

# **STOUGHTON UTILITIES**

Stoughton, Wisconsin

COMMUNICATION TO THOSE CHARGED  
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2016

# STOUGHTON UTILITIES

## TABLE OF CONTENTS

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	<u>Page No.</u>
Required Communication of Internal Control Related Matters Identified in the Audit to Those Charged with Governance	1
Internal Control Over Financial Reporting	2
Communication of Other Control Comments, Recommendations and Informational Points to Management that are not Material Weaknesses or Significant Deficiencies	3 – 6
Other Communications to Those Charged with Governance	
Two Way Communication Regarding Your Audit	7 – 8
Required Communications by the Auditor to Those Charged with Governance	9 – 11
Summary of Corrected Financial Statement Misstatements	
Management Representations	

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

To the Stoughton Utilities Committee  
Stoughton Utilities  
Stoughton, Wisconsin

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

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

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

> Internal Control Over Financial Reporting

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

*Baker Tilly Vorchaw Krause, LLP*

Madison, Wisconsin  
April 24, 2017

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

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## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

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

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

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

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

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## **OPERATIONAL RESULTS**

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### ***ELECTRIC UTILITY OPERATING RESULTS***

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

### ***WATER UTILITY OPERATING RESULTS***

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

### ***WASTEWATER OPERATING RESULTS***

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

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## **INTERNAL CONTROL COMMENTS**

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### ***COMPLETE SEGREGATION OF DUTIES NOT FEASIBLE***

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

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

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

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

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

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

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

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**INTERNAL CONTROL COMMENTS (cont.)**

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**COMPLETE SEGREGATION OF DUTIES NOT FEASIBLE (cont.)**

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

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

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

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**INFORMATIONAL POINTS AND RECOMMENDATIONS**

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**WISCONSIN RETIREMENT SYSTEM AND GASB No. 68**

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

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

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

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

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



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## **INFORMATIONAL POINTS AND RECOMMENDATIONS (cont.)**

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### ***CYBER SECURITY***

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

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

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

### ***OBSERVATIONS FROM PUBLIC SERVICE COMMISSION (PSC) WATER RATE CASES***

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

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

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**INFORMATIONAL POINTS AND RECOMMENDATIONS (cont.)**

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

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

**REVENUE BOND RESOLUTION REQUIREMENTS**

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

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

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

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

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

**OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE**

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## **TWO WAY COMMUNICATION REGARDING YOUR AUDIT**

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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?

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## **TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)**

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

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

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

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

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

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

**REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE**

To Stoughton Utilities Committee  
Stoughton Utilities  
Stoughton, Wisconsin

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

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

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

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

***OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS***

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

***PLANNED SCOPE AND TIMING OF THE AUDIT***

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

***QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES***

***Accounting Policies***

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

To Stoughton Utilities Committee  
Stoughton Utilities

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

***Accounting Estimates***

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

***Financial Statement Disclosures***

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

***DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT***

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

***CORRECTED AND UNCORRECTED MISSTATEMENTS***

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

Management has corrected all such misstatements in 2016.

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

***DISAGREEMENTS WITH MANAGEMENT***

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

***CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS***

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

***MANAGEMENT REPRESENTATIONS***

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



To Stoughton Utilities Committee  
Stoughton Utilities

***INDEPENDENCE***

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

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

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

***OTHER AUDIT FINDINGS OR ISSUES***

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

***OTHER MATTERS***

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

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

***RESTRICTIONS ON USE***

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

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

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
April 24, 2017

**SUMMARY OF CORRECTED FINANCIAL STATEMENT MISSTATEMENTS**

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

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

TB. 2

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

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

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

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

TB. 2-1

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

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

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

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

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

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

TB. 2-3

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

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

Stoughton Utilities

Year End: December 31, 2016

Adjusting Journal Entries

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

TB. 2-4

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

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

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

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



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

TB. 2-6

<b>Done By</b>	<b>In-Charge</b>	<b>Manager</b>
		BLR 2/22/2017
<b>Partner</b>	<b>Preissuance</b>	
JLD 3/22/2017		

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

## **MANAGEMENT REPRESENTATIONS**



**Stoughton Utilities**

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

*Serving Electric, Water & Wastewater Needs Since 1886*

April 24, 2017

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

Dear Baker Tilly Virchow Krause, LLP:

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

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

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

*Financial Statements*

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



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

*Information Provided*

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

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

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

*Other*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

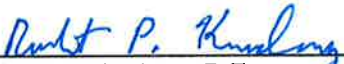
39. We agree with the restatement presented in the prior year's financial statements.

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

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

Sincerely,

Stoughton Utilities

Signed:   
Robert Kardasz, P.E.

Signed:   
Jamin Friedl, CPA