

**Stoughton Utilities
Enterprise Funds of the City of
Stoughton, Wisconsin**

Financial Statements and
Supplementary Information

December 31, 2020 and 2019

Stoughton Utilities

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December 31, 2020 and 2019

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Independent Auditors' Report

To the Utilities Committee of
Stoughton Utilities

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, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express 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, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of 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, 2020 and 2019 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our 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 US, LLP

Madison, Wisconsin
April 30, 2021

Management's Discussion and Analysis

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

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, 2020, 2019 and 2018. You are invited to read this narrative in conjunction with the Utilities' financial statements.

Financial Highlights

Electric

- Investments in capital assets have grown by approximately \$1.8 million or 13.6 percent, from 2018 to 2020.
- The electric division's net position increased by \$827,048 in 2020 from the prior year.
- The Public Service Commission of Wisconsin approved Stoughton Utilities' application for a rate increase, which took effect on July 1, 2020. The rate increase was designed to increase regulatory operating revenues by \$338,480 on an annual basis.

Water

- The water utility net position increased by \$304,934 in 2020 while it increased by \$472,616 in 2019. The lower increase in net position in 2020 compared to 2019 was due to lower capital contributions from the city.
- Sales increased by \$206,377 in 2020 from 2018 despite a 2.3 percent decrease in gallons sold during the same time period due to a water rate increase in late 2018.

Wastewater

- The wastewater net position increased \$367,775 in 2020 and \$372,640 in 2019.
- Income before contributions and transfers has increased \$89,591 since 2018. A significant portion of the increase was due to a 4.78 percent sewer rate increase that took effect on June 1, 2020. The rate increase was designed to raise approximately \$95,000 on an annual basis.

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.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

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 nonfinancial 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.

Table 1
Condensed Statement of Net Position – Electric Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Current and other assets	\$ 11,719,489	\$ 9,874,017	\$ 10,176,136	\$ 1,845,472
Capital assets	<u>18,334,295</u>	<u>17,746,026</u>	<u>17,875,310</u>	<u>588,269</u>
Total assets	<u>30,053,784</u>	<u>27,620,043</u>	<u>28,051,446</u>	<u>2,433,741</u>
Deferred outflows of resources	<u>516,144</u>	<u>648,285</u>	<u>379,474</u>	<u>(132,141)</u>
Long-term debt outstanding	3,750,000	4,410,000	5,030,000	(660,000)
Other liabilities	<u>3,845,050</u>	<u>2,059,637</u>	<u>1,954,519</u>	<u>1,785,413</u>
Total liabilities	<u>7,595,050</u>	<u>6,469,637</u>	<u>6,984,519</u>	<u>1,125,413</u>
Deferred Inflows of Resources	<u>689,429</u>	<u>340,290</u>	<u>428,593</u>	<u>349,139</u>
Investment in capital assets	14,750,294	13,488,837	12,982,855	1,261,457
Restricted	1,210,511	983,111	1,165,794	227,400
Unrestricted	<u>6,324,644</u>	<u>6,986,453</u>	<u>6,869,159</u>	<u>(661,809)</u>
Total net position	<u>\$ 22,285,449</u>	<u>\$ 21,458,401</u>	<u>\$ 21,017,808</u>	<u>\$ 827,048</u>

In 2020, the electric utility net position increased \$827,048, an increase of 3.9 percent. In 2019, the electric utility net position increased \$440,593, an increase of 2.1 percent. The \$386,455 additional increase in net position in 2020 compared to 2019 was mainly due to significant reduction in purchase power costs and operating expenses in 2020.

Investments in capital assets have grown by approximately \$1.8 million or 13.6 percent, from 2018 to 2020. Capital projects included significant underground line construction and street light improvement expenditures. 2020 also had approximately \$1.0 million in year-end construction work in progress values mostly due to a fiber installation project requiring the replacement and upgrade of utility assets. Long-term borrowing decreased \$1.28 million during this time. Thus, the capital additions were financed with cash and investments on hand and customer and city contributions.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Table 2
Condensed Statement of Net Position – Water Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019 Change</u>
Current and other assets	\$ 2,914,531	\$ 3,186,604	\$ 1,758,132	\$ (272,073)
Capital assets	17,060,216	16,903,159	16,239,333	157,057
Total Assets	19,974,747	20,089,763	17,997,465	(115,016)
Deferred outflows of resources	179,243	220,335	127,795	(41,092)
Long-term debt outstanding	3,643,207	4,134,158	2,674,332	(490,951)
Other liabilities	748,758	837,073	556,664	(88,315)
Total liabilities	4,391,965	4,971,231	3,230,996	(579,266)
Deferred inflows of resources	233,951	115,727	143,740	118,224
Investment in capital assets	13,465,824	13,450,704	13,542,020	15,120
Restricted	731,568	619,931	559,292	111,637
Unrestricted	1,330,682	1,152,505	649,212	178,177
Total net position	<u>\$ 15,528,074</u>	<u>\$ 15,223,140</u>	<u>\$ 14,750,524</u>	<u>\$ 304,934</u>

In 2020, the water utility net position increased by \$304,934 while it increased by \$472,616 in 2019. The lower increase in net position in 2020 compared to 2019 was largely due to lower capital contributions from the City of Stoughton's tax increment districts in 2020 compared to 2019. Management does not believe that lower capital contributions impact the water Utilities' abilities to meet current and future financial or service obligations.

Long-term borrowing from 2020 to 2018 increased by \$968,875 while capital assets have increased by \$820,883 during the same time period. This indicates that capital asset value additions have been financed by debt. \$1.825 million in mortgage revenue bonds were incurred in 2019 to finance capital projects. The capital additions were mostly main replacements and additions.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Table 3
Condensed Statements of Net Position – Wastewater Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Current and other assets	\$ 2,737,612	\$ 2,951,153	\$ 3,650,945	\$ (213,541)
Capital assets	19,414,317	19,315,409	18,604,146	98,908
Total assets	<u>22,151,929</u>	<u>22,266,562</u>	<u>22,255,091</u>	<u>(114,633)</u>
Deferred outflows of resources	183,065	239,859	134,712	(56,794)
Long-term debt outstanding	3,658,265	4,097,942	4,568,265	(439,677)
Other liabilities	227,638	420,422	189,285	(192,784)
Total liabilities	<u>3,885,903</u>	<u>4,518,364</u>	<u>4,757,550</u>	<u>(632,461)</u>
Deferred inflows of resources	219,560	126,301	143,137	93,259
Investment in capital assets	15,756,052	15,217,467	14,035,881	538,585
Restricted	1,497,671	1,469,588	1,549,125	28,083
Unrestricted	975,808	1,174,701	1,904,110	(198,893)
Total net position	<u>\$18,229,531</u>	<u>\$ 17,861,756</u>	<u>\$ 17,489,116</u>	<u>\$ 367,775</u>

The wastewater net position increased \$367,775 in 2020 and \$372,640 in 2019. A user fee rate increase was implemented in 2020, effective June 1, 2020. The rate increase was designed to increase revenue by approximately 4.8 percent on an annual basis. Capital asset values increased by \$0.8 million and long-term borrowing decreased \$0.9 million from 2020 to 2018. The capital asset additions were mostly sewer main improvements.

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, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Operating revenues	\$ 14,637,461	\$ 14,624,571	\$ 15,136,031	\$ 12,890
Nonoperating revenues	144,889	288,913	143,392	(144,024)
Total revenues	<u>14,782,350</u>	<u>14,913,484</u>	<u>15,279,423</u>	<u>(131,134)</u>
Depreciation expense	1,193,582	1,194,203	1,108,163	(621)
Other operating expense	12,366,320	12,774,906	13,060,056	(408,586)
Nonoperating expenses	102,203	116,407	120,579	(14,204)
Total expenses	<u>13,662,105</u>	<u>14,085,516</u>	<u>14,288,798</u>	<u>(423,411)</u>
Income before capital contributions and transfers	1,120,245	827,968	990,625	292,277
Capital contributions	49,865	93,467	280,064	(43,602)
Capital contribution, municipal	102,933	-	-	102,933
Transfers, tax Equivalent	(445,995)	(452,940)	(432,589)	6,945
Transfers	-	(27,902)	(27,975)	27,902
Changes in net position	<u>827,048</u>	<u>440,593</u>	<u>810,125</u>	<u>386,455</u>
Beginning Net Position	<u>21,458,401</u>	<u>21,017,808</u>	<u>20,207,683</u>	<u>440,593</u>
Total net position, ending	<u>\$ 22,285,449</u>	<u>\$ 21,458,401</u>	<u>\$ 21,017,808</u>	<u>\$ 827,048</u>

Table 4 is detailed description of the change in net position. 2020 had a 3.9 percent increase change in net position from the prior year. This compares with 2.1 percent change in 2019 from 2018. Revenues were down 0.9 percent in 2020 compared to 2019. 49 percent of the decline in revenues was due to lower investment income caused by lower market interest rates in 2020. Kilowatt-hour (kWh) sales declined by approximately 4.4 million kWh or 3.1 percent, in 2020 compared to 2019. However, the reduced kWh sales were offset by a 2.2 percent or \$235,900, decline in purchase power costs.

In 2020, the Public Service Commission of Wisconsin approved Stoughton Utilities' application for a rate increase. The increase took effect on July 1, 2020. The rate increase was designed to increase regulatory operating income by \$338,480 on an annual basis by factoring in project expense increases, customer growth and electric consumption trends.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Operating revenues	\$ 2,332,630	\$ 2,316,517	\$ 2,121,101	\$ 16,113
Nonoperating revenues	30,658	43,654	28,650	(12,996)
Total revenues	<u>2,363,288</u>	<u>2,360,171</u>	<u>2,149,751</u>	<u>3,117</u>
Depreciation expense	468,240	484,888	460,342	(16,648)
Other operating expense	1,083,459	1,066,072	969,181	17,387
Nonoperating expenses	91,255	118,801	55,456	(27,546)
Total expenses	<u>1,642,954</u>	<u>1,669,761</u>	<u>1,484,979</u>	<u>(26,807)</u>
Income before capital contributions and transfers	720,334	690,410	664,772	29,924
Capital contributions	-	-	386,101	-
Capital contribution, municipal	21,866	213,240	18,284	(191,374)
Transfers, tax equivalent	(437,266)	(431,034)	(423,351)	(6,232)
Transfers	-	-	(6,260)	-
Changes in net position	304,934	472,616	639,546	(167,682)
Beginning Net Position	<u>15,223,140</u>	<u>14,750,524</u>	<u>14,110,978</u>	<u>472,616</u>
Total net position, ending	<u>\$ 15,528,074</u>	<u>\$ 15,223,140</u>	<u>\$ 14,750,524</u>	<u>\$ 304,934</u>

Change in net position has varied in the past three years. Net position is significantly affected by capital contributions. Capital contributions include special assessments, developer contributions of infrastructure and occasionally tax increment district projects.

Income before contributions and transfers has increased \$55,562 or 8.4 percent, since 2018. This is due in large part to the rate increase in late 2018. Management will continue to monitor rates to maintain financial capabilities and fund on-going operational and capital expenditures. In April 2021, Stoughton Utilities filed a simplified rate case with the Wisconsin Public Service Commission to increase rates by 3.0 percent. The rate increase is expected to be approved in full and will raise an additional \$68,765 of operating revenues on an annual basis.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Operating revenues	\$ 2,200,458	\$ 2,128,425	\$ 2,055,876	\$ 72,033
Nonoperating revenues	25,007	122,222	29,344	(97,215)
Total revenues	<u>2,225,465</u>	<u>2,250,647</u>	<u>2,085,220</u>	<u>(25,182)</u>
Depreciation expense	808,765	856,914	820,778	(48,149)
Other operating expense	1,046,544	1,025,314	959,399	21,230
Nonoperating expenses	98,304	110,270	122,782	(11,966)
Total expenses	<u>1,953,613</u>	<u>1,992,498</u>	<u>1,902,959</u>	<u>(38,885)</u>
Income before capital contributions and transfers	271,852	258,149	182,261	13,703
Capital contributions	95,923	114,491	321,665	(18,568)
Changes in net position	367,775	372,640	503,926	(4,865)
Beginning Net Position	<u>17,861,756</u>	<u>17,489,116</u>	<u>16,985,190</u>	<u>372,640</u>
Total net position, ending	<u>\$ 18,229,531</u>	<u>\$ 17,861,756</u>	<u>\$ 17,489,116</u>	<u>\$ 367,775</u>

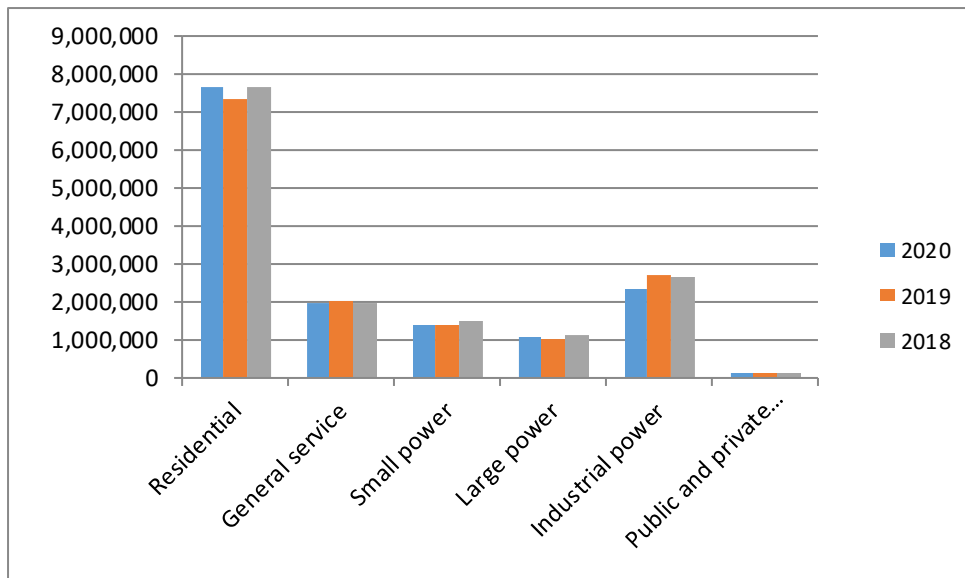
Change in net position has varied in the past three years. Net position is significantly affected by capital contributions. Capital contributions include special assessments, developer contributions of infrastructure and occasionally tax increment district projects. Net position can also be significantly altered by changing revenue levels due to seasonal factors and industry use trends.

Income before contributions and transfers has increased \$89,591 since 2018. A significant portion of the increase was due to a 4.78 percent sewer rate increase implemented by the City of Stoughton that took effect on June 1, 2020. The rate increase was designed to raise approximately \$95,000 on an annual basis. Expenses have moderately increased by \$50,654 or 2.6 percent, from 2018 to 2020.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Comparison of Electric Sales



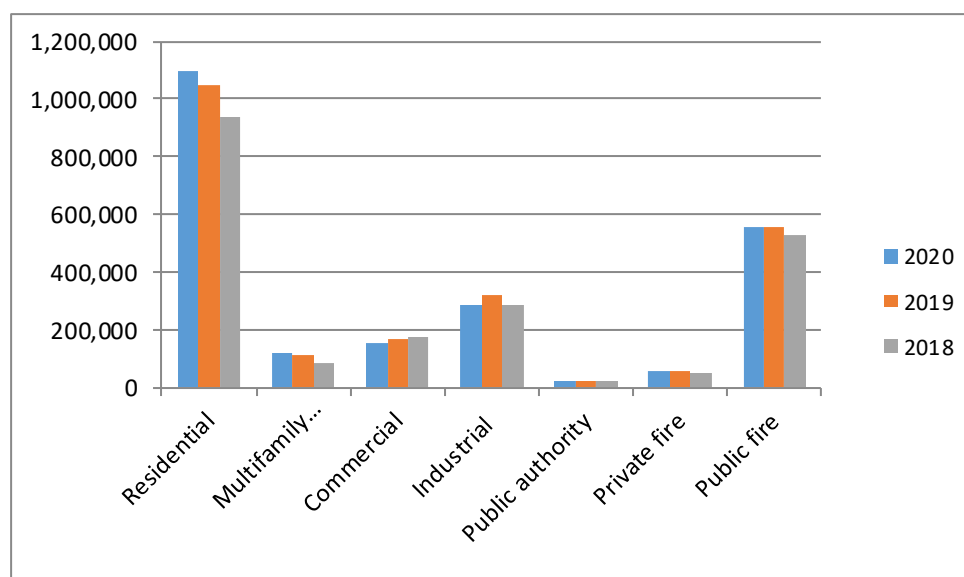
Electric sales decreased by 3.4 percent in 2020 from 2018. The decrease is due a 4.2 percent decline in kWh sales in 2020 from 2018. The decrease in kWh sales was offset in part by the rate increase that took effect July 1, 2020.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 7,652,854	\$ 7,296,704	\$ 7,655,623
General service	1,948,245	2,013,355	1,963,908
Small power	1,381,820	1,365,444	1,493,732
Large power	1,070,270	1,014,480	1,101,793
Industrial power	2,330,008	2,667,900	2,657,141
Public and private lighting	96,392	111,290	123,832
	<u> </u>	<u> </u>	<u> </u>
Total electric sales	<u>\$ 14,479,589</u>	<u>\$ 14,469,173</u>	<u>\$ 14,996,029</u>

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Comparison of Water Sales



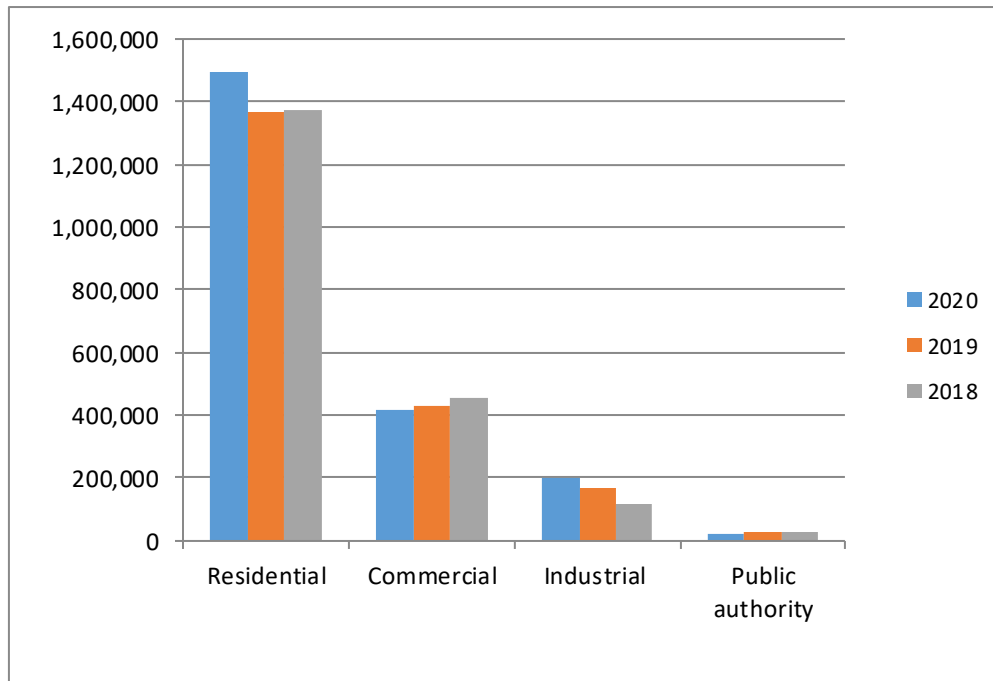
Sales increased by \$7,977 or 0.4 percent, in 2020 from 2019 and \$206,377 or 10.0 percent in 2020 from 2018. A rate increase occurred on October 1, 2018 and was designed to increase revenues by \$241,300 on annual basis. Gallons sold declined 2.3 percent from 2020 to 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 1,095,969	\$ 1,048,931	\$ 933,575
Multifamily residential	114,649	111,133	83,259
Commercial	152,134	164,241	175,454
Industrial	284,054	318,340	283,369
Public authority	19,641	22,909	21,093
Private fire	58,097	55,087	46,711
Public fire	555,823	551,749	530,529
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Total water sales	<u>\$ 2,280,367</u>	<u>\$ 2,272,390</u>	<u>\$ 2,073,990</u>

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Comparison of Wastewater Sales



Wastewater sales increased by \$135,906 or 6.8 percent, in 2020 from 2019. The increase is due to a combination of a 4.9 percent increase in gallons sold and the June 1, 2020 4.78 percent rate increase.

Wastewater sales were mostly flat from 2019 to 2018 with a 1.0 percent or \$20,247, increase. This was due to treatment gallons sold increasing by 1.1 percent in 2019 from 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Residential	\$ 1,493,914	\$ 1,365,623	\$ 1,374,695
Commercial	412,973	430,792	452,759
Industrial	200,540	168,612	116,712
Public authority	19,821	26,315	26,929
Total wastewater sales	<u>\$ 2,127,248</u>	<u>\$ 1,991,342</u>	<u>\$ 1,971,095</u>

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Cash Flows From:				
Operating activities	\$ 2,645,960	\$ 2,029,221	\$ 2,084,461	\$ 616,739
Noncapital financing activities	(399,360)	(407,962)	(371,102)	8,602
Capital and related financing activities	(1,107,145)	(1,817,021)	(3,187,890)	709,876
Investing activities	<u>729,287</u>	<u>962,166</u>	<u>255,199</u>	<u>(232,879)</u>
Net change in cash and cash equivalents	1,868,742	766,404	(1,219,332)	1,102,338
Cash and Cash Equivalents, Beginning	<u>4,493,683</u>	<u>3,727,279</u>	<u>4,946,611</u>	<u>766,404</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,362,425</u>	<u>\$ 4,493,683</u>	<u>\$ 3,727,279</u>	<u>\$ 1,868,742</u>

The improvement in cash generation in 2020 compared to 2019 and 2018 was largely due to the rate increase, lower operating expenses and lower capital expenditures.

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

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, 2020 and 2019

Table 8
Condensed Statements of Cash Flows – Water Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Cash Flows From:				
Operating activities	\$ 1,245,093	\$ 1,347,185	\$ 1,100,498	\$ (102,092)
Noncapital financing activities	(431,034)	(423,351)	(426,565)	(7,683)
Capital and related financing activities	(1,169,899)	599,640	(683,286)	(1,769,539)
Investing activities	<u>250,370</u>	<u>38,880</u>	<u>29,319</u>	<u>211,490</u>
 Net change in cash and cash equivalents	(105,470)	1,562,354	19,966	(1,667,824)
 Cash and Cash Equivalents, Beginning	<u>2,215,753</u>	<u>653,399</u>	<u>633,433</u>	<u>1,562,354</u>
 Cash and Cash Equivalents, Ending	<u>\$ 2,110,283</u>	<u>\$ 2,215,753</u>	<u>\$ 653,399</u>	<u>\$ (105,470)</u>

The decrease in cash and cash equivalents in 2020 was due to significant investment in capital assets in 2020, particularly in main improvements and service line replacements. The water utility issued \$1.825 million of mortgage revenue bonds in 2019, which accounts for the increase in cash in 2019. The water utility experienced a small increase in cash and cash equivalents in 2018 due to increased operating cash flow.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Table 9
Condensed Statements of Cash Flows – Wastewater Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019 Change</u>
Cash Flows From:				
Operating activities	\$ 1,152,947	\$ 1,080,401	\$ 1,066,881	\$ 72,546
Capital and related financing activities	(1,440,369)	(1,787,994)	(919,626)	347,625
Investing activities	299,012	55,868	52,657	243,144
Net change in cash and cash equivalents	11,590	(651,725)	199,912	663,315
Cash and Cash Equivalents, Beginning	1,653,586	2,305,311	2,105,399	(651,725)
Cash and Cash Equivalents, Ending	<u>\$ 1,665,176</u>	<u>\$ 1,653,586</u>	<u>\$ 2,305,311</u>	<u>\$ 11,590</u>

Cash and cash equivalents generation in 2020 was a moderate \$11,590. Cash and cash equivalents decreased by \$651,725 in 2019 due to significant investment in capital expenditures, including approximately \$1.5 million in main improvements. The utility experienced an increase in cash and cash equivalents in 2018 due to operating activities, special assessments and investment income.

Table 10
Capital Assets – Electric Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019 Change</u>
Capital Assets				
Transmission and distribution	\$ 30,481,414	\$ 29,729,663	\$ 28,822,562	\$ 751,751
General	3,995,565	3,989,226	4,235,628	6,339
Total capital assets	34,476,979	33,718,889	33,058,190	758,090
Less accumulated depreciation	(17,124,007)	(16,096,771)	(15,391,673)	(1,027,236)
Construction in progress	981,323	123,908	208,793	857,415
Net capital assets	<u>\$ 18,334,295</u>	<u>\$ 17,746,026</u>	<u>\$ 17,875,310</u>	<u>\$ 588,269</u>

Electric net capital assets have grown \$0.5 million or 2.6 percent, from 2018 to 2020. The increase in net assets in 2020 included street light improvements and underground line installation projects. Net capital assets decreased from 2019 to 2018 due to additions being less than depreciation accruals and retirements.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Table 11
Capital Assets – Water Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Capital Assets				
Source of supply	\$ 607,365	\$ 607,365	\$ 607,365	\$ -
Pumping	1,598,745	1,598,745	1,513,265	-
Water treatment	90,763	90,763	90,763	-
Transmission and distribution	21,915,140	21,331,219	20,263,206	583,921
General	1,006,195	1,006,195	1,236,022	-
Total capital assets	<u>25,218,208</u>	<u>24,634,287</u>	<u>23,710,621</u>	<u>583,921</u>
Less accumulated depreciation	(8,169,139)	(7,731,158)	(7,499,746)	(437,981)
Construction in progress	<u>11,147</u>	<u>30</u>	<u>28,458</u>	<u>11,117</u>
Net capital assets	<u>\$ 17,060,216</u>	<u>\$ 16,903,159</u>	<u>\$ 16,239,333</u>	<u>\$ 157,057</u>

Water net capital assets grew significantly at \$0.8 million or 5.1 percent, from 2018 to 2020. The net capital asset additions over this time-period were predominately on-going capital improvement programs, such as replacements and additions of mains, services and hydrants.

Table 12
Capital Assets – Wastewater Utility

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019</u> <u>Change</u>
Capital Assets				
Collection system	\$ 14,454,576	\$ 13,667,393	\$ 12,545,494	\$ 787,183
Collection system pumping	755,459	753,684	751,496	1,775
Treatment and disposal	15,672,308	15,664,654	15,631,555	7,654
General	1,499,649	1,467,607	1,409,532	32,042
Total capital assets	<u>32,381,992</u>	<u>31,553,338</u>	<u>30,338,077</u>	<u>828,654</u>
Less accumulated depreciation	(12,977,468)	(12,237,929)	(11,793,102)	(739,539)
Construction in progress	<u>9,793</u>	<u>-</u>	<u>59,171</u>	<u>9,793</u>
Net capital assets	<u>\$ 19,414,317</u>	<u>\$ 19,315,409</u>	<u>\$ 18,604,146</u>	<u>\$ 98,908</u>

Net capital assets increased \$0.8 million or 4.4 percent, from 2018 to 2020, indicating significant investment in the wastewater system's capabilities. The additions were from main improvements and a \$0.4 million jet vac acquisition.

Stoughton Utilities

Management's Discussion and Analysis
December 31, 2020 and 2019

Long-Term Debt

As of December 31, 2020, the electric utility had total mortgage revenue bond debt outstanding of \$3,750,000 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, 2020, the water utility had total mortgage revenue bond debt outstanding of \$3,373,207 payable from and secured by a pledge of income and revenue to be derived from the operation of the water utility and \$270,000 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 \$3,478,265 of clean water fund loans and \$180,000 of general obligation bonds outstanding as of December 31, 2020.

Tables of separate bond issues are included in note 7 of this audit report.

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, 207 S Forrest 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
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 6,762,610	\$ 5,526,863
Interest receivable	13,747	15,560
Restricted assets:		
Redemption account	525,535	523,167
Customer accounts receivable	1,518,042	1,329,876
Other accounts receivable	89,661	170,814
Due from municipality	73,714	14,093
Materials and supplies	443,455	187,211
Prepayments	1,000	14,404
Current portion of advance	<u>48,459</u>	<u>46,007</u>
Total current assets	<u>9,476,223</u>	<u>7,827,995</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	460,722	460,722
Depreciation account	25,000	25,000
Net pension asset	221,736	-
Other assets:		
Electric plant and maintenance reserve account	532,766	530,449
Sick leave reserve account	150,721	145,213
Advances to other funds	157,976	206,435
Investment in ATC	465,248	445,792
Property held for future use	229,097	229,097
Nonutility property	-	3,314
Capital assets:		
Plant in service	34,476,979	33,718,889
Accumulated depreciation	(17,124,007)	(16,096,771)
Construction work in progress	<u>981,323</u>	<u>123,908</u>
Total noncurrent assets	<u>20,577,561</u>	<u>19,792,048</u>
Total assets	<u>30,053,784</u>	<u>27,620,043</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>516,144</u>	<u>648,285</u>

See notes to the financial statements

Stoughton Electric Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,502,706	\$ 809,979
Due to municipality	539,739	502,546
Customer deposits	107,639	120,972
Accrued wages	12,592	6,763
Accrued interest	6,115	6,240
Accrued liabilities	73,488	68,965
Commitment to community	21,554	21,145
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	670,000	660,000
Accrued interest	<u>22,482</u>	<u>25,778</u>
Total current liabilities	<u>2,956,315</u>	<u>2,222,388</u>
Noncurrent Liabilities		
Revenue bonds	3,080,000	3,750,000
Unamortized debt premium	63,098	76,286
Accrued sick leave	150,721	145,213
Customer advances for construction	1,344,916	27,416
Net pension liability	<u>-</u>	<u>248,334</u>
Total noncurrent liabilities	<u>4,638,735</u>	<u>4,247,249</u>
Total liabilities	<u>7,595,050</u>	<u>6,469,637</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>689,429</u>	<u>340,290</u>
Net Position		
Net investment in capital assets	14,750,294	13,488,837
Restricted for:		
Debt service	988,775	983,111
Pension	221,736	-
Unrestricted	<u>6,324,644</u>	<u>6,986,453</u>
Total net position	<u>\$ 22,285,449</u>	<u>\$ 21,458,401</u>

See notes to the financial statements

Stoughton Electric Utility

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

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of electricity	\$ 14,479,589	\$ 14,469,173
Other	<u>157,872</u>	<u>155,398</u>
Total operating revenues	<u>14,637,461</u>	<u>14,624,571</u>
Operating Expenses		
Operation and maintenance	12,366,320	12,774,906
Depreciation	<u>1,193,582</u>	<u>1,194,203</u>
Total operating expenses	<u>13,559,902</u>	<u>13,969,109</u>
Operating Income	<u>1,077,559</u>	<u>655,462</u>
Nonoperating Revenues (Expenses)		
Investment income	131,701	202,391
Interest expense	(95,662)	(109,620)
Amortization of premium	13,188	15,266
Miscellaneous expenses	(6,541)	(6,787)
Other income (expense)	<u>-</u>	<u>71,256</u>
Total nonoperating expenses	<u>42,686</u>	<u>172,506</u>
Income before contributions and transfers	1,120,245	827,968
Capital Contributions	152,798	93,467
Transfer In (Out)	-	(27,902)
Transfers, Tax Equivalent	<u>(445,995)</u>	<u>(452,940)</u>
Change in net position	827,048	440,593
Net Position, Beginning	<u>21,458,401</u>	<u>21,017,808</u>
Net Position, Ending	<u>\$ 22,285,449</u>	<u>\$ 21,458,401</u>

See notes to the financial statements

Stoughton Electric Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 14,407,267	\$ 14,591,766
Received for street lighting	90,036	105,839
Paid to suppliers for goods and services	(11,070,176)	(11,936,109)
Paid to employees for operating payroll	<u>(781,167)</u>	<u>(732,275)</u>
Net cash flows from operating activities	<u>2,645,960</u>	<u>2,029,221</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(452,940)	(432,589)
Received from municipality principal on Wisconsin Retirement UAAL liability	46,007	43,646
Received from municipality interest on Wisconsin Retirement UAAL liability	7,573	8,883
Transfers to other funds	<u>-</u>	<u>(27,902)</u>
Net cash flows from noncapital financing activities	<u>(399,360)</u>	<u>(407,962)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,767,798)	(1,137,346)
Capital contributions received	102,236	50,478
Customer advances for construction received	1,317,500	-
Debt retired	(660,000)	(620,000)
Interest paid	<u>(99,083)</u>	<u>(110,153)</u>
Net cash flows from capital and related financing activities	<u>(1,107,145)</u>	<u>(1,817,021)</u>
Cash Flows From Investing Activities		
Investments purchased	(248,535)	(540,126)
Investments sold and matured	917,344	1,391,115
Dividends/(Investment) in ATC	(7,571)	18,292
Investment income	<u>68,049</u>	<u>92,885</u>
Net cash flows from investing activities	<u>729,287</u>	<u>962,166</u>
Net change in cash and cash equivalents	1,868,742	766,404
Cash and Cash Equivalents, Beginning	<u>4,493,683</u>	<u>3,727,279</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,362,425</u>	<u>\$ 4,493,683</u>
Noncash Capital and Related Financing Activities		
ATC earnings allocated	<u>\$ 11,885</u>	<u>\$ 11,206</u>
Unrealized gain (loss) on investments	<u>\$ 902</u>	<u>\$ 47,623</u>
Capital contribution	<u>\$ 7,527</u>	<u>\$ 8,022</u>

See notes to the financial statements

Stoughton Electric Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 1,077,559	\$ 655,462
Nonoperating revenue (expense)	(3,227)	68,129
Noncash items in operating income:		
Depreciation	1,193,582	1,194,203
Depreciation charged to clearing and other utilities	65,333	70,200
Changes in assets and liabilities:		
Customer accounts receivable	(188,166)	81,733
Other accounts receivable	124,188	(65,546)
Due from other funds	(59,620)	(6,819)
Materials and supplies	(256,244)	19,089
Prepayments	13,404	(5,543)
Pension related deferrals and liabilities	11,210	102,218
Accounts payable	620,867	(60,790)
Due to other funds	44,138	(14,122)
Customer deposits	(13,333)	(4,463)
Accrued sick leave	5,508	12,350
Other current liabilities	10,352	(15,939)
Commitment to community	409	(941)
	<u>\$ 2,645,960</u>	<u>\$ 2,029,221</u>
Net cash flows from operating activities		
	<u>\$ 2,645,960</u>	<u>\$ 2,029,221</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 6,762,610	\$ 5,526,863
Redemption account	525,535	523,167
Reserve account	460,722	460,722
Depreciation account	25,000	25,000
Electric plant and maintenance reserve account	532,766	530,449
Sick leave reserve account	<u>150,721</u>	<u>145,213</u>
	8,457,354	7,211,414
Total cash and investments		
	8,457,354	7,211,414
Less noncash equivalents	<u>(2,094,929)</u>	<u>(2,717,731)</u>
	\$ 6,362,425	\$ 4,493,683
Cash and cash equivalents		
	<u>\$ 6,362,425</u>	<u>\$ 4,493,683</u>

See notes to the financial statements

WATER UTILITY

Stoughton Water Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 1,249,524	\$ 911,764
Interest receivable	9,605	9,349
Restricted assets:		
Redemption account	303,450	266,613
Customer accounts receivable	231,094	237,259
Other accounts receivable	12,261	4,067
Due from municipality	36,744	30,537
Materials and supplies	41,039	39,599
Prepayments	-	7,184
Current portion of special assessments	<u>29,026</u>	<u>29,026</u>
Total current assets	<u>1,912,743</u>	<u>1,535,398</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	340,710	340,710
Depreciation account	25,000	25,000
Construction account	110,332	754,799
Net pension asset	75,459	-
Other assets:		
Water plant and maintenance reserve account	195,083	279,746
Sick leave reserve account	103,078	85,562
Preliminary survey and investigation	22,505	2,462
Special assessments receivable	116,103	145,129
Nonutility property	13,518	17,798
Capital assets:		
Plant in service	25,218,208	24,634,287
Accumulated depreciation	(8,169,139)	(7,731,158)
Construction work in progress	<u>11,147</u>	<u>30</u>
Total noncurrent assets	<u>18,062,004</u>	<u>18,554,365</u>
Total assets	<u>19,974,747</u>	<u>20,089,763</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>179,243</u>	<u>220,335</u>

See notes to the financial statements

Stoughton Water Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 86,419	\$ 37,909
Due to municipality	458,608	529,946
Customer deposits	1,829	-
Accrued wages	17,853	12,851
Accrued interest	1,403	1,658
Current portion of general obligation debt	51,000	51,000
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	435,751	439,952
Accrued interest	<u>13,051</u>	<u>12,392</u>
Total current liabilities	<u>1,065,914</u>	<u>1,085,708</u>
Noncurrent Liabilities		
General obligation debt	219,000	270,000
Revenue bonds	2,937,456	3,373,206
Unamortized debt premium	61,517	73,096
Accrued sick leave	103,078	85,562
Customer advances for construction	5,000	-
Net pension liability	<u>-</u>	<u>83,659</u>
Total noncurrent liabilities	<u>3,326,051</u>	<u>3,885,523</u>
Total liabilities	<u>4,391,965</u>	<u>4,971,231</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>233,951</u>	<u>115,727</u>
Net Position		
Net investment in capital assets	13,465,824	13,450,704
Restricted for:		
Debt service	656,109	619,931
Pension	75,459	-
Unrestricted	<u>1,330,682</u>	<u>1,152,505</u>
Total net position	<u>\$ 15,528,074</u>	<u>\$ 15,223,140</u>

See notes to the financial statements

Stoughton Water Utility

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

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of water	\$ 2,280,367	\$ 2,272,390
Other	<u>52,263</u>	<u>44,127</u>
Total operating revenues	<u>2,332,630</u>	<u>2,316,517</u>
Operating Expenses		
Operation and maintenance	1,083,459	1,066,072
Depreciation	<u>468,240</u>	<u>484,888</u>
Total operating expenses	<u>1,551,699</u>	<u>1,550,960</u>
Operating Income	<u>780,931</u>	<u>765,557</u>
Nonoperating Revenues (Expenses)		
Investment income	19,079	38,171
Interest expense	(86,975)	(52,141)
Amortization of premium	11,579	5,483
Miscellaneous expenses	(4,280)	(4,280)
Debt issuance costs	<u>-</u>	<u>(62,380)</u>
Total nonoperating expenses	<u>(60,597)</u>	<u>(75,147)</u>
Income before contributions	720,334	690,410
Capital Contributions, Municipal Transfers, Tax Equivalent	21,866	213,240
	<u>(437,266)</u>	<u>(431,034)</u>
Change in net position	304,934	472,616
Net Position, Beginning	<u>15,223,140</u>	<u>14,750,524</u>
Net Position, Ending	<u>\$ 15,528,074</u>	<u>\$ 15,223,140</u>

See notes to the financial statements

Stoughton Water Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,350,648	\$ 2,337,794
Paid to suppliers for goods and services	(711,644)	(622,082)
Paid to employees for operating payroll	<u>(393,911)</u>	<u>(368,527)</u>
Net cash flows from operating activities	<u>1,245,093</u>	<u>1,347,185</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	<u>(431,034)</u>	<u>(423,351)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(626,559)	(844,708)
Capital contributions received	5,156	-
Special assessments received	29,026	38,314
Premium on debt issue	-	55,598
Debt retired	(490,951)	(365,174)
Interest paid	(86,571)	(47,010)
Proceeds from debt issue	-	1,825,000
Debt issuance costs	<u>-</u>	<u>(62,380)</u>
Net cash flows from capital and related financing activities	<u>(1,169,899)</u>	<u>599,640</u>
Cash Flows From Investing Activities		
Investments purchased	(199,503)	(8,224)
Investments sold and matured	430,148	7,773
Investment income	<u>19,725</u>	<u>39,331</u>
Net cash flows from investing activities	<u>250,370</u>	<u>38,880</u>
Net change in cash and cash equivalents	(105,470)	1,562,354
Cash and Cash Equivalents, Beginning	<u>2,215,753</u>	<u>653,399</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,110,283</u>	<u>\$ 2,215,753</u>
Noncash Capital and Related Financing Activities		
Municipality financed additions to utility plant	<u>\$ 21,866</u>	<u>\$ 213,240</u>
Unrealized gain (loss) on investments	<u>\$ (902)</u>	<u>\$ (9,262)</u>

See notes to the financial statements

Stoughton Water Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 780,931	\$ 765,557
Nonoperating revenue (expense)	-	41
Noncash items in operating income:		
Depreciation	468,240	484,888
Depreciation charged to clearing and other utilities	32,742	29,585
Changes in assets and liabilities:		
Customer accounts receivable	6,165	(1,901)
Other accounts receivable	(8,351)	(289)
Due from other funds	(6,207)	41
Materials and supplies	(1,440)	(396)
Prepayments	7,184	661
Pension related deferrals and liabilities	198	33,233
Accounts payable	18,854	23,677
Due to other funds	(77,570)	(937)
Customer deposits	1,829	-
Accrued wages	5,002	3,709
Accrued sick leave	17,516	9,316
	<u>\$ 1,245,093</u>	<u>\$ 1,347,185</u>
Net cash flows from operating activities	<u>\$ 1,245,093</u>	<u>\$ 1,347,185</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,249,524	\$ 911,764
Redemption account	303,450	266,613
Reserve account	340,710	340,710
Depreciation account	25,000	25,000
Construction account	110,332	754,799
Water plant and maintenance reserve account	195,083	279,746
Sick leave reserve account	103,078	85,562
	<u>2,327,177</u>	<u>2,664,194</u>
Total cash and investments	<u>2,327,177</u>	<u>2,664,194</u>
Less noncash equivalents	<u>(216,894)</u>	<u>(448,441)</u>
Cash and cash equivalents	<u>\$ 2,110,283</u>	<u>\$ 2,215,753</u>

See notes to the financial statements

WASTEWATER UTILITY

Stoughton Wastewater Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 692,624	\$ 916,787
Interest receivable	8,379	15,605
Restricted assets:		
Redemption account	242,432	289,365
Customer accounts receivable	238,658	213,942
Other accounts receivable	5,592	17,611
Due from municipality	26,204	21,300
Prepayments	-	6,656
Current portion of special assessments	<u>19,905</u>	<u>19,905</u>
Total current assets	<u>1,233,794</u>	<u>1,501,171</u>
Noncurrent Assets		
Restricted assets:		
Depreciation account	33,283	33,283
Replacement account	1,164,904	1,163,890
Net pension asset	72,180	-
Other assets:		
Sick leave reserve account	112,235	97,342
Other prepaid asset	41,595	53,479
Preliminary survey and investigation	-	2,462
Special assessments receivable	79,621	99,526
Capital assets:		
Plant in service	32,381,992	31,553,338
Accumulated depreciation	(12,977,468)	(12,237,929)
Construction work in progress	<u>9,793</u>	<u>-</u>
Total noncurrent assets	<u>20,918,135</u>	<u>20,765,391</u>
Total assets	<u>22,151,929</u>	<u>22,266,562</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>183,065</u>	<u>239,859</u>

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 62,576	\$ 42,147
Due to municipality	20,611	163,710
Accrued wages	16,153	13,331
Accrued interest	935	1,105
Current portion of general obligation debt	34,000	34,000
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	340,971	405,676
Accrued interest	<u>15,128</u>	<u>16,950</u>
Total current liabilities	<u>490,374</u>	<u>676,919</u>
Noncurrent Liabilities		
General obligation debt	146,000	180,000
Revenue bonds	3,137,294	3,478,266
Accrued sick leave	112,235	97,342
Net pension liability	<u>-</u>	<u>85,837</u>
Total noncurrent liabilities	<u>3,395,529</u>	<u>3,841,445</u>
Total liabilities	<u>3,885,903</u>	<u>4,518,364</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>219,560</u>	<u>126,301</u>
Net Position		
Net investment in capital assets	15,756,052	15,217,467
Restricted for:		
Debt service	260,587	305,698
Equipment replacement	1,164,904	1,163,890
Pension	72,180	-
Unrestricted	<u>975,808</u>	<u>1,174,701</u>
Total net position	<u>\$ 18,229,531</u>	<u>\$ 17,861,756</u>

See notes to the financial statements

Stoughton Wastewater Utility

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

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Treatment charges	\$ 2,127,248	\$ 1,991,342
Other	<u>73,210</u>	<u>137,083</u>
Total operating revenues	<u>2,200,458</u>	<u>2,128,425</u>
Operating Expenses		
Operation and maintenance	1,046,544	1,025,314
Depreciation	<u>808,765</u>	<u>856,914</u>
Total operating expenses	<u>1,855,309</u>	<u>1,882,228</u>
Operating Income	<u>345,149</u>	<u>246,197</u>
Nonoperating Revenues (Expenses)		
Investment income	25,007	61,695
Gain on sale of asset	-	60,527
Interest expense	<u>(98,304)</u>	<u>(110,270)</u>
Total nonoperating expenses	<u>(73,297)</u>	<u>11,952</u>
Income before contributions	271,852	258,149
Capital Contributions, Municipal	<u>95,923</u>	<u>114,491</u>
Change in net position	367,775	372,640
Net Position, Beginning	<u>17,861,756</u>	<u>17,489,116</u>
Net Position, Ending	<u>\$ 18,229,531</u>	<u>\$ 17,861,756</u>

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,182,857	\$ 2,115,815
Paid to suppliers for goods and services	(642,685)	(671,666)
Paid to employees for operating payroll	<u>(387,225)</u>	<u>(363,748)</u>
Net cash flows from operating activities	<u>1,152,947</u>	<u>1,080,401</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(920,301)	(1,231,517)
Special assessments received	19,905	26,275
Debt retired	(439,677)	(470,323)
Interest paid	<u>(100,296)</u>	<u>(112,429)</u>
Net cash flows from capital and related financing activities	<u>(1,440,369)</u>	<u>(1,787,994)</u>
Cash Flows From Investing Activities		
Investments purchased	(204,171)	(13,133)
Investments sold and matured	466,778	1,688
Investment income	<u>36,405</u>	<u>67,313</u>
Net cash flows from investing activities	<u>299,012</u>	<u>55,868</u>
Net change in cash and cash equivalents	11,590	(651,725)
Cash and Cash Equivalents, Beginning	<u>1,653,586</u>	<u>2,305,311</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,665,176</u>	<u>\$ 1,653,586</u>
Noncash Capital and Related Financing Activities		
Municipality financed additions to utility plant	<u>\$ 95,923</u>	<u>\$ 114,491</u>
Unrealized gain (loss) on investments	<u>\$ (4,172)</u>	<u>\$ (15,347)</u>

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 345,149	\$ 246,197
Noncash items in operating income:		
Depreciation	808,765	856,914
Changes in assets and liabilities:		
Customer accounts receivable	(24,716)	(11,810)
Other accounts receivable	12,019	(890)
Due to / from other funds	(4,904)	90
Prepayments	6,656	(3,084)
Pension related deferrals and assets	(7,964)	36,616
Accounts payable	(10,659)	3,469
Due to other funds	(998)	(923)
Accrued sick leave	14,893	6,004
Other current liabilities	2,822	1,297
Other Prepaid Asset	11,884	(53,479)
	<u>\$ 1,152,947</u>	<u>\$ 1,080,401</u>
Net cash flows from operating activities		
	<u>\$ 1,152,947</u>	<u>\$ 1,080,401</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 692,624	\$ 916,787
Redemption account	242,432	289,365
Depreciation account	33,283	33,283
Replacement account	1,164,904	1,163,890
Sick leave reserve account	112,235	97,342
	<u>2,245,478</u>	<u>2,500,667</u>
Total cash and investments		
	2,245,478	2,500,667
Less noncash equivalents	<u>(580,302)</u>	<u>(847,081)</u>
Cash and cash equivalents	<u>\$ 1,665,176</u>	<u>\$ 1,653,586</u>

See notes to the financial statements

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

The financial statements of Stoughton Utilities (the 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, wastewater service to properties within the municipality. The Utilities also provide electric service to the Townships of Dunkirk, Dunn, Pleasant Springs, Porter and Rutland.

The Electric and Water Utilities operate under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The Wastewater Utility operates under rules and rates established by the Utilities Committee. The Utilities are also regulated by the Wisconsin Department of Natural Resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

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

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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.

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.

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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 percent 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.

Preliminary Survey and Investigation

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project.

Special Assessments Receivable

This account represents the balances of special assessments levied against property owners for infrastructure improvements. The balances are receivable over various time periods with interest accrued annually.

Property Held for Future Use

The Electric Utility owns land being held for future use.

Nonutility Property

Electric Utility nonutility 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, 2020 and 2019. Water Utility nonutility property consists of a park shelter with a balance of \$107,000 at December 31, 2020 and 2019. The costs are being amortized on a straight-line basis over their useful life.

Capital Assets

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

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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.

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.

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Deferred Inflows of Resources

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

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 July 1, 2020. The rates are designed to provide a 4.9 percent return on rate base.

Current water rates were approved by the PSCW effective October 1, 2018. The rates are designed to earn a 5 percent return on rate base.

Current wastewater rates were approved by the Utilities Committee effective June 1, 2020.

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

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

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

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

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
December 31, 2020 and 2019

2. Deposits and Investments

	<u>Carrying Value as of December 31,</u>		<u>Risks</u>
	<u>2020</u>	<u>2019</u>	
Checking or savings	\$ 8,407,704	\$ 6,528,327	Custodial credit risk
Local government investment pool	1,181,747	1,833,944	Credit risk
Certificates of deposit, nonnegotiable	1,306,605	742,653	Custodial credit risk
Certificates of deposit, negotiable	888,668	1,432,946	Custodial credit, credit, concentration and interest rate risks
State and local bonds	1,022,795	1,013,562	Custodial credit, credit, concentration and interest rate risks
U.S. agency securities, explicitly guaranteed	93,520	181,806	Custodial credit and interest rate risks
U.S. agency securities, implicitly guaranteed	128,220	642,287	Custodial credit, credit, concentration and interest rate risks
Petty cash	<u>750</u>	<u>750</u>	
Total	<u>\$ 13,030,009</u>	<u>\$ 12,376,275</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.

Deposits in credit unions are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts as of December 31, 2020 and 2019.

Bank accounts and credit unions 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 \$7,322,659 and \$5,601,383 at December 31, 2020 and 2019 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, 2020 and 2019, the fair value of the LGIP's assets were substantially equal to the Utilities' share.

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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 valuation methods for recurring methods fair value measurements are as follows:

Level 2 values are based on less active markets for identified investments combined with active markets for similar investments.

<u>Investment Type</u>	<u>December 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. agency securities	\$ -	\$ 221,740	\$ -	\$ 221,740
Certificates of deposit, negotiable	-	888,668	-	888,668
State and local bonds	-	1,022,795	-	1,022,795
Total	<u>\$ -</u>	<u>\$ 2,133,203</u>	<u>\$ -</u>	<u>\$ 2,133,203</u>

<u>Investment Type</u>	<u>December 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. agency securities	\$ -	\$ 824,093	\$ -	\$ 824,093
Certificates of deposit, negotiable	-	1,432,946	-	1,432,946
State and local bonds	-	1,013,562	-	1,013,562
Total	<u>\$ -</u>	<u>\$ 3,270,601</u>	<u>\$ -</u>	<u>\$ 3,270,601</u>

The investment in ATC is measured at the net asset value (NAV) per share of ownership. As of December 31, 2020 and 2019 the fair value of the investment was \$465,248 and \$445,792, 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
December 31, 2020 and 2019

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.

	2020		2019	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Wells Fargo	\$ 6,696,937	\$ 6,318,523	\$ 4,553,316	\$ 4,423,678
Associated Bank	1,841,543	1,841,543	1,563,235	1,568,735
Wisconsin Investment Services Cooperative	1,043,856	1,043,856	1,278,567	1,278,567
Investors Community Bank	249,000	249,000	-	-
One Community Bank	261,387	261,387	-	-
Total	<u>\$ 10,092,723</u>	<u>\$ 9,714,309</u>	<u>\$ 7,395,118</u>	<u>\$ 7,270,980</u>

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, 2020 and 2019 the Utilities' investments were exposed to custodial credit risk as follows:

Neither Insured nor Registered and Held by Counterparty	2020	2019
U.S. agencies, implicitly guaranteed	\$ 128,220	\$ 642,287
U.S. agencies, explicitly guaranteed	93,520	181,806
State and local bonds	1,022,795	1,013,562
Certificates of deposit, negotiable	888,668	1,432,946
Total neither insured nor registered and held by counterparty	<u>\$ 2,133,203</u>	<u>\$ 3,270,601</u>

The Utilities investment policy does not address the risk.

Credit Risk

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

As of December 31, 2020, 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
Certificates of deposit, negotiable	AAA-A+	Aa1

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

As of December 31, 2019, 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
Certificates of deposit, negotiable	AAA - A+	Aa1

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

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, 2020 and 2019, the Utilities' investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2020	2019
FHLB	U.S. agencies, implicitly guaranteed	0.00%	7.66%
State of Wisconsin	State and local bonds	14.27%	12.54%
Arkansas State	State and local bonds	7.86%	6.87%

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, 2020, 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	\$ 128,220	\$ -	\$ -	\$ 128,220
Certificates of deposit, negotiable	888,668	888,668	-	-
State and local bonds	1,022,795	-	1,022,795	-
U.S. agencies, explicitly guaranteed	93,520	-	-	93,520
Total	<u>\$ 2,133,203</u>	<u>\$ 888,668</u>	<u>\$ 1,022,795</u>	<u>\$ 221,740</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

As of December 31, 2019, 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	\$ 642,287	\$ -	\$ 400,033	\$ 242,253
Certificates of deposit, negotiable	1,432,946	1,180,702	252,244	-
State and local bonds	1,013,562	-	1,013,562	-
U.S. agencies, explicitly guaranteed	181,806	-	-	181,806
Total	<u>\$ 3,270,601</u>	<u>\$ 1,180,702</u>	<u>\$ 1,665,839</u>	<u>\$ 424,059</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.

Investment Policy

The Utilities' investment policy follows state statutes for investment ratings and maturities.

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ending December 31, 2020 and 2019:

Due To	Due From	2020		2019	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 437,266	Payment in lieu of taxes	\$ 431,034	Payment in lieu of taxes
Municipality	Water Utility	21,342	Operating and capital	98,912	Operating and capital
Electric Utility	Municipality	73,714	Operating	14,093	Operating
Water Utility	Municipality	36,774	Operating and special Assessments	30,537	Operating and special Assessments
Wastewater Utility	Municipality	26,204	Operating and special assessments	21,300	Operating and special assessments
Municipality	Electric Utility	93,744	Stormwater and operations	49,606	Stormwater
Municipality	Electric Utility	445,995	Payment in lieu of taxes	452,940	Payment in lieu of taxes
Municipality	Wastewater	20,611	Operating	163,710	Operating and capital

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

The following is a schedule of transfer balances for the years ending December 31, 2020 and 2019:

<u>To</u>	<u>From</u>	<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>Principal Purpose</u>	<u>Amount</u>	<u>Principal Purpose</u>
Municipality	Electric Utility	\$ -		\$ 27,902	Operating
Municipality	Electric Utility	445,995	Payment in lieu of taxes	452,940	Payment in lieu of taxes
Municipality	Water Utility	437,266	Payment in lieu of taxes	431,034	Payment in lieu of taxes

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

Replacement Account

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

Net Pension Asset

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

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Restricted Net Position

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

	<u>2020</u>	<u>2019</u>
Restricted assets:		
Redemption account	\$ 525,535	\$ 523,167
Reserve account	460,722	460,722
Depreciation account	25,000	25,000
Net pension asset	<u>221,736</u>	<u>-</u>
Total restricted assets	<u>1,232,993</u>	<u>1,008,889</u>
Current liabilities payable from restricted assets	<u>(22,482)</u>	<u>(25,778)</u>
Total restricted net position as calculated	<u>\$ 1,210,511</u>	<u>\$ 983,111</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Debt service	\$ 988,775	\$ 983,111
Pension	<u>221,736</u>	<u>-</u>
Total restricted net position	<u>\$ 1,210,511</u>	<u>\$ 983,111</u>

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

	<u>2020</u>	<u>2019</u>
Restricted assets:		
Redemption account	\$ 303,450	\$ 266,613
Reserve account	340,710	340,710
Depreciation account	25,000	25,000
Construction account	110,332	754,799
Net pension asset	<u>75,459</u>	<u>-</u>
Total restricted assets	<u>854,951</u>	<u>1,387,122</u>
Less restricted assets not funded by revenues:		
Construction account	<u>(110,332)</u>	<u>(754,799)</u>
Current liabilities payable from restricted assets	<u>(13,051)</u>	<u>(12,392)</u>
Total restricted net position as calculated	<u>\$ 731,568</u>	<u>\$ 619,931</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Debt service	\$ 656,109	\$ 619,931
Pension	<u>75,459</u>	<u>-</u>
Total restricted net position	<u>\$ 731,568</u>	<u>\$ 619,931</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Restricted assets:		
Redemption account	\$ 242,432	\$ 289,365
Depreciation account	33,283	33,283
Replacement account	1,164,904	1,163,890
Net pension asset	<u>72,180</u>	<u>-</u>
Total restricted assets	<u>1,512,799</u>	<u>1,486,538</u>
Current liabilities payable from restricted assets	<u>(15,128)</u>	<u>(16,950)</u>
Total restricted net position as calculated	<u>\$ 1,497,671</u>	<u>\$ 1,469,588</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Debt service	\$ 260,587	\$ 305,698
Equipment replacement	1,164,904	1,163,890
Pension	<u>72,180</u>	<u>-</u>
Total restricted net position	<u>\$ 1,497,671</u>	<u>\$ 1,469,588</u>

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 percent annual interest. The amount outstanding at December 31, 2020 is \$206,435.

Repayment requirements to maturity follow:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 48,459	\$ 6,193	\$ 54,652
2022	51,006	4,739	55,745
2023	53,651	3,209	56,860
2024	47,388	1,600	48,988
2025	<u>5,931</u>	<u>178</u>	<u>6,109</u>
Total	<u>\$ 206,435</u>	<u>\$ 15,919</u>	<u>\$ 222,354</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

6. Changes in Capital Assets

Electric Utility

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

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 344,364	\$ -	\$ -	\$ 344,364
Capital assets being depreciated:				
Transmission	15,019	-	-	15,019
Distribution	29,370,280	976,630	224,879	30,122,031
General	3,989,226	9,815	3,476	3,995,565
Total capital assets being depreciated	<u>33,374,525</u>	<u>986,445</u>	<u>228,355</u>	<u>34,132,615</u>
Total capital assets	<u>33,718,889</u>	<u>986,445</u>	<u>228,355</u>	<u>34,476,979</u>
Less accumulated depreciation:				
Transmission	(19,366)	-	-	(19,366)
Distribution	(13,646,535)	(1,080,855)	228,203	(14,499,187)
General	(2,430,870)	(178,060)	3,476	(2,605,454)
Total accumulated depreciation	<u>(16,096,771)</u>	<u>(1,258,915)</u>	<u>231,679</u>	<u>(17,124,007)</u>
Construction in progress	<u>123,908</u>	<u>857,415</u>	<u>-</u>	<u>981,323</u>
Net capital assets	<u>\$ 17,746,026</u>			<u>\$ 18,334,295</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>Balance 1/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/19</u>
Capital assets, not being depreciated:				
Land and land rights	<u>\$ 344,364</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,364</u>
Capital assets being depreciated:				
Transmission	15,019	-	-	15,019
Distribution	28,463,179	1,169,631	262,530	29,370,280
General	<u>4,235,628</u>	<u>32,120</u>	<u>278,522</u>	<u>3,989,226</u>
Total capital assets being depreciated	<u>32,713,826</u>	<u>1,201,751</u>	<u>541,052</u>	<u>33,374,525</u>
Total capital assets	<u>33,058,190</u>	<u>1,201,751</u>	<u>541,052</u>	<u>33,718,889</u>
Less accumulated depreciation:				
Transmission	(19,366)	-	-	(19,366)
Distribution	(12,890,043)	(1,040,771)	284,279	(13,646,535)
General	<u>(2,482,264)</u>	<u>(223,634)</u>	<u>275,028</u>	<u>(2,430,870)</u>
Total accumulated depreciation	<u>(15,391,673)</u>	<u>(1,264,405)</u>	<u>559,307</u>	<u>(16,096,771)</u>
Construction in progress	<u>208,793</u>	<u>-</u>	<u>84,885</u>	<u>123,908</u>
Net capital assets	<u>\$ 17,875,310</u>			<u>\$ 17,746,026</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Water Utility

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

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 24,841	\$ -	\$ -	\$ 24,841
Capital assets being depreciated:				
Source of supply	595,730	-	-	595,730
Pumping	1,598,744	-	-	1,598,744
Water treatment	90,763	-	-	90,763
Transmission and distribution	21,318,013	625,621	41,700	21,901,934
General	1,006,196	-	-	1,006,196
Total capital assets being depreciated	<u>24,609,446</u>	<u>625,621</u>	<u>41,700</u>	<u>25,193,367</u>
Total capital assets	<u>24,634,287</u>	<u>625,621</u>	<u>41,700</u>	<u>25,218,208</u>
Less accumulated depreciