030)
Capital Assets	17,875,310	16,249,631	14,402,176	1,625,679
Total Assets	<u>28,051,446</u>	<u>27,946,797</u>	<u>27,711,681</u>	<u>104,649</u>
Deferred Outflows of Resources	<u>379,474</u>	<u>405,146</u>	<u>575,914</u>	<u>(25,672)</u>
Long-Term Debt Outstanding	5,030,000	5,640,000	6,250,000	(610,000)
Other Liabilities	1,954,519	2,334,375	2,275,608	(379,856)
Total Liabilities	<u>6,984,519</u>	<u>7,974,375</u>	<u>8,525,608</u>	<u>(989,856)</u>
Deferred Inflows of Resources	<u>428,593</u>	<u>169,885</u>	<u>221,246</u>	<u>258,708</u>
Investment in Capital Assets	12,982,855	10,853,462	9,860,679	2,129,393
Restricted	1,165,794	1,145,536	1,090,228	20,258
Unrestricted	6,869,159	8,208,685	8,589,834	(1,339,526)
Total Net Position	<u>\$ 21,017,808</u>	<u>\$ 20,207,683</u>	<u>\$ 19,540,741</u>	<u>\$ 810,125</u>

In 2018, the electric utility net position increased \$810,125, an increase of 4.0%. In 2017, the electric utility net position increased \$666,942, an increase of 3.4%. The larger increase in 2018 compared to 2017 is mainly due to increased capital contributions.

Capital assets have grown by approximately \$3.5 million, 24.1%, from 2016 to 2018. A majority of the capital outlay was due to the construction of a new substation and the purchase of related equipment. Long-term borrowing decreased \$1.2 million during this time period. Thus, the capital additions were mostly financed with cash and investments on hand.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 2
Condensed Statement of Net Position – Water Utility

	2018	2017	2016	2018-2017 Change
Current and Other Assets	\$ 1,758,132	\$ 1,884,231	\$ 2,416,880	\$ (126,099)
Capital Assets	16,239,333	15,849,145	15,281,587	390,188
Total Assets	<u>17,997,465</u>	<u>17,733,376</u>	<u>17,698,467</u>	<u>264,089</u>
Deferred Outflows of Resources	127,795	136,127	206,806	(8,332)
Long-Term Debt Outstanding	2,674,332	3,043,747	3,417,424	(369,415)
Other Liabilities	556,664	657,507	656,534	(100,843)
Total Liabilities	<u>3,230,996</u>	<u>3,701,254</u>	<u>4,073,958</u>	<u>(470,258)</u>
Deferred Inflows of Resources	143,740	57,271	77,947	86,469
Investment in Capital Assets	13,542,020	12,776,352	12,041,652	765,668
Restricted	559,292	524,459	528,997	34,833
Unrestricted	649,212	810,167	1,182,719	(160,955)
Total Net Position	<u>\$ 14,750,524</u>	<u>\$ 14,110,978</u>	<u>\$ 13,753,368</u>	<u>\$ 639,546</u>

In 2018, the water utility net position increased \$639,546 vs \$357,610 in 2017. The additional increase in net position was mainly due to increased operating income and additional capital contributions.

Long-term borrowing from 2018 to 2016 has been reduced by \$743,092 while capital assets have increased by \$957,746 during the same time period. This represents a significant investment of cash in capital additions and debt repayment.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 3
Condensed Statements of Net Position – Wastewater Utility

	2018	2017	2016	2018-2017 Change
Current and Other Assets	\$ 3,650,945	\$ 3,548,449	\$ 3,523,717	\$ 102,496
Capital Assets	18,604,146	18,596,768	18,723,878	7,378
Total Assets	<u>22,255,091</u>	<u>22,145,217</u>	<u>22,247,595</u>	<u>109,874</u>
Deferred Outflows of Resources	134,712	151,361	227,166	(16,649)
Long-Term Debt Outstanding	4,568,265	5,026,967	5,474,363	(458,702)
Other Liabilities	189,285	219,175	277,920	(29,890)
Total Liabilities	<u>4,757,550</u>	<u>5,246,142</u>	<u>5,752,283</u>	<u>(488,592)</u>
Deferred Inflows of Resources	143,137	65,246	87,394	77,891
Investment in Capital Assets	14,035,881	13,569,801	13,249,638	466,080
Restricted	1,549,125	1,480,251	1,472,409	68,874
Unrestricted	<u>1,904,110</u>	<u>1,935,138</u>	<u>1,913,037</u>	<u>(31,028)</u>
Total Net Position	<u>\$17,489,116</u>	<u>\$ 16,985,190</u>	<u>\$ 16,635,084</u>	<u>\$ 503,926</u>

The wastewater net position increased \$503,926 in 2018 and \$350,106 in 2017. The increase was partially caused by capital contributions of \$321,665 in 2018 and \$224,299 in 2017. Capital assets decreased by \$0.1 million and long-term borrowing decreased \$0.9 million from 2016 to 2018.

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.
- Pension – Used to fund employee benefits.

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, 2018 and 2017

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

	2018	2017	2016	2018-2017 Change
Operating Revenues	\$ 15,136,031	\$ 15,249,623	\$ 15,116,204	\$ (113,592)
Non-Operating Revenues	143,392	119,431	103,266	23,961
Total Revenues	<u>15,279,423</u>	<u>15,369,054</u>	<u>15,219,470</u>	<u>(89,631)</u>
Depreciation Expense	1,108,163	1,019,024	996,954	89,139
Other Operating Expense	13,060,056	13,257,421	13,329,607	(197,365)
Non-Operating Expenses	120,579	138,490	262,172	(17,911)
Total Expenses	<u>14,288,798</u>	<u>14,414,935</u>	<u>14,588,733</u>	<u>(126,137)</u>
Income Before Capital Contributions and Transfers	990,625	954,119	630,737	36,506
Capital Contributions	280,064	120,147	324,625	159,917
Capital Contribution - Municipal	-	-	269,901	-
Transfers - Tax Equivalent	(432,589)	(394,626)	(376,785)	(37,963)
Transfers	<u>(27,975)</u>	<u>(12,698)</u>	<u>(21,213)</u>	<u>(15,277)</u>
Changes in Net Position	810,125	666,942	827,265	143,183
Beginning Net Position	<u>20,207,683</u>	<u>19,540,741</u>	<u>18,713,476</u>	<u>666,942</u>
Total Net Position - Ending	<u>\$ 21,017,808</u>	<u>\$ 20,207,683</u>	<u>\$ 19,540,741</u>	<u>\$ 810,125</u>

See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

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

	2018	2017	2016	2018-2017 Change
Operating Revenues	\$ 2,121,101	\$ 2,071,229	\$ 2,001,124	\$ 49,872
Non-Operating Revenues	28,650	28,800	27,981	(150)
Total Revenues	<u>2,149,751</u>	<u>2,100,029</u>	<u>2,029,105</u>	<u>49,722</u>
Depreciation Expense	460,342	444,601	428,084	15,741
Other Operating Expense	969,181	1,049,770	1,012,205	(80,589)
Non-Operating Expenses	55,456	60,136	126,093	(4,680)
Total Expenses	<u>1,484,979</u>	<u>1,554,507</u>	<u>1,566,382</u>	<u>(69,528)</u>
Income Before Capital Contributions and Transfers	664,772	545,522	462,723	119,250
Capital Contributions	386,101	236,136	756,373	149,965
Capital Contribution - Municipal	18,284	-	215,803	18,284
Transfers - Tax Equivalent	(423,351)	(420,305)	(387,855)	(3,046)
Transfers	<u>(6,260)</u>	<u>(3,743)</u>	<u>(2,412)</u>	<u>(2,517)</u>
Changes in Net Position	639,546	357,610	1,044,632	281,936
Beginning Net Position	<u>14,110,978</u>	<u>13,753,368</u>	<u>12,708,736</u>	<u>357,610</u>
Total Net Position - Ending	<u>\$ 14,750,524</u>	<u>\$ 14,110,978</u>	<u>\$ 13,753,368</u>	<u>\$ 639,546</u>

See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

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

	2018	2017	2016	2018-2017 Change
Operating Revenues	\$ 2,055,876	\$ 2,051,313	\$ 2,036,002	\$ 4,563
Non-Operating Revenues	29,344	33,367	2,485	(4,023)
Total Revenues	<u>2,085,220</u>	<u>2,084,680</u>	<u>2,038,487</u>	<u>540</u>
Depreciation Expense	820,778	811,239	796,285	9,539
Other Operating Expense	959,399	1,012,657	1,020,298	(53,258)
Non-Operating Expenses	122,782	134,977	147,663	(12,195)
Total Expenses	<u>1,902,959</u>	<u>1,958,873</u>	<u>1,964,246</u>	<u>(55,914)</u>
Income Before Capital Contributions and Transfers	182,261	125,807	74,241	56,454
Capital Contributions	<u>321,665</u>	<u>224,299</u>	<u>846,838</u>	<u>97,366</u>
Changes in Net Position	503,926	350,106	921,079	153,820
Beginning Net Position	<u>16,985,190</u>	<u>16,635,084</u>	<u>15,714,005</u>	<u>350,106</u>
Total Net Position - Ending	<u>\$ 17,489,116</u>	<u>\$ 16,985,190</u>	<u>\$ 16,635,084</u>	<u>\$ 503,926</u>

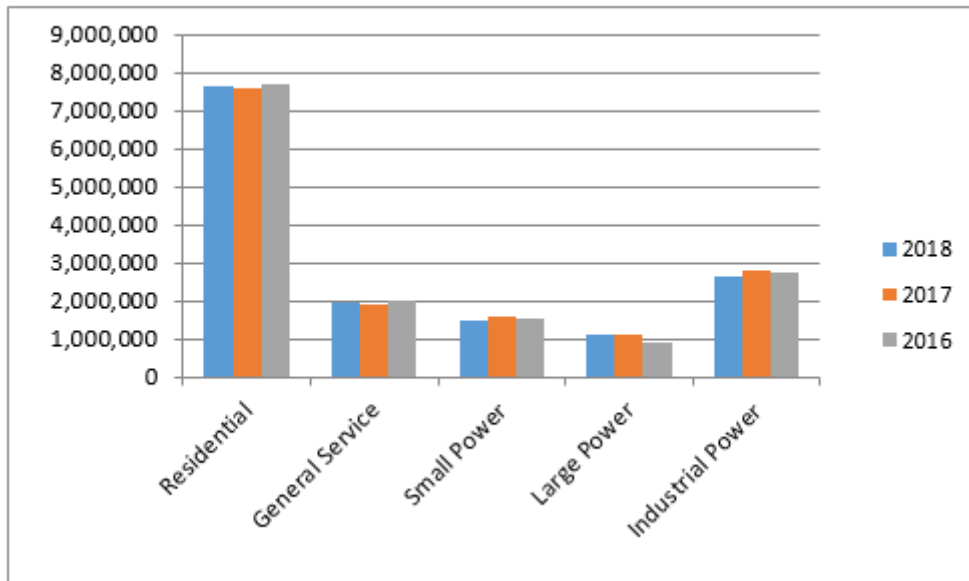
See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Electric Sales



Electric sales decreased by 0.7% in 2018. The decrease is mainly due to charging less per kWh sold in 2018 compared to 2017 as a result of lower purchased power costs.

	2018	2017	2016
Residential	\$ 7,655,623	\$ 7,577,650	\$ 7,708,713
General Service	1,963,908	1,919,866	1,975,648
Small Power	1,493,732	1,601,536	1,509,874
Large Power	1,101,793	1,107,643	914,513
Industrial Power	2,657,141	2,766,794	2,742,903
Public and Private Lighting	123,832	133,097	129,286
Total Electric Sales	\$ 14,996,029	\$ 15,106,586	\$ 14,906,357

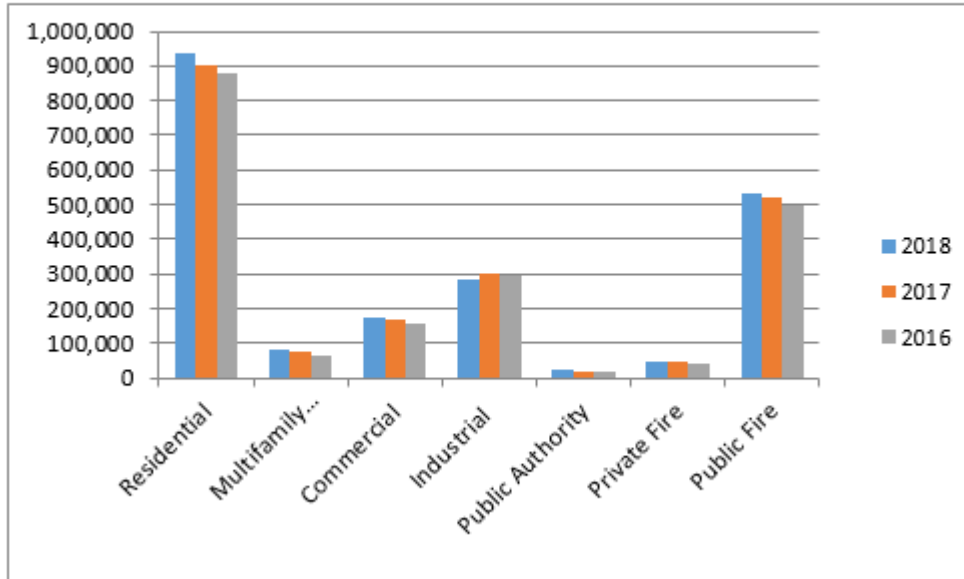
See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Water Sales



Sales increased by \$44,279 or 2.18% in 2018. A rate increase occurred on October 1, 2018, which was designed to increase revenues by \$241,300 on annual basis.

	2018	2017	2016
Residential	\$ 933,575	\$ 899,421	\$ 876,828
Multifamily Residential	83,259	74,247	65,660
Commercial	175,454	170,380	158,636
Industrial	283,369	301,957	296,674
Public Authority	21,093	19,310	18,747
Private Fire	46,711	43,901	38,842
Public Fire	530,529	520,495	498,439
Total Water Sales	\$ 2,073,990	\$ 2,029,711	\$ 1,953,826

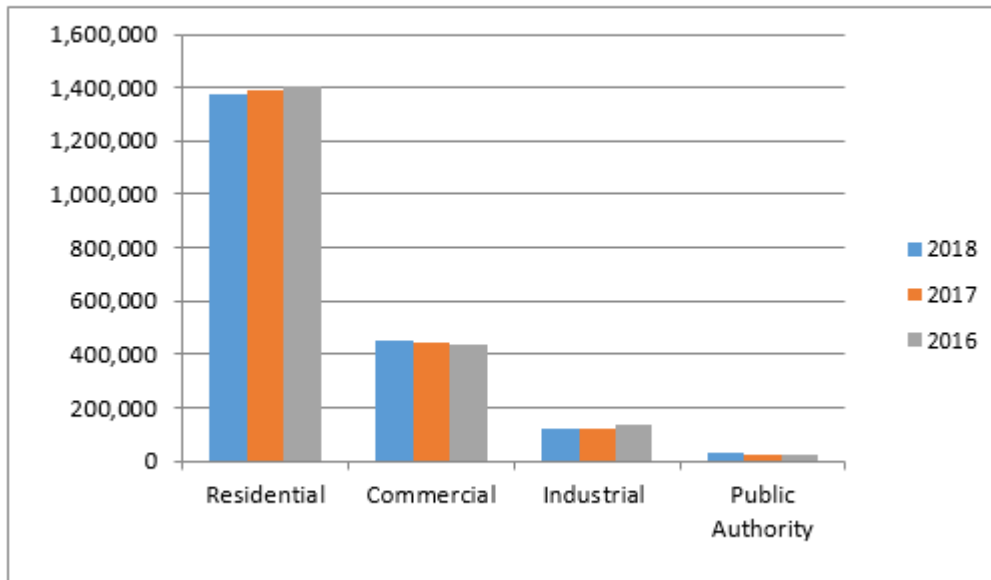
See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Comparison of Wastewater Sales



Wastewater sales were mostly flat from 2018 to 2017 with a \$1,313 decrease. This was due to treatment gallons sold decreasing by 0.5% from 2018 to 2017.

	2018	2017	2016
Residential	\$ 1,374,695	\$ 1,386,580	\$ 1,405,052
Commercial	452,759	441,215	434,528
Industrial	116,712	121,253	135,789
Public Authority	26,929	23,360	23,174
Total Wastewater Sales	\$ 1,971,095	\$ 1,972,408	\$ 1,998,543

See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

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

	2018	2017	2016	2018-2017 Change
Cash Flows From:				
Operating activities	\$ 2,084,461	\$ 1,978,120	\$ 1,855,536	\$ 106,341
Non-capital financing activities	(371,102)	(338,993)	(341,973)	(32,109)
Capital and related financing activities	(3,187,890)	(3,700,950)	838,779	513,060
Investing activities	255,199	339,760	30,632	(84,561)
Net Change in Cash and Cash Equivalents	(1,219,332)	(1,722,063)	2,382,974	502,731
Cash and Cash Equivalents Beginning of Year	4,946,611	6,668,674	4,285,700	(1,722,063)
Cash and Cash Equivalents End of Year	\$ 3,727,279	\$ 4,946,611	\$ 6,668,674	\$ (1,219,332)

The decrease in cash and cash equivalents in 2018 and 2017 is mainly the result of capital expenditures exceeding cash flows from normal operating activities. The new West substation was completed during this time period.

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, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 8
Condensed Statements of Cash Flows -
Water Utility

	2018	2017	2016	2018-2017 Change
Cash Flows From:				
Operating activities	\$ 1,100,498	\$ 1,046,543	\$ 1,020,539	\$ 53,955
Non-Capital financing activities	(426,565)	(391,598)	(359,016)	(34,967)
Capital and related financing activities	(683,286)	(1,139,594)	120,688	456,308
Investing activities	29,319	38,866	37,294	(9,547)
Net Change in Cash and Cash Equivalents	19,966	(445,783)	819,505	465,749
Cash and Cash Equivalents Beginning of Year	633,433	1,079,216	259,711	(445,783)
Cash and Cash Equivalents End of Year	<u>\$ 653,399</u>	<u>\$ 633,433</u>	<u>\$ 1,079,216</u>	<u>\$ 19,966</u>

The water utility experienced a small increase in cash and cash equivalents in 2018 due to increased operating cash flow.

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

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 9
Condensed Statements of Cash Flows -
Wastewater Utility

	2018	2017	2016	2018-2017 Change
Cash Flows From:				
Operating activities	\$ 1,066,881	\$ 1,022,329	\$ 1,067,230	\$ 44,552
Capital and related financing activities	(919,626)	(1,003,192)	(1,052,534)	83,566
Investing activities	52,657	52,538	(336,570)	119
Net Change in Cash and Cash Equivalents	199,912	71,675	(321,874)	128,237
Cash and Cash Equivalents Beginning of Year	2,105,399	2,033,724	2,355,598	71,675
Cash and Cash Equivalents End of Year	<u>\$ 2,305,311</u>	<u>\$ 2,105,399</u>	<u>\$ 2,033,724</u>	<u>\$ 199,912</u>

The utility experienced an increase in cash and cash equivalents in 2018 and 2017 resulting mainly from cash received from prepaid special assessments.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 10
Capital Assets – Electric Utility

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018-2017</u> <u>Change</u>
Capital Assets				
Transmission and distribution	\$ 28,822,562	\$ 25,073,360	\$ 24,173,466	\$ 3,749,202
General	<u>4,235,628</u>	<u>4,107,521</u>	<u>4,116,528</u>	<u>128,107</u>
Total Capital Assets	<u>33,058,190</u>	<u>29,180,881</u>	<u>28,289,994</u>	<u>3,877,309</u>
Less: Accumulated depreciation	(15,391,673)	(15,289,472)	(14,429,881)	(102,201)
Construction in progress	<u>208,793</u>	<u>2,358,222</u>	<u>189,399</u>	<u>(2,149,429)</u>
Net Capital Assets	<u>\$ 17,875,310</u>	<u>\$ 16,249,631</u>	<u>\$ 14,049,512</u>	<u>\$ 1,625,679</u>

See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 11
Capital Assets – Water Utility

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2018-2017 Change</u>
Capital Assets				
Source of supply	\$ 607,365	\$ 607,365	\$ 607,365	\$ -
Pumping	1,513,265	1,513,265	1,489,439	-
Water treatment	90,763	90,763	90,763	-
Transmission and distribution	20,263,206	19,500,116	18,550,406	763,090
General	<u>1,236,022</u>	<u>1,242,106</u>	<u>1,241,535</u>	<u>(6,084)</u>
Total Capital Assets	<u>23,710,621</u>	<u>22,953,615</u>	<u>21,979,508</u>	<u>757,006</u>
Less: Accumulated depreciation	(7,499,746)	(7,110,163)	(6,778,559)	(389,583)
Construction in progress	<u>28,458</u>	<u>5,693</u>	<u>80,638</u>	<u>22,765</u>
Net Capital Assets	<u>\$ 16,239,333</u>	<u>\$ 15,849,145</u>	<u>\$ 15,281,587</u>	<u>\$ 390,188</u>

See Independent Auditors' Report.

STOUGHTON UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018 and 2017

UTILITY FINANCIAL ANALYSIS (cont.)

Table 12
Capital Assets – Wastewater Utility

	2018	2017	2016	2018-2017 Change
Capital Assets				
Collection system	\$ 12,545,494	\$ 11,807,685	\$ 11,214,653	\$ 737,809
Collection system pumping	751,496	733,518	733,518	17,978
Treatment and disposal	15,631,555	15,614,020	15,554,352	17,535
General	1,409,532	1,377,328	1,376,617	32,204
Total Capital Assets	30,338,077	29,532,551	28,879,140	805,526
Less: Accumulated depreciation	(11,793,102)	(10,994,875)	(10,250,053)	(798,227)
Construction in progress	59,171	59,092	94,791	79
Net Capital Assets	\$ 18,604,146	\$ 18,596,768	\$ 18,723,878	\$ 7,378

LONG-TERM DEBT

As of December 31, 2018, the electric utility had total mortgage revenue bond debt outstanding of \$5,030,000 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, 2018, the water utility had total mortgage revenue bond debt outstanding of \$2,302,332 payable from and secured by a pledge of income and revenue to be derived from the operation of the water utility and \$372,000 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 \$4,320,265 of clean water fund loans and \$248,000 of general obligation bonds outstanding as of December 31, 2018. 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, 2018 and 2017

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, Director of Finance, City of Stoughton, 381 E Main St, Stoughton, WI 53589.

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

ELECTRIC UTILITY

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF NET POSITION As of December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and investments	\$ 5,612,885	\$ 6,786,544
Interest receivable	19,412	23,727
Restricted Assets		
Redemption account	497,953	503,126
Customer accounts receivable	1,411,609	1,520,616
Other accounts receivable	96,206	239,188
Due from municipality	7,274	10,182
Materials and supplies	206,300	153,499
Prepayments	8,861	8,402
Current portion of advance	<u>43,646</u>	<u>41,375</u>
Total Current Assets	<u>7,904,146</u>	<u>9,286,659</u>
NONCURRENT ASSETS		
Restricted Assets		
Reserve account	460,722	649,338
Depreciation account	25,000	25,000
Net pension asset	210,998	-
Other Assets		
Electric plant and maintenance reserve account	518,953	510,846
Sick leave reserve account	132,863	176,481
Preliminary survey and investigation	18,647	-
Advances to other funds	252,442	296,088
Investment in ATC	416,294	389,457
Property held for future use	229,097	352,664
Non-utility property, net	6,974	10,633
Capital Assets		
Plant in service	33,058,190	29,180,881
Accumulated depreciation	(15,391,673)	(15,289,472)
Construction work in progress	<u>208,793</u>	<u>2,358,222</u>
Total Noncurrent Assets	<u>20,147,300</u>	<u>18,660,138</u>
Total Assets	<u>28,051,446</u>	<u>27,946,797</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>379,474</u>	<u>405,146</u>

LIABILITIES		<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES			
Accounts payable		\$ 899,665	\$ 1,217,494
Due to municipality		496,317	459,897
Customer deposits		125,435	119,724
Accrued wages		7,504	6,685
Accrued interest		3,672	2,751
Accrued liabilities		84,163	107,880
Commitment to community		22,086	21,114
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		620,000	610,000
Accrued interest		<u>28,879</u>	<u>31,928</u>
Total Current Liabilities		<u>2,287,721</u>	<u>2,577,473</u>
NONCURRENT LIABILITIES			
Revenue bonds		4,410,000	5,030,000
Unamortized debt premium		91,552	108,833
Accrued sick leave		132,863	176,481
Customer advances for construction		62,383	28,641
Net pension liability		<u>-</u>	<u>52,947</u>
Total Noncurrent Liabilities		<u>4,696,798</u>	<u>5,396,902</u>
 Total Liabilities		 <u>6,984,519</u>	 <u>7,974,375</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>428,593</u>	<u>169,885</u>
 NET POSITION			
Net investment in capital assets		12,982,855	10,853,462
Restricted for:			
Debt service		954,796	1,145,536
Pension		210,998	-
Unrestricted		<u>6,869,159</u>	<u>8,208,685</u>
 TOTAL NET POSITION		 <u><u>\$ 21,017,808</u></u>	 <u><u>\$ 20,207,683</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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of electricity	\$ 14,996,029	\$ 15,106,586
Other	<u>140,002</u>	<u>143,037</u>
Total Operating Revenues	<u>15,136,031</u>	<u>15,249,623</u>
OPERATING EXPENSES		
Operation and maintenance	13,060,056	13,257,421
Depreciation	<u>1,108,163</u>	<u>1,019,024</u>
Total Operating Expenses	<u>14,168,219</u>	<u>14,276,445</u>
OPERATING INCOME	<u>967,812</u>	<u>973,178</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	104,218	92,681
Interest expense	(120,579)	(128,148)
Amortization of premium	17,280	22,739
Miscellaneous revenues (expenses)	2,827	(10,342)
Other income (expense)	<u>19,067</u>	<u>4,011</u>
Total Nonoperating Revenues (Expenses)	<u>22,813</u>	<u>(19,059)</u>
Income Before Contributions and Transfers	990,625	954,119
CAPITAL CONTRIBUTIONS	280,064	120,147
TRANSFER IN (OUT)	(27,975)	(12,698)
TRANSFERS - TAX EQUIVALENT	<u>(432,589)</u>	<u>(394,626)</u>
CHANGE IN NET POSITION	810,125	666,942
NET POSITION - Beginning of Year	<u>20,207,683</u>	<u>19,540,741</u>
NET POSITION - END OF YEAR	<u><u>\$ 21,017,808</u></u>	<u><u>\$ 20,207,683</u></u>

See accompanying notes to the financial statements.

STOUGHTON ELECTRIC UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 15,109,693	\$ 15,132,657
Received for street lighting	112,941	133,097
Paid to suppliers for goods and services	(12,371,601)	(12,503,353)
Paid to employees for operating payroll	(766,572)	(784,281)
Net Cash Flows From Operating Activities	2,084,461	1,978,120
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(394,626)	(376,785)
Received from municipality principal on Wisconsin Retirement UAAL liability	41,375	39,190
Received from municipality interest on Wisconsin Retirement UAAL liability	10,124	11,300
Transfers to other funds	(27,975)	(12,698)
Net Cash Flows From Noncapital Financing Activities	(371,102)	(338,993)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,852,965)	(3,081,826)
Capital contributions received	397,782	156,998
Debt retired	(610,000)	(610,000)
Interest paid	(122,707)	(166,122)
Net Cash Flows From Capital and Related Financing Activities	(3,187,890)	(3,700,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(456,292)	(466,567)
Investments sold and matured	604,190	704,983
Dividends/(Investment) in ATC	17,216	21,520
Investment income	90,085	79,824
Net Cash Flows From Investing Activities	255,199	339,760
Net Change in Cash and Cash Equivalents	(1,219,332)	(1,722,063)
CASH AND CASH EQUIVALENTS - Beginning of Year	4,946,611	6,668,674
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,727,279	\$ 4,946,611
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
ATC earnings allocated	\$ 9,618	\$ 6,831
Unrealized gain (loss) on investments	\$ (35,729)	\$ (21,302)
Capital contribution	\$ 5,747	\$ 6,384

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH		
FLOW FROM OPERATING ACTIVITIES		
Operating income	\$ 967,812	\$ 973,178
Nonoperating revenue (expense)	25,552	990
Noncash items in operating income		
Depreciation	1,108,163	1,019,024
Depreciation charged to clearing and other utilities	63,900	46,140
Changes in assets and liabilities		
Customer accounts receivable	109,007	6,245
Other accounts receivable	(56,575)	(9,871)
Due from other funds	2,908	5,107
Materials and supplies	(52,801)	9,795
Prepayments	(459)	(5,126)
Pension related deferrals and liabilities	20,435	69,004
Accounts payable	(42,105)	(138,180)
Due to other funds	(1,543)	(20,498)
Customer deposits	5,711	13,660
Accrued sick leave	(43,618)	4,670
Other current liabilities	(22,898)	9,519
Commitment to community	972	(5,537)
	<u>2,084,461</u>	<u>1,978,120</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 2,084,461	\$ 1,978,120
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO		
STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 5,612,885	\$ 6,786,544
Redemption account	497,953	503,126
Reserve account	460,722	649,338
Depreciation account	25,000	25,000
Electric plant and maintenance reserve account	518,953	510,846
Sick leave reserve account	132,863	176,481
Total Cash and Investments	7,248,376	8,651,335
Less: Noncash equivalents	(3,521,097)	(3,704,724)
	<u>3,727,279</u>	<u>4,946,611</u>
CASH AND CASH EQUIVALENTS	\$ 3,727,279	\$ 4,946,611

See accompanying notes to the financial statements.

WATER UTILITY

STOUGHTON WATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2018 and 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash and investments	\$ 348,735	\$ 292,435
Interest receivable	1,247	1,271
Restricted Assets		
Redemption account	219,171	262,397
Customer accounts receivable	235,358	216,487
Other accounts receivable	3,778	5,356
Due from municipality	39,866	238,930
Materials and supplies	39,203	41,401
Prepayments	7,845	2,692
Current portion of special assessments	29,026	29,026
Total Current Assets	924,229	1,089,995
NONCURRENT ASSETS		
Restricted Assets		
Reserve account	252,000	244,677
Depreciation account	25,000	25,000
Net pension asset	70,127	-
Other Assets		
Water plant and maintenance reserve account	189,499	186,538
Sick leave reserve account	76,246	99,237
Preliminary survey and investigation	24,798	9,245
Special assessments receivable	174,155	203,181
Non-utility property, net	22,078	26,358
Capital Assets		
Plant in service	23,710,621	22,953,615
Accumulated depreciation	(7,499,746)	(7,110,163)
Construction work in progress	28,458	5,693
Total Noncurrent Assets	17,073,236	16,643,381
Total Assets	17,997,465	17,733,376
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	127,795	136,127

LIABILITIES		<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES			
Accounts payable		\$ 14,298	\$ 41,086
Due to municipality		425,078	446,538
Accrued wages		9,142	10,503
Accrued interest		1,913	2,168
Current portion of general obligation debt		51,000	51,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		314,173	318,415
Accrued interest		<u>7,006</u>	<u>7,615</u>
Total Current Liabilities		<u>822,610</u>	<u>877,325</u>
NONCURRENT LIABILITIES			
General obligation debt		321,000	372,000
Revenue bonds		1,988,159	2,302,332
Unamortized debt premium		22,981	29,046
Accrued sick leave		76,246	99,237
Net pension liability		<u>-</u>	<u>21,314</u>
Total Noncurrent Liabilities		<u>2,408,386</u>	<u>2,823,929</u>
Total Liabilities		<u>3,230,996</u>	<u>3,701,254</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>143,740</u>	<u>57,271</u>
NET POSITION			
Net investment in capital assets		13,542,020	12,776,352
Restricted for:			
Debt service		489,165	524,459
Pension		70,127	-
Unrestricted		<u>649,212</u>	<u>810,167</u>
TOTAL NET POSITION		<u><u>\$ 14,750,524</u></u>	<u><u>\$ 14,110,978</u></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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of water	\$ 2,073,990	\$ 2,029,711
Other	47,111	41,518
Total Operating Revenues	2,121,101	2,071,229
OPERATING EXPENSES		
Operation and maintenance	969,181	1,049,770
Depreciation	460,342	444,601
Total Operating Expenses	1,429,523	1,494,371
OPERATING INCOME	691,578	576,858
NONOPERATING REVENUES (EXPENSES)		
Investment income	18,984	22,208
Interest expense	(51,176)	(55,856)
Amortization of premium	6,065	6,592
Miscellaneous expenses	(4,280)	(4,280)
Miscellaneous revenues	3,601	-
Total Nonoperating Revenues (Expenses)	(26,806)	(31,336)
Income Before Contributions	664,772	545,522
CAPITAL CONTRIBUTIONS	386,101	236,136
CAPITAL CONTRIBUTIONS - MUNICIPAL	18,284	-
TRANSFER IN (OUT)	(6,260)	(3,743)
TRANSFERS - TAX EQUIVALENT	(423,351)	(420,305)
CHANGE IN NET POSITION	639,546	357,610
NET POSITION - Beginning of Year	14,110,978	13,753,368
NET POSITION - END OF YEAR	\$ 14,750,524	\$ 14,110,978

See accompanying notes to the financial statements.

STOUGHTON WATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 2,130,556	\$ 2,077,982
Paid to suppliers for goods and services	(648,177)	(643,222)
Paid to employees for operating payroll	(381,881)	(388,217)
Net Cash Flows From Operating Activities	1,100,498	1,046,543
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Paid to municipality for tax equivalent	(420,305)	(387,855)
Transfers to other funds	(6,260)	(3,743)
Net Cash Flows From Noncapital Financing Activities	(426,565)	(391,598)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(516,872)	(833,246)
Capital contributions received	18,284	58,921
Special assessments received	236,757	65,134
Debt retired	(369,415)	(373,677)
Interest paid	(52,040)	(56,726)
Net Cash Flows From Capital and Related Financing Activities	(683,286)	(1,139,594)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	-	(194,506)
Investments sold and matured	2,113	212,292
Investment income	27,206	21,080
Net Cash Flows From Investing Activities	29,319	38,866
Net Change in Cash and Cash Equivalents	19,966	(445,783)
CASH AND CASH EQUIVALENTS - Beginning of Year	633,433	1,079,216
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 653,399	\$ 633,433
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	\$ 386,101	\$ 210,787
Unrealized gain (loss) on investments	\$ (17,486)	\$ (14,322)

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 691,578	\$ 576,858
Nonoperating revenue (expense)	3,601	-
Noncash items in operating income		
Depreciation	460,342	444,601
Depreciation charged to clearing and other utilities	28,826	28,133
Changes in assets and liabilities		
Customer accounts receivable	(18,871)	(17,660)
Other accounts receivable	1,578	(507)
Due from other funds	621	3,087
Materials and supplies	2,198	(6,589)
Prepayments	(5,153)	(1,864)
Pension related deferrals and liabilities	3,360	34,913
Accounts payable	(18,724)	(39,891)
Due to other funds	(24,506)	10,824
Accrued wages	(1,361)	1,988
Accrued sick leave	(22,991)	12,650
	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,100,498</u>	<u>\$ 1,046,543</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 348,735	\$ 292,435
Redemption account	219,171	262,397
Reserve account	252,000	244,677
Depreciation account	25,000	25,000
Water plant and maintenance reserve account	189,499	186,538
Sick leave reserve account	76,246	99,237
Total Cash and Investments	1,110,651	1,110,284
Less: Noncash equivalents	(457,252)	(476,851)
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS	<u>\$ 653,399</u>	<u>\$ 633,433</u>

See accompanying notes to the financial statements.

WASTEWATER UTILITY

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF NET POSITION As of December 31, 2018 and 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash and investments	\$ 1,569,653	\$ 1,361,952
Interest receivable	5,876	4,229
Restricted Assets		
Redemption account	313,374	333,597
Customer accounts receivable	202,132	210,313
Other accounts receivable	16,721	8,865
Due from municipality	27,760	164,633
Prepayments	3,572	3,363
Current portion of special assessments	19,905	19,905
Total Current Assets	2,158,993	2,106,857
NONCURRENT ASSETS		
Restricted Assets		
Depreciation account	33,283	33,283
Replacement account	1,148,645	1,134,247
Net pension asset	72,762	-
Other Assets		
Sick leave reserve account	91,339	124,633
Preliminary survey and investigation	26,492	10,093
Special assessments receivable	119,431	139,336
Capital Assets		
Plant in service	30,338,077	29,532,551
Accumulated depreciation	(11,793,102)	(10,994,875)
Construction work in progress	59,171	59,092
Total Noncurrent Assets	20,096,098	20,038,360
Total Assets	22,255,091	22,145,217
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	134,712	151,361

LIABILITIES		<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES			
Accounts payable		\$ 38,772	\$ 15,513
Due to municipality		26,927	20,147
Accrued wages		12,034	13,728
Accrued interest		1,275	1,445
Current portion of general obligation debt		34,000	34,000
Current Liabilities Payable from Restricted Assets			
Current portion of revenue bonds		436,321	424,703
Accrued interest		18,939	20,876
Total Current Liabilities		<u>568,268</u>	<u>530,412</u>
NONCURRENT LIABILITIES			
General obligation debt		214,000	248,000
Revenue bonds		3,883,944	4,320,264
Accrued sick leave		91,338	124,633
Net pension liability		-	22,833
Total Noncurrent Liabilities		<u>4,189,282</u>	<u>4,715,730</u>
Total Liabilities		<u>4,757,550</u>	<u>5,246,142</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension		<u>143,137</u>	<u>65,246</u>
NET POSITION			
Net investment in capital assets		14,035,881	13,569,801
Restricted for:			
Debt service		327,718	346,004
Equipment replacement		1,148,645	1,134,247
Pension		72,762	-
Unrestricted		<u>1,904,110</u>	<u>1,935,138</u>
TOTAL NET POSITION		<u><u>\$ 17,489,116</u></u>	<u><u>\$ 16,985,190</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, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Treatment charges	\$ 1,971,095	\$ 1,972,408
Other	<u>84,781</u>	<u>78,905</u>
Total Operating Revenues	<u>2,055,876</u>	<u>2,051,313</u>
OPERATING EXPENSES		
Operation and maintenance	959,399	1,012,657
Depreciation	<u>820,778</u>	<u>811,239</u>
Total Operating Expenses	<u>1,780,177</u>	<u>1,823,896</u>
OPERATING INCOME	<u>275,699</u>	<u>227,417</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	29,344	33,367
Interest expense	<u>(122,782)</u>	<u>(134,977)</u>
Total Nonoperating Revenues (Expenses)	<u>(93,438)</u>	<u>(101,610)</u>
Income Before Contributions	182,261	125,807
CAPITAL CONTRIBUTIONS	<u>321,665</u>	<u>224,299</u>
CHANGE IN NET POSITION	503,926	350,106
NET POSITION - Beginning of Year	<u>16,985,190</u>	<u>16,635,084</u>
NET POSITION - END OF YEAR	<u><u>\$ 17,489,116</u></u>	<u><u>\$ 16,985,190</u></u>

See accompanying notes to the financial statements.

STOUGHTON WASTEWATER UTILITY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 2,056,987	\$ 2,041,099
Paid to suppliers for goods and services	(608,225)	(622,707)
Paid to employees for operating payroll	(381,881)	(396,063)
Net Cash Flows From Operating Activities	1,066,881	1,022,329
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(522,517)	(492,428)
Capital contributions received	24,120	28,998
Special assessments received	162,362	44,666
Debt retired	(458,702)	(447,396)
Interest paid	(124,889)	(137,032)
Net Cash Flows From Capital and Related Financing Activities	(919,626)	(1,003,192)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(230,805)	(240,466)
Investments sold and matured	218,872	242,360
Investment income	64,590	50,644
Net Cash Flows From Investing Activities	52,657	52,538
Net Change in Cash and Cash Equivalents	199,912	71,675
CASH AND CASH EQUIVALENTS - Beginning of Year	2,105,399	2,033,724
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,305,311	\$ 2,105,399
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Unrealized gain (loss) on investments	\$ (43,263)	\$ (31,954)
Capital Contributions	\$ 297,545	\$ 201,042

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 275,699	\$ 227,417
Noncash items in operating income		
Depreciation	820,778	811,239
Changes in assets and liabilities		
Customer accounts receivable	8,181	(4,749)
Other accounts receivable	(7,856)	(7,888)
Due to / from other funds	(17,439)	13,497
Prepayments	(209)	(2,328)
Pension related deferrals and assets	(1,055)	35,665
Accounts payable	23,771	(52,094)
Accrued sick leave	(33,295)	3,723
Other current liabilities	<u>(1,694)</u>	<u>(2,153)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,066,881</u>	<u>\$ 1,022,329</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION ACCOUNTS		
Cash and investments	\$ 1,569,653	\$ 1,361,952
Redemption account	313,374	333,597
Depreciation account	33,283	33,283
Replacement account	1,148,645	1,134,247
Sick leave reserve account	<u>91,339</u>	<u>124,633</u>
Total Cash and Investments	3,156,294	2,987,712
Less: Noncash equivalents	<u>(850,983)</u>	<u>(882,313)</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,305,311</u>	<u>\$ 2,105,399</u>

See accompanying notes to the financial statements.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

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.

In June 2018, the GASB issued Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement establishes requirements for interest cost incurred before the end of a construction period. The utilities adopted this statement effective January 1, 2018.

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, 2018 and 2017

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.
- > 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, 2018 and 2017

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

In the prior year the electric utility held land with the intent of it being used for the site of a future substation. The remaining land in the current year is held for future use.

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, 2018 and 2017. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2018 and 2017. 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, 2018 and 2017

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. 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, 2018 and 2017

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, 2018 and 2017

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. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 87, *Leases*, Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. 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, 2018 and 2017

NOTE 2 - DEPOSITS AND INVESTMENTS

	Carrying Value as of December 31,		Risks
	2018	2017	
Checking or savings	\$ 5,655,199	\$ 6,586,033	Custodial credit risk
Local government investment pool	1,030,498	1,099,120	Credit and interest rate risks
Certificates of deposit - nonnegotiable	741,907	979,216	Custodial credit risk
Certificates of deposit - negotiable	1,898,241	1,659,029	Custodial credit, credit, concentration and interest rate risks
State and local bonds	991,945	1,021,945	Custodial credit, credit, concentration and interest rate risks
U.S. agency securities - explicitly guaranteed	247,840	375,451	Custodial credit and interest rate risks
U.S. agency securities - implicitly guaranteed	948,941	1,027,787	Custodial credit, credit, concentration and interest rate risks
Petty cash	<u>750</u>	<u>750</u>	
Totals	<u>\$ 11,515,321</u>	<u>\$ 12,749,331</u>	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

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

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

In addition, the utilities have collateral or depository insurance agreements in the amount of \$6,596,256 and \$5,062,722 at December 31, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017

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, 2018			
	Level 1	Level 2	Level 3	Total
U.S. agency securities	\$ -	\$ 1,196,781	\$ -	\$ 1,196,781
Certificates of deposit - negotiable	-	1,898,241	-	1,898,241
State and local bonds	-	991,945	-	991,945
Total	\$ -	\$ 4,086,967	\$ -	\$ 4,086,967

<u>Investment Type</u>	December 31, 2017			
	Level 1	Level 2	Level 3	Total
U.S. agency securities	\$ -	\$ 1,403,238	\$ -	\$ 1,403,238
Certificates of deposit - negotiable	-	1,659,029	-	1,659,029
State and local bonds	-	1,021,945	-	1,021,945
Total	\$ -	\$ 4,084,212	\$ -	\$ 4,084,212

The investment in ATC is measured at the net asset value (NAV) per share of ownership. As of December 31, 2018 and 2017 the fair value of the investment was \$416,294 and \$389,457, 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, 2018 and 2017

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.

	2018		2017	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Wells Fargo	\$ 4,700,989	\$ 4,099,149	\$ 5,143,549	\$ 4,359,801
Wells Fargo Brokerage	928	928	928	928
Associated Bank	1,513,233	1,531,733	2,152,445	2,216,945
Wisconsin Investment Services Cooperative	765,296	765,296	987,575	987,575
Totals	\$ 6,980,446	\$ 6,397,106	\$ 8,284,497	\$ 7,565,249

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, 2018 and 2017 the utilities' investments were exposed to custodial credit risk as follows:

Neither Insured nor Registered and Held by Counterparty	2018	2017
U.S. agencies - implicitly guaranteed	\$ 948,941	\$ 1,027,787
U.S. agencies - explicitly guaranteed	247,840	375,451
State and local bonds	991,945	1,021,945
Certificates of deposit - negotiable	1,898,241	1,659,029
Total Neither Insured nor Registered and Held by Counterparty	\$ 4,086,967	\$ 4,084,212

The utilities' investment policy does not address this risk.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

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, 2018, 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 - Aa-2
Certificates of deposit - negotiable	AAA - BBB+	Aaa - A1

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
Certificates of deposit - negotiable	AAA - BBB+	Aaa - A1

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, 2018 and 2017, the utilities' investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2018	2017
FHLMC	U.S. agencies - implicitly guaranteed	6.01%	7.45%
FHLB	U.S. agencies - implicitly guaranteed	7.66%	7.57%
State of Wisconsin	State and local bonds	12.54%	12.82%
Arkansas State	State and local bonds	6.84%	6.90%

The utilities' investment policy does not address this risk.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

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, 2018, 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	\$ 948,941	\$ -	\$ -	\$ 948,941
Certificates of deposit - negotiable	1,898,241	735,620	1,162,621	-
State and local bonds	991,945	-	-	991,945
U.S. agencies - explicitly guaranteed	247,840	-	-	247,840
Totals	<u>\$ 4,086,967</u>	<u>\$ 735,620</u>	<u>\$ 1,162,621</u>	<u>\$ 2,188,726</u>

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	\$ 1,027,787	\$ -	\$ -	\$ 1,027,787
Certificates of deposit - negotiable	1,659,029	244,863	1,414,166	-
State and local bonds	1,021,945	-	-	1,021,945
U.S. agencies - explicitly guaranteed	375,451	-	-	375,451
Totals	<u>\$ 4,084,212</u>	<u>\$ 244,863</u>	<u>\$ 1,414,166</u>	<u>\$ 2,425,183</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, 2018 and 2017

NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund balances for the years ending December 31, 2018 and 2017:

Due To	Due From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water utility	\$ 423,351	Payment in lieu of taxes	\$ 420,305	Payment in lieu of taxes
Municipality	Water utility	1,727	Operating	26,233	Operating
Electric utility	Municipality	7,274	Operating	10,182	Operating
Water utility	Municipality	39,866	Operating and special assessments	238,930	Operating and special assessments
Wastewater utility	Municipality	27,760	Operating and special assessments	164,633	Operating and special assessments
Municipality	Electric utility	63,728	Stormwater	65,271	Stormwater
Municipality	Electric utility	432,589	Payment in lieu of taxes	394,626	Payment in lieu of taxes

The following is a schedule of transfer balances for the years ending December 31, 2018 and 2017:

To	From	2018		2017	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric utility	\$ 27,975	Operating	\$ 12,698	Operating
Municipality	Electric utility	432,589	Payment in lieu of taxes	394,626	Payment in lieu of taxes
Municipality	Water utility	6,260	Operating	3,743	Operating
Municipality	Water utility	423,351	Payment in lieu of taxes	420,305	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.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS (cont.)

Replacement Account

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

Net Pension Asset

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

Restricted Net Position

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

	2018	2017
Restricted Assets		
Redemption account	\$ 497,953	\$ 503,126
Reserve account	460,722	649,338
Depreciation account	25,000	25,000
Net pension asset	210,998	-
Total Restricted Assets	1,194,673	1,177,464
Current Liabilities Payable From Restricted Assets	(28,879)	(31,928)
Total Restricted Net Position as Calculated	\$ 1,165,794	\$ 1,145,536

The purpose of the restricted net position is as follows:

	2018	2017
Debt service	\$ 954,796	\$ 1,145,536
Pension	210,998	-
Total Restricted Net Position	\$ 1,165,794	\$ 1,145,536

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 4 - RESTRICTED ASSETS (cont.)

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

	2018	2017
Restricted Assets		
Redemption account	\$ 219,171	\$ 262,397
Reserve account	252,000	244,677
Depreciation account	25,000	25,000
Net pension asset	70,127	-
Total Restricted Assets	566,298	532,074
Current Liabilities Payable From Restricted Assets	(7,006)	(7,615)
Total Restricted Net Position as Calculated	\$ 559,292	\$ 524,459

The purpose of the restricted net position is as follows:

	2018	2017
Debt service	\$ 489,165	\$ 524,459
Pension	70,127	-
Total Restricted Net Position	\$ 559,292	\$ 524,459

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

	2018	2017
Restricted Assets		
Redemption account	\$ 313,374	\$ 333,597
Depreciation account	33,283	33,283
Replacement account	1,148,645	1,134,247
Net pension asset	72,762	-
Total Restricted Assets	1,568,064	1,501,127
Current Liabilities Payable From Restricted Assets	(18,939)	(20,876)
Total Restricted Net Position as Calculated	\$ 1,549,125	\$ 1,480,251

The purpose of the restricted net position is as follows:

	2018	2017
Debt service	\$ 327,718	\$ 346,004
Equipment replacement	1,148,645	1,134,247
Pension	72,762	-
Total Restricted Net Position	\$ 1,549,125	\$ 1,480,251

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

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, 2018 is \$296,088.

Repayment requirements to maturity follow:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	53,651	3,209	56,860
2024-2025	<u>53,319</u>	<u>1,778</u>	<u>55,097</u>
Totals	<u>\$ 296,088</u>	<u>\$ 32,375</u>	<u>\$ 328,463</u>

NOTE 6 - CHANGES IN CAPITAL ASSETS

Electric Utility

A summary of changes in electric capital assets for 2018 follows:

	<u>Balance 1/1/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/18</u>
Capital assets, not being depreciated				
Land and land rights	\$ 220,797	\$ 123,567	\$ -	\$ 344,364
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	24,837,545	3,894,690	269,056	28,463,179
General	<u>4,107,520</u>	<u>935,946</u>	<u>807,838</u>	<u>4,235,628</u>
Total Capital Assets Being Depreciated	<u>28,960,084</u>	<u>4,830,636</u>	<u>1,076,894</u>	<u>32,713,826</u>
Total Capital Assets	<u>29,180,881</u>	<u>4,954,203</u>	<u>1,076,894</u>	<u>33,058,190</u>
Less: Accumulated depreciation				
Transmission	(19,366)	-	-	(19,366)
Distribution	(12,204,392)	(961,439)	275,788	(12,890,043)
General	<u>(3,065,714)</u>	<u>(210,627)</u>	<u>794,077</u>	<u>(2,482,264)</u>
Total Accumulated Depreciation	<u>(15,289,472)</u>	<u>(1,172,066)</u>	<u>1,069,865</u>	<u>(15,391,673)</u>
Construction in progress	<u>2,358,222</u>	<u>-</u>	<u>2,149,429</u>	<u>208,793</u>
Net Capital Assets	<u>\$ 16,249,631</u>			<u>\$ 17,875,310</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Electric Utility (cont.)

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	28,069,197	1,094,256	203,369	28,960,084
Total Capital Assets	28,289,994	1,094,256	203,369	29,180,881
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	(14,429,881)	(1,036,954)	177,363	(15,289,472)
Construction in progress	189,399	2,358,222	189,399	2,358,222
Net Capital Assets	\$ 14,049,512			\$ 16,249,631

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility

A summary of changes in water capital assets for 2018 follows:

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
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	1,513,266	-	-	1,513,266
Water treatment	90,763	-	-	90,763
Transmission and distribution	19,477,451	851,053	87,963	20,240,541
General	846,274	-	6,084	840,190
Total Capital Assets Being Depreciated	<u>22,523,484</u>	<u>851,053</u>	<u>94,047</u>	<u>23,280,490</u>
Total Capital Assets	<u>22,953,615</u>	<u>851,053</u>	<u>94,047</u>	<u>23,710,621</u>
Less: Accumulated depreciation				
Source of supply	(386,989)	(17,276)	-	(404,265)
Pumping	(1,272,293)	(33,113)	-	(1,305,406)
Water treatment	(89,077)	(437)	-	(89,514)
Transmission and distribution	(4,444,314)	(365,153)	93,497	(4,715,970)
General	(917,490)	(73,185)	6,084	(984,591)
Total Accumulated Depreciation	<u>(7,110,163)</u>	<u>(489,164)</u>	<u>99,581</u>	<u>(7,499,746)</u>
Construction in progress	<u>5,693</u>	<u>25,557</u>	<u>2,792</u>	<u>28,458</u>
Net Capital Assets	<u>\$ 15,849,145</u>			<u>\$ 16,239,333</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Water Utility (cont.)

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, 2018 and 2017

NOTE 6 - CHANGES IN CAPITAL ASSETS (cont.)

Wastewater Utility

A summary of changes in wastewater capital assets for 2018 follows:

	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
Capital assets being depreciated				
Collecting system	\$ 11,807,679	\$ 739,021	\$ 1,206	\$ 12,545,494
Collecting system pumping	733,519	25,251	7,274	751,496
Treatment and disposal	15,614,022	22,442	4,909	15,631,555
General	1,377,331	32,201	-	1,409,532
Total Capital Assets Being Depreciated	29,532,551	818,915	13,389	30,338,077
Less: Accumulated depreciation	(10,994,875)	(820,779)	22,552	(11,793,102)
Construction in progress	59,092	59,171	59,092	59,171
Net Capital Assets	\$ 18,596,768			\$ 18,604,146

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

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS

Revenue Bonds - Electric

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
May 3, 2016	Electric system improvements, refund 2006 bonds	April 1, 2036	2.00 - 3.00%	\$ 4,005,000	\$ 3,405,000
February 15, 2013	Electric system improvements	April 1, 2023	2.00 - 2.25	3,170,000	1,625,000

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	690,000	53,856	743,856
2024 - 2028	585,000	203,575	788,575
2029 - 2033	670,000	118,950	788,950
2034 - 2036	450,000	20,550	470,550
Totals	<u>\$ 5,030,000</u>	<u>\$ 754,008</u>	<u>\$ 5,784,008</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 2018 and 2017 were \$731,613 and \$775,948, respectively. Total customer gross revenues as defined for the same periods were \$15,249,831 and \$15,342,304. Annual principal and interest payments are expected to require 2% of gross revenues on average.

Revenue Bonds - Water

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
May 3, 2016	Additions and improvements, refund 2006 bonds	May 1, 2026	1.00 - 2.75%	\$ 2,520,000	\$ 1,935,000
January 27, 2010	Additions and improvements	May 1, 2029	2.668	575,018	367,332

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds - Water (cont.)

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
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	352,414	19,128	371,542
2024 - 2028	595,510	33,942	629,452
2029	37,961	506	38,467
Totals	<u>\$ 2,302,332</u>	<u>\$ 184,122</u>	<u>\$ 2,486,454</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 2018 and 2017 were \$362,282 and \$370,217, respectively. Total customer gross revenues as defined for the same periods were \$2,140,085 and \$2,093,437. Annual principal and interest payments are expected to require 11% of gross revenues on average.

Revenue Bonds - Wastewater

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
December 22, 1999	Wastewater interceptor	May 1, 2019	3.049%	\$ 623,465	\$ 41,324
July 12, 2000	WWTP improvements	May 1, 2020	3.049	1,116,259	144,697
September 10, 2003	WWTP improvements	May 1, 2023	2.766	1,670,624	509,864
June 27, 2007	WWTP improvements	May 1, 2027	2.475	1,539,762	850,303
November 1, 2014	WWTP improvements	May 1, 2034	2.625	3,305,713	2,774,077

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Revenue Bonds - Wastewater (cont.)

Revenue bonds debt service requirements to maturity follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 436,321	\$ 107,670	\$ 543,991
2020	405,676	96,213	501,889
2021	340,971	86,252	427,223
2022	349,931	77,174	427,105
2023	359,126	67,858	426,984
2024 - 2028	1,251,318	231,581	1,482,899
2029 - 2033	967,844	92,272	1,060,116
2034	<u>209,078</u>	<u>2,744</u>	<u>211,822</u>
Totals	<u>\$ 4,320,265</u>	<u>\$ 761,764</u>	<u>\$ 5,082,029</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 2018 and 2017 were \$544,152 and \$544,307, respectively. Total customer gross revenues as defined for the same periods were \$2,085,220 and \$2,084,680. Annual principal and interest payments are expected to require 15% of gross revenues on average.

General Obligation Debt - Water

The following general obligation bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/18</u>
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25%	\$ 522,000	\$ 372,000

General obligation bonds debt service requirements to maturity follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	54,000	2,970	56,970
2024 - 2025	<u>111,000</u>	<u>2,498</u>	<u>113,498</u>
Totals	<u>\$ 372,000</u>	<u>\$ 27,878</u>	<u>\$ 399,878</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt - Wastewater

The following general obligation bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/18
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25%	\$ 348,000	\$ 248,000

General obligation bonds debt service requirements to maturity follows:

Year Ending December 31	Principal	Interest	Total
2019	\$ 34,000	\$ 4,760	\$ 38,760
2020	34,000	4,080	38,080
2021	34,000	34,000	68,000
2022	36,000	2,700	38,700
2023	36,000	1,980	37,980
2024 - 2025	<u>74,000</u>	<u>1,665</u>	<u>75,665</u>
Totals	<u>\$ 248,000</u>	<u>\$ 49,185</u>	<u>\$ 297,185</u>

Long-Term Obligations Summary - Electric

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	1/1/18 Balance	Additions	Reductions	12/31/18 Balance	Due Within One Year
Revenue bonds	\$ 5,640,000	\$ -	\$ 610,000	\$ 5,030,000	\$ 620,000
Accrued sick leave	176,481	41,555	85,173	132,863	-
Customer advances for construction	28,641	297,959	264,217	62,383	-
Unamortized premium on bonds	<u>108,833</u>	<u>-</u>	<u>17,281</u>	<u>91,552</u>	<u>-</u>
Totals	<u>\$ 5,953,955</u>	<u>\$ 339,514</u>	<u>\$ 976,671</u>	<u>\$ 5,316,798</u>	<u>\$ 620,000</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Electric (cont.)

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

	<u>1/1/17 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17 Balance</u>	<u>Due Within One Year</u>
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	<u>131,571</u>	<u>-</u>	<u>22,738</u>	<u>108,833</u>	<u>-</u>
Totals	<u>\$ 6,580,523</u>	<u>\$ 125,445</u>	<u>\$ 752,013</u>	<u>\$ 5,953,955</u>	<u>\$ 610,000</u>

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 9.

Long-Term Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	<u>1/1/18 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,620,747	\$ -	\$ 318,415	\$ 2,302,332	\$ 314,173
General obligation debt	423,000	-	51,000	372,000	51,000
Accrued sick leave	99,237	15,111	38,102	76,246	-
Unamortized premium on bonds	<u>29,046</u>	<u>-</u>	<u>6,065</u>	<u>22,981</u>	<u>-</u>
Totals	<u>\$ 3,172,030</u>	<u>\$ 15,111</u>	<u>\$ 413,582</u>	<u>\$ 2,773,559</u>	<u>\$ 365,173</u>

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

	<u>1/1/17 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17 Balance</u>	<u>Due Within One Year</u>
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	<u>35,638</u>	<u>-</u>	<u>6,592</u>	<u>29,046</u>	<u>-</u>
Totals	<u>\$ 3,539,649</u>	<u>\$ 22,612</u>	<u>\$ 390,231</u>	<u>\$ 3,172,030</u>	<u>\$ 369,415</u>

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 9.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Long-Term Obligations Summary - Wastewater

Long-term obligation activity for the year ended December 31, 2018 is as follows:

	<u>1/1/18 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/18 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 4,744,967	\$ -	\$ 424,702	\$ 4,320,265	\$ 436,321
General obligation debt	282,000	-	34,000	248,000	34,000
Accrued sick leave	<u>124,633</u>	<u>18,889</u>	<u>52,184</u>	<u>91,338</u>	<u>-</u>
Totals	<u>\$ 5,151,600</u>	<u>\$ 18,889</u>	<u>\$ 510,886</u>	<u>\$ 4,659,603</u>	<u>\$ 470,321</u>

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

	<u>1/1/17 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17 Balance</u>	<u>Due Within 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	<u>120,910</u>	<u>15,492</u>	<u>11,769</u>	<u>124,633</u>	<u>-</u>
Totals	<u>\$ 5,595,273</u>	<u>\$ 15,492</u>	<u>\$ 459,165</u>	<u>\$ 5,151,600</u>	<u>\$ 458,703</u>

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 9.

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.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Insurance (cont.)

The utilities are covered under the following insurance policies at December 31, 2018:

Type	Coverage	Expiration
Automobile	\$ 15,000,000 CVMIC Self-Insured	1/1/19
Excess Liability	5,000,000 CVMIC Self-Insured	1/1/19
Workers Compensation	5,000,000 CVMIC Self-Insured	1/1/19
	1,000,000 CVMIC Self-Insured	1/1/19
Boiler Insurance	250,000,000 CVMIC Self-Insured	1/1/19
Property	Wisconsin Local Property Insurance Fund	
	59,566,800	2/1/19

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 2018 and 2017 as follows:

	2018	2017
Operating revenues	\$ 15,136,031	\$ 15,249,623
Investment income	104,218	92,681
Less: Operation and maintenance expenses	<u>(13,060,056)</u>	<u>(13,257,421)</u>
Net Defined Earnings	<u>\$ 2,180,193</u>	<u>\$ 2,084,883</u>
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 756,513	\$ 756,513
Coverage factor	<u>1.30</u>	<u>1.30</u>
Minimum Required Earnings	<u>\$ 983,467</u>	<u>\$ 983,467</u>
Actual Debt Coverage	<u>2.88</u>	<u>2.76</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

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 2018 and 2017 as follows:

	2018	2017
Operating revenues	\$ 2,121,101	\$ 2,071,229
Investment income	18,984	22,208
Less: Operation and maintenance expenses	(969,181)	(1,049,770)
Net Defined Earnings	\$ 1,170,904	\$ 1,043,667
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	3.12	2.78

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 2018 and 2017 as follows:

	2018	2017
Operating revenues	\$ 2,055,876	\$ 2,051,313
Investment income	29,344	33,367
Less: Operation and maintenance expenses	(959,399)	(1,012,657)
Net Defined Earnings	\$ 1,125,821	\$ 1,072,023
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$ 543,992	\$ 544,152
Coverage factor	1.10	1.10
Minimum Required Earnings	\$ 598,391	\$ 598,567
Actual Debt Coverage	2.07	1.97

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Number of Customers and Billed Volumes - Electric

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 kWh)	
	2018	2017	2018	2017
Residential	7,766	7,744	66,822	63,176
General	790	829	16,448	16,248
Small power	52	62	16,708	15,612
Large power	10	10	12,399	12,310
Industrial	14	6	31,702	30,905
Street and highway lighting	7	7	727	770
Totals	<u>8,639</u>	<u>8,658</u>	<u>144,806</u>	<u>139,021</u>

Number of Customers and Billed Volumes - Water

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	4,498	4,469	199,362	202,150
Multifamily residential	75	64	29,205	28,762
Commercial	373	375	54,232	54,306
Industrial	25	25	157,411	174,238
Public authority	38	45	4,806	4,976
Interdepartmental	6	6	404	432
Totals	<u>5,015</u>	<u>4,984</u>	<u>445,420</u>	<u>464,864</u>

Number of Customers and Billed Volumes - Wastewater

The utility has the following number of customers and billed volumes for 2018 and 2017:

	Customers		Sales (000 gals)	
	2018	2017	2018	2017
Residential	4,487	4,465	198,733	201,168
Multifamily residential	73	64	29,216	26,228
Commercial	355	358	50,705	51,364
Industrial	21	21	22,687	23,241
Public authority	29	32	4,087	3,544
Interdepartmental	1	1	68	48
Totals	<u>4,966</u>	<u>4,941</u>	<u>305,496</u>	<u>305,593</u>

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 7 - LONG-TERM OBLIGATIONS (cont.)

Bond Covenant Disclosures (cont.)

Utility Budget

The 2018 and 2017 utility budgets were prepared and approved as required by the bond resolutions.

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:

	2018	2017
Construction work in progress	\$ 208,793	\$ 2,358,222
Plant in service	33,058,190	29,180,881
Accumulated depreciation	(15,391,673)	(15,289,472)
Property held for future use	229,097	352,664
Sub-Totals	18,104,407	16,602,295
Less: Capital related debt		
Current portion of capital related long-term debt	620,000	610,000
Long-term portion of capital related long-term debt	4,410,000	5,030,000
Unamortized debt premium	91,552	108,833
Sub-Totals	5,121,552	5,748,833
Total Net Investment in Capital Assets	\$ 12,982,855	\$ 10,853,462

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 8 - NET POSITION (cont.)

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

	2018	2017
Construction work in progress	\$ 28,458	\$ 5,693
Plant in service	23,710,621	22,953,615
Accumulated depreciation	<u>(7,499,746)</u>	<u>(7,110,163)</u>
Sub-Totals	<u>16,239,333</u>	<u>15,849,145</u>
Less: Capital related debt		
Current portion of capital related long-term debt	365,173	369,415
Long-term portion of capital related long-term debt	2,309,159	2,674,332
Unamortized debt premium	<u>22,981</u>	<u>29,046</u>
Sub-Totals	<u>2,697,313</u>	<u>3,072,793</u>
Total Net Investment in Capital Assets	<u>\$ 13,542,020</u>	<u>\$ 12,776,352</u>

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

	2018	2017
Construction work in progress	\$ 59,171	\$ 59,092
Plant in service	30,338,077	29,532,551
Accumulated depreciation	<u>(11,793,102)</u>	<u>(10,994,875)</u>
Sub-Totals	<u>18,604,146</u>	<u>18,596,768</u>
Less: Capital related debt		
Current portion of capital related long-term debt	470,321	458,703
Long-term portion of capital related long-term debt	<u>4,097,944</u>	<u>4,568,264</u>
Sub-Totals	<u>4,568,265</u>	<u>5,026,967</u>
Total Net Investment in Capital Assets	<u>\$ 14,035,881</u>	<u>\$ 13,569,801</u>

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>.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to 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.

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
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)
2017	2.0	4.0

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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 \$125,190 and \$114,245 in contributions from the utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2018 and December 31, 2017 are:

	2018		2017	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.7%	6.7%	6.8%	6.8%
Protective with Social Security	6.7%	10.6%	6.8%	10.6%
Protective without Social Security	6.7%	14.9%	6.8%	14.9%

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

At December 31, 2018, the utilities reported a liability (asset) of \$(353,887) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the City of Stoughton's proportion was 0.04873732%, which was an increase of 0.00168697% from its proportion measured as of December 31, 2016.

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.

For the years ended December 31, 2018 and 2017, the utilities recognized pension expense of \$36,725 and \$264,772, respectively.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

At December 31, 2018, 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	\$ 266,733	\$ 114,839	\$ 89,508	\$ 39,606	\$ 92,947	\$ 48,106
Changes in assumption	38,178	-	13,168	-	15,992	-
Net differences between project and actual earnings on pension plan	-	307,882	-	101,986	-	92,734
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,872	-	2,148	-	2,297
Employer contributions subsequent to the measurement date	<u>74,563</u>	<u>-</u>	<u>25,119</u>	<u>-</u>	<u>25,773</u>	<u>-</u>
Total	<u>\$ 379,474</u>	<u>\$ 428,593</u>	<u>\$ 127,795</u>	<u>\$ 143,740</u>	<u>\$ 134,712</u>	<u>\$ 143,137</u>

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, 2018 and 2017

NOTE 9 - EMPLOYEES RETIREMENT SYSTEM (cont.)

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>
2019	\$ 22,772	\$ 7,560	\$ 6,296
2020	(4,353)	(1,446)	(1,204)
2021	(81,504)	(27,060)	(22,536)
2022	(61,152)	(20,303)	(16,908)
2023	555	185	154
Thereafter	-	-	-
Total	<u>\$ (123,682)</u>	<u>\$ (41,064)</u>	<u>\$ (34,198)</u>

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

	<u>2018</u>	<u>2017</u>
Actuarial valuation date	December 31, 2016	December 31, 2015
Measurement date of net pension liability (asset)	December 31, 2017	December 31, 2016
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair 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, 2016 and 2015 actuarial valuations are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 and 2016 are based upon a roll-forward of the liability calculated from the December 31, 2016 and 2015 actuarial valuations, respectively.

STOUGHTON UTILITIES

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2018 and 2017

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, 2018 are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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, 2018 and 2017

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, 2017 are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.3%	5.4%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	4.3	1.5
Real Estate	8	6.5	3.6
Private Equity/Debt	7	9.4	6.5
Multi-Asset	4	6.6	3.7
Total Core Fund	110	7.4	4.5
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	4.7
International Equities	30	8.5	5.6
Total Variable Fund	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, 2018 and December 31, 2017. 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 3.31% in 2018 and 3.78% in 2017. 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, 2018 and 2017

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, 2018 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Electric Utility's proportionate share of the net position liability (asset)	\$ 524,169	\$ (210,998)	\$ (754,948)
Water Utility's proportionate share of the net position liability (asset)	187,203	(70,127)	(269,624)
Wastewater Utility's proportionate share of the net position liability (asset)	187,203	(72,762)	(269,624)

The sensitivity analysis as of December 31, 2017 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Electric Utility's proportionate share of the net position liability (asset)	\$ 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)	3,300,383	22,833	(190,893)

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, 2018 and 2017

NOTE 10 - COMMITMENTS AND CONTINGENCIES (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.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract is \$342 million as of December 31, 2018.

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, 2018 and 2017

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, 2018

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)
12/31/18	0.04873732%	\$ (353,887)	\$ 1,841,029	19.22%	102.93%
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, 2017

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
12/31/18	\$ 125,455	\$ 125,455	\$ -	1,872,463	6.70%
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, 2018

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.

S U P P L E M E N T A L I N F O R M A T I O N

ELECTRIC UTILITY

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY PLANT
As of and for the Year Ended December 31, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
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	123,567	-	344,363
Structures and improvements	52,834	-	-	52,834
Station equipment	4,338,870	2,656,986	77,816	6,918,040
Poles, towers and fixtures	3,422,890	106,794	43,700	3,485,984
Overhead conductors and devices	5,935,993	80,058	91,478	5,924,573
Underground conduit	625,097	174,482	1,234	798,345
Underground conductors and devices	4,057,204	681,442	17,492	4,721,154
Line transformers	3,249,702	55,659	4,421	3,300,940
Services	1,878,979	56,349	5,182	1,930,146
Meters	686,577	20,538	1,339	705,776
Street lighting and signal systems	589,398	62,383	26,394	625,387
Total Distribution	<u>25,058,340</u>	<u>4,018,258</u>	<u>269,056</u>	<u>28,807,542</u>
GENERAL				
Structures and improvements	1,656,659	-	-	1,656,659
Office furniture and equipment	216,970	-	-	216,970
Computer equipment	191,677	-	-	191,677
Transportation equipment	284,408	85,474	30,268	339,614
Stores equipment	9,984	-	-	9,984
Tools, shop and garage equipment	87,537	-	-	87,537
Laboratory equipment	60,822	-	-	60,822
Power-operated equipment	1,222,899	463,761	498,117	1,188,543
Communication equipment	371,575	386,710	279,453	478,832
Miscellaneous equipment	4,990	-	-	4,990
Total General	<u>4,107,521</u>	<u>935,945</u>	<u>807,838</u>	<u>4,235,628</u>
TOTAL ELECTRIC UTILITY PLANT	<u><u>\$29,180,881</u></u>	<u><u>\$ 4,954,203</u></u>	<u><u>\$ 1,076,894</u></u>	<u><u>\$33,058,190</u></u>

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of Electricity		
Residential	\$ 5,214,477	\$ 5,156,589
Rural	2,810,526	2,804,789
General service	1,586,188	1,523,131
Large commercial and industrial	1,350,865	1,445,786
Large power	1,101,792	1,107,643
Industrial	2,657,141	2,766,795
Public street and highway lighting	112,941	123,726
Interdepartmental	162,099	178,127
Total Sales of Electricity	14,996,029	15,106,586
Other Operating Revenues		
Forfeited discounts	32,444	32,924
Other	107,558	110,113
Total Operating Revenues	15,136,031	15,249,623
 OPERATING EXPENSES		
Operation and Maintenance		
Other Power Supply		
Purchased power	11,288,599	11,501,767
Transmission		
Operation supervision and engineering	4,794	16,411
Station	44,591	37,670
Overhead lines	44,055	29,364
Underground lines	41,565	30,125
Total Transmission	135,005	113,570
Distribution		
Street lighting and signal system	179	-
Meter	7,672	5,577
Miscellaneous	98,322	53,084
Maintenance		
Supervision and engineering	3,884	482
Station equipment	25,793	20,544
Overhead lines	184,254	316,183
Underground lines	121,539	75,818
Line transformers	7,331	5,557
Street lighting and signal system	3,852	7,034
Meters	26,577	39,647
Total Distribution	479,403	523,926
Customer Accounts		
Meter reading	4,813	4,627
Customer records and collection	262,305	246,712
Miscellaneous	7,608	8,085
Total Customer Accounts	274,726	259,424

STOUGHTON ELECTRIC UTILITY

ELECTRIC UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Administrative and General		
Salaries	\$ 296,197	\$ 243,000
Office supplies	54,982	49,340
Outside services employed	33,944	23,734
Property insurance	31,022	31,228
Injuries and damages	36,159	37,740
Employee pensions and benefits	178,432	226,038
Regulatory commission	20	4,887
Miscellaneous	47	1,392
Rents	13,179	11,674
Maintenance	61,972	56,484
Total Administrative and General	705,954	685,517
Taxes	176,369	173,217
Total Operation and Maintenance	13,060,056	13,257,421
Depreciation	1,108,163	1,019,024
Total Operating Expenses	14,168,219	14,276,445
 OPERATING INCOME	 \$ 967,812	 \$ 973,178

STOUGHTON ELECTRIC UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2018 and 2017

	Electric	
	2018	2017
Utility Financed Plant in Service		
Beginning of year	\$ 25,749,349	\$ 24,962,668
End of year	<u>29,363,406</u>	<u>25,749,349</u>
Average	<u>27,556,378</u>	<u>25,356,009</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(13,559,734)	(12,808,857)
End of year	<u>(13,549,140)</u>	<u>(13,559,734)</u>
Average	<u>(13,554,437)</u>	<u>(13,184,296)</u>
Materials and Supplies		
Beginning of year	153,499	163,294
End of year	<u>206,300</u>	<u>153,499</u>
Average	<u>179,900</u>	<u>158,397</u>
Regulatory Liability		
Beginning of year	(132,964)	(155,124)
End of year	<u>(110,804)</u>	<u>(132,964)</u>
Average	<u>(121,884)</u>	<u>(144,044)</u>
Customer Advances for Construction		
Beginning of year	(28,641)	(27,141)
End of year	<u>(62,383)</u>	<u>(28,641)</u>
Average	<u>(45,512)</u>	<u>(27,891)</u>
AVERAGE NET RATE BASE	<u>\$ 14,014,445</u>	<u>\$ 12,158,175</u>
OPERATING INCOME - REGULATORY BASIS	<u>\$ 709,336</u>	<u>\$ 785,048</u>
RATE OF RETURN (PERCENT)	<u>5.06</u>	<u>6.46</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.

WATER UTILITY

STOUGHTON WATER UTILITY

WATER UTILITY PLANT
As of and for the Year Ended December 31, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
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	644,611	-	-	644,611
Other power production equipment	283,758	-	-	283,758
Electric pumping equipment	584,896	-	-	584,896
Total Pumping	<u>1,513,265</u>	<u>-</u>	<u>-</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	12,356,802	464,527	22,101	12,799,228
Services	2,804,798	194,179	6,456	2,992,521
Meters	812,933	69,620	57,238	825,315
Hydrants	1,550,054	115,788	2,168	1,663,674
Other transmission and distribution plant	4,861	6,939	-	11,800
Total Transmission and Distribution	<u>19,500,116</u>	<u>851,053</u>	<u>87,963</u>	<u>20,263,206</u>
GENERAL				
Structures and improvements	412,821	-	-	412,821
Office furniture and equipment	63,068	-	-	63,068
Computer equipment	55,313	-	-	55,313
Transportation equipment	63,006	-	6,084	56,922
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>1,242,106</u>	<u>-</u>	<u>6,084</u>	<u>1,236,022</u>
TOTAL WATER UTILITY PLANT	<u><u>\$22,953,615</u></u>	<u><u>\$ 851,053</u></u>	<u><u>\$ 94,047</u></u>	<u><u>\$23,710,621</u></u>

STOUGHTON WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales of Water		
Unmetered	\$ 1,153	\$ -
Metered		
Residential	932,753	899,421
Multifamily residential	83,239	74,247
Commercial	173,345	168,601
Industrial	283,369	301,957
Public authorities	21,093	19,310
Interdepartmental	1,798	1,779
Total Metered Sales	1,495,597	1,465,315
Private fire protection	46,711	43,901
Public fire protection	530,529	520,495
Total Sales of Water	2,073,990	2,029,711
Other Operating Revenues		
Forfeited discounts	6,597	6,422
Other	40,514	35,096
Total Operating Revenues	2,121,101	2,071,229
OPERATING EXPENSES		
Operation and Maintenance		
Source of Supply		
Maintenance		
Wells and springs	138	138
Pumping		
Fuel or purchased power for pumping	127,767	135,189
Pumping labor	6,407	2,899
Miscellaneous	214	1,501
Maintenance		
Structures and improvements	24,446	24,319
Pumping equipment	12,688	32,733
Total Pumping	171,522	196,641
Water Treatment		
Chemicals	20,249	16,159
Operation labor	61,232	53,737
Maintenance		
Structures and improvements	1,044	925
Water treatment equipment	7,711	2,538
Total Water Treatment	90,236	73,359
Transmission and Distribution		
Transmission and distribution lines	13,208	13,769
Meters	27,859	40,099
Customer installations	20,092	-
Miscellaneous	24,720	41,519
Maintenance		
Reservoirs and standpipes	46,632	46,829
Mains	64,842	58,419
Services	32,223	35,154
Meters	-	1,160
Hydrants	4,902	30,842
Miscellaneous	4,242	2,348
Total Transmission and Distribution	238,720	270,139

STOUGHTON WATER UTILITY

WATER UTILITY OPERATING REVENUES AND EXPENSES (cont.) For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING EXPENSES (cont.)		
Operation and Maintenance (cont.)		
Customer Accounts		
Meter reading	\$ 12,934	\$ 13,821
Accounting and collecting labor	91,054	94,299
Total Customer Accounts	103,988	108,120
Administrative and General		
Salaries	131,177	152,912
Office supplies	15,576	14,259
Outside services employed	42,240	30,927
Property insurance	11,281	11,355
Injuries and damages	13,234	12,540
Employee pensions and benefits	110,951	144,595
Regulatory commission	5,498	-
Miscellaneous	328	319
Rents	5,173	4,245
Maintenance	6,887	8,017
Total Administrative and General	342,345	379,169
Taxes	22,232	22,204
Total Operation and Maintenance	969,181	1,049,770
Depreciation	460,342	444,601
Total Operating Expenses	1,429,523	1,494,371
OPERATING INCOME	\$ 691,578	\$ 576,858

STOUGHTON WATER UTILITY

RATE OF RETURN - REGULATORY BASIS For the Years Ended December 31, 2018 and 2017

	Water	
	2018	2017
Utility Financed Plant in Service		
Beginning of year	\$ 15,364,439	\$ 14,600,959
End of year	<u>15,748,034</u>	<u>15,364,439</u>
Average	<u>15,556,237</u>	<u>14,982,699</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(5,000,572)	(4,786,327)
End of year	<u>(5,273,155)</u>	<u>(5,000,572)</u>
Average	<u>(5,136,864)</u>	<u>(4,893,450)</u>
Materials and Supplies		
Beginning of year	41,401	34,812
End of year	<u>39,203</u>	<u>41,401</u>
Average	<u>40,302</u>	<u>38,107</u>
Regulatory Liability		
Beginning of year	(205,372)	(239,600)
End of year	<u>(171,144)</u>	<u>(205,372)</u>
Average	<u>(188,258)</u>	<u>(222,486)</u>
AVERAGE NET RATE BASE	<u>\$ 10,271,417</u>	<u>\$ 9,904,870</u>
OPERATING INCOME - REGULATORY BASIS	<u>\$ 401,277</u>	<u>\$ 320,157</u>
RATE OF RETURN (PERCENT)	<u>3.91</u>	<u>3.23</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, 2018

	Balance 1/1/18	Additions	Retirements	Balance 12/31/18
COLLECTING SYSTEM				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Collecting mains	9,894,550	739,021	1,206	10,632,365
Interceptor mains	1,864,084	-	-	1,864,084
Force mains	48,951	-	-	48,951
Total Collecting System	<u>11,807,685</u>	<u>739,021</u>	<u>1,206</u>	<u>12,545,500</u>
COLLECTING SYSTEM PUMPING				
Structures and improvements	106,238	3,326	-	109,564
Electric pumping equipment	605,881	21,925	7,274	620,532
Other power pumping equipment	21,399	-	-	21,399
Total Collecting System Pumping	<u>733,518</u>	<u>25,251</u>	<u>7,274</u>	<u>751,495</u>
TREATMENT AND DISPOSAL				
Structures and improvements	5,364,072	-	-	5,364,072
Preliminary treatment equipment	1,576,893	-	-	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	3,928,291	22,442	4,909	3,945,824
Plant site piping	690,433	-	-	690,433
Flow metering and monitoring equipment	39,033	-	-	39,033
Other treatment and disposal equipment	38,818	-	-	38,818
Total Treatment and Disposal	<u>15,614,020</u>	<u>22,442</u>	<u>4,909</u>	<u>15,631,553</u>
GENERAL				
Structures and improvements	241,646	3,511	-	245,157
Office furniture and equipment	65,614	-	-	65,614
Computer equipment	118,386	-	-	118,386
Transportation equipment	427,383	-	-	427,383
Communication equipment	433,162	26,340	-	459,502
Other general equipment	91,137	2,350	-	93,487
Total General	<u>1,377,328</u>	<u>32,201</u>	<u>-</u>	<u>1,409,529</u>
TOTAL WASTEWATER UTILITY PLANT	<u><u>\$29,532,551</u></u>	<u><u>\$ 818,915</u></u>	<u><u>\$ 13,389</u></u>	<u><u>\$30,338,077</u></u>

STOUGHTON WASTEWATER UTILITY

WASTEWATER UTILITY OPERATING REVENUES AND EXPENSES For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Wastewater Revenues		
Residential	\$ 1,374,695	\$ 1,386,580
Commercial	452,154	440,709
Industrial	116,712	121,253
Public authorities	26,929	23,360
Interdepartmental sales	605	506
Total Wastewater Revenues	1,971,095	1,972,408
Other Operating Revenues		
Forfeited discounts	4,375	4,499
Miscellaneous	80,406	74,406
Total Operating Revenues	2,055,876	2,051,313
OPERATING EXPENSES		
Operation and Maintenance		
Operation		
Supervision and labor	3,932	149
Power and fuel for pumping	86,783	91,128
Sludge conditioning chemicals	11,175	10,282
Other operating supplies	21,231	33,078
Total Operation	123,121	134,637
Maintenance		
Collection system	106,848	96,325
Treatment and disposal plant equipment	122,944	119,171
General plant structures and equipment	71,404	71,232
Total Maintenance	301,196	286,728
Customer Accounts		
Accounting and collecting	136,056	146,128
Administrative and General		
Salaries	90,105	103,114
Office supplies	31,033	35,383
Outside services employed	24,894	22,584
Insurance	27,712	29,198
Employees pensions and benefits	107,944	140,696
Miscellaneous	19,583	19,300
Rents	68,282	65,214
Total Administrative and General	369,553	415,489
Taxes	29,473	29,675
Total Operation and Maintenance	959,399	1,012,657
Depreciation	820,778	811,239
Total Operating Expenses	1,780,177	1,823,896
 OPERATING INCOME	 \$ 275,699	 \$ 227,417

City of Stoughton, 207 S Forrest 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 2018 Audit Report and Management Letter.

Committee Action: Utilities Committee recommended Common Council approval -0

Fiscal Impact: 0

File Number: R-xxx-2019

Date Introduced: May 28, 2019

The City of Stoughton, Wisconsin, Common Council does proclaim as follows:

WHEREAS, Baker Tilly Virchow Krause LLP has prepared the Stoughton Utilities Audit Report and Management Letter for 2018, and

WHEREAS, the Stoughton Utilities Committee met on May 20, 2019 to consider, approve, and recommend the approval of the Stoughton Utilities Audit Report and Management letter for 2018 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 2018.

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

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

Mayor Timothy Swadley

Date

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



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Stoughton Utilities Data Sharing and Non-Disclosure Agreement for Proprietary and Confidential Mapping Information

From time to time, Stoughton Utilities shares our mapping data with a variety of entities. These requests typically come from developers, or their contractors or engineers. The information requested is typically general in detail and limited to small areas, and presents little security concern.

We recently recognized the need for a more formalized process that protects Stoughton Utilities from liability, while also protecting our data from a confidentiality and security perspective, and protecting our systems from malicious intent. Due to these needs, we worked with the City Attorney Matt Dregne and Stafford Rosenbaum LLP to create the attached Data Sharing and Non-Disclosure Agreement.

Stoughton Utilities staff evaluates each request individually to determine if the data request should be granted, either fully or in part, based on the requestor's need and business relationship with the utility, and the appropriateness of the request.

Stoughton Utilities also recognizes that our mapping data has great value, not only to the utility, but to the entities that request it. The initial data gathering was a significant undertaking, and continuing to manage the data and maintain accuracy comes with a cost. Staff believes that when other entities benefit from our data, they should share in the costs of creation and maintenance.

Accordingly, along with the Non-Disclosure Agreement, a fee schedule was created as part of the document. The fees, although relatively nominal, are set to help offset the costs of maintaining the data, as well as the administrative costs to export and distribute the data. Staff will continue to periodically review the fee structure moving forward to ensure appropriateness.

Staff is requesting that the Utilities Committee review and approve the attached Data Sharing and Non-Disclosure Agreement.

Data Sharing and Non-Disclosure Agreement

This Data Sharing Agreement (“Agreement”) is entered into and effective on the last signature date set forth below (the “Effective Date”) by and between Enter Full Company Name and Legal Description (“Company”) and Stoughton Utilities, located at 600 South Fourth Street, Stoughton, Wisconsin 53589 (“Stoughton Utilities”). Company and Stoughton Utilities shall herein be referred to together as the “Parties” and individually as “Party.”

WHEREAS, Stoughton Utilities acquires, develops, maintains, and uses a variety of data and mapping in support of its functions (“Information”); and

WHEREAS, Company desires access to said Information to improve the planning of its development and construction.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. **Access to Information.** Subject to the provisions in this Agreement, Stoughton Utilities shall provide Information, in the existing form maintained by Stoughton Utilities, to Company. Information may be provided in electronic or print format, as a resource of general information for use “as-is.” At all times the Information shall remain the property of Stoughton Utilities.
2. **Term.** This Agreement shall be effective only with respect to the specific project identified by Company, that is the investigation of the feasibility of Company providing telecommunications services in the City of Stoughton (the “Project”). Stoughton Utilities shall provide Company access to the Information for this single project. Notwithstanding the provisions of Sections 1 and 2 of this Agreement, the obligation of Stoughton Utilities to provide Company access to the Information shall terminate on December 31, 2019.
3. **Terms and Conditions of Use; Confidentiality.**
 - a. Company agrees for itself and its employees, agents, and representatives to protect and keep the Information confidential. Except as provided herein, Company agrees to not disclose the Information to any person or entity without Stoughton Utilities’ prior written consent, which consent may be granted, withheld, or conditioned in Stoughton Utilities’ sole discretion. The confidentiality obligations set forth in this section shall not apply to information and materials (i) that are or subsequently become publicly available without Company’s breach of this confidentiality provision; (ii) that were known to Company prior to Stoughton Utilities’ disclosure; (iii) that became known to Company from a source other than Stoughton Utilities and other than by the breach of an obligation of confidentiality owed; or (iv) is independently developed by Company. Company shall notify Stoughton Utilities prior to making a disclosure so that Stoughton Utilities can dispute whether disclosure

pursuant to (i) through (iv) above is appropriate. The confidentiality obligations contained in this section shall survive the expiration or termination of this Agreement.

- b. Company shall not use Information in any way that would misrepresent the integrity, quality, or accuracy of the Information.
- c. Company is not authorized to copy, distribute, sell, transfer, reproduce, redistribute or lease, in whole or in part to any other person or entity the Information except as provided herein. Prior to executing this Agreement, Company shall provide to Stoughton Utilities a complete list of contractors and subcontractors engaged for the Project who may have access to the Information. If Company intends for any additional or new parties to have access to the Information, Company shall first obtain prior written consent from Stoughton Utilities. By signing this Agreement, Stoughton Utilities and the Company acknowledge and agree that the Information can be shared, but only with the contractors and subcontractors identified, and only in regard to the Project. Stoughton Utilities reserves the right to deny access to the Information.

4. Liabilities, Limitations, and Indemnification.

- a. The Information provided may contain inaccuracies or errors. Source data used for the Information may have been collected at different scales, times or definitions, resulting in inconsistencies among features represented together as part of this Information. Stoughton Utilities does not warrant the accuracy, reliability, or completeness of any Information nor its merchantability or suitability for any particular purpose. By using the Information, Company releases Stoughton Utilities, its officers, directors, employees, and agents from any responsibility or liability associated with its use. Stoughton Utilities shall not be liable to Company or to any third party for damages whatsoever caused by error or omission in the preparation or that may arise out of the use of the Information. The use of the Information is at the sole risk of the user.
- b. Company agrees and acknowledges that receipt and/or use of the Information in no way releases it from following required and standard protocols in the course of its normal business including but not limited to calling Digger's Hotline.
- c. IN NO EVENT SHALL STOUGHTON UTILITIES BE HELD LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE, OR OTHER DAMAGES, INCLUDING LOSS OF PROFIT, ARISING OUT OF OR IN CONNECTION WITH THE USE OR PERFORMANCE OF THE INFORMATION.
- d. Company and any third party receiving or possessing Information agrees to hold Stoughton Utilities harmless and indemnify Stoughton Utilities and its officers,

directors, and employees from and against any liability, claims, loss, damages, or expense including but not limited to attorneys' fees caused by errors or omissions in the preparation of the Information or use thereof.

5. **Remedies.** If Company breaches any obligation, term or condition set forth in this Agreement, Stoughton Utilities shall be entitled to use all remedies available at law or equity.
6. **Fees.** Company agrees to pay Stoughton Utilities for the Information at the rates set forth in Exhibit A attached to this Agreement. Stoughton Utilities shall invoice Company in a timely fashion but at least once every calendar month. Company agrees to pay Stoughton Utilities within thirty (30) days after receipt of the Stoughton Utilities' invoice.
7. **Assignment.** Neither Stoughton Utilities nor Company may assign its rights or obligations under this Agreement without the consent of the other Party.
8. **Other Agreements.** This Agreement supersedes all prior agreements and understandings between the Parties hereto and constitutes the entire agreement of the Parties with respect to the matters contemplated herein.
9. **Governing Law.** This Agreement shall be governed and construed under the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their proper officers and representatives.

Enter Company Name

STOUGHTON UTILITIES

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attachment: Exhibit A – Payment Schedule

EXHIBIT A
PAYMENT SCHEDULE

Administrative Fee for each request by Company: \$30.00

Electric Division Data

Each data point \$0.25.

*Minimum fee \$10.00; Maximum fee of \$4,000

Data points available for request include Poles, Primary Conductors, and Secondary Conductors.

Wastewater Division Data

Each data point \$0.25.

*Minimum fee \$10.00; Maximum fee of \$1,000

Data points available for request include Collection System Segments and Manholes.

Water Division Data

Each data point \$0.25.

*Minimum fee \$10.00; Maximum fee of \$2,000

Data points available for request include Water Main Segments, Valves, and Hydrants.

FEE ESTIMATE[Double-Click to Update](#)

Administrative Fee				\$ 30.00
Electric Division Data:				
Poles	0	@	0.25	\$ 0.00
Primary Conductors	0	@	0.25	\$ 0.00
Secondary Conductors	0	@	0.25	\$ 0.00
Wastewater Division Data:				
Collection System Segments	0	@	0.25	\$ 0.00
Manholes	0	@	0.25	\$ 0.00
Water Division Data:				
Water Main Segments	0	@	0.25	\$ 0.00
Valves	0	@	0.25	\$ 0.00
Hydrants	0	@	0.25	\$ 0.00
			TOTAL	\$30.00



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019
To: Stoughton Utilities Committee
From: Jill M. Weiss, P.E.
Stoughton Utilities Director
Subject: Anticipated 2019 Fund Transfers to the City of Stoughton

Stoughton Utilities anticipates transferring the following funds to the City of Stoughton in 2019:

Payment in lieu of taxes (PILOT)	\$855,940
Tax-Stabilization Dividends	\$27,902
Rent: Stoughton Utilities Administration Building	\$103,187
Administration Charges	\$64,000
Police Department Emergency Contact Service	\$9,000
Stormwater Management Fee	\$9,325
Economic Development Contribution	\$1,000
Total:	\$1,070,354

The Stoughton Utilities transfers listed above account for 7.7% of the General Fund Revenues included in the approved 2019 City of Stoughton Budget.

These transfers do not include fees for construction related permits, street opening permits, Project RoundUP donations, Commitment to Community donations, renewable energy project grants, energy efficiency project grants, or other applicable fees and charges. It is also important to note that Stoughton Utilities pays all employment wages and overhead, insurance costs, costs associated with project engineering and construction inspection, and legal expenses.



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Brian R. Hoops
Stoughton Utilities Assistant Director

Subject: Invitation to Attend an Orientation to WPPI Energy

WPPI Energy is offering a half-day educational program about itself and the benefits of joint action. This orientation session will be held on Thursday June 6, 2019 from 8:30 am to 12:30 pm at WPPI Energy Corporate Headquarters in Sun Prairie, WI. These orientation sessions are held twice each year.

Topics to be discussed include Stoughton's ownership in WPPI Energy, the value of public power, electric costs and rates, and more. A continental breakfast and full lunch will be provided, and a mileage reimbursement will be provided by Stoughton Utilities upon request.

If you are interested in attending the orientation, you can RSVP online at <https://www.wppienergy.org/orientation>, or you can inform Brian Hoops and he will take care of your registration. Please RSVP by Thursday, May 30. If you RSVP online, please inform Brian Hoops so that the appropriate public notice can be posted as required by law if a quorum of the Utilities Committee may be present.

ORIENTATION TO WPPI ENERGY

Join us for a half-day educational program about our joint action agency. Any member utility employees, officials and governing body leaders are encouraged to attend this information session. In the general session, attendees will learn more about:

- **Ownership in WPPI Energy**
- **Value of public power**
- **Power supply resources and operations**
- **Advocacy/leadership**
- **Programs and support services**
 - » Advanced metering and data management
- » Customer communications
- » Electric costs and rates
- » Electric distribution system services
- » Energy efficiency and renewable energy programs
- **Tour of the building and Systems Operations Center**

Thursday, June 6

WPPI Energy • Conference Center
1425 Corporate Center Drive • Sun Prairie, WI 53590

8:30 a.m. **Continental Breakfast**
9:00 a.m. **Program**
12:00 p.m. **Lunch**

Interested in attending the orientation?

Simply fill out the RSVP below and return by fax or email to Kayla Pierce at WPPI Energy.

RSVP by Thursday, May 30

FAX:
608-837-0274

EMAIL:
kpierce@wppienergy.org

ONLINE:
www.wppienergy.org/orientation

Utility/Community

Name

Title

Name

Title

Name

Title



The way energy should be

Contact Information

Kayla Pierce
Member Relations Coordinator
608-834-4537 | Fax: 608-837-0274
kpierce@wppienergy.org

WWW.WPPIENERGY.ORG



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

Serving Electric, Water & Wastewater Since 1886

Date: May 14, 2019

To: Stoughton Utilities Committee

From: Jill M. Weiss, 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.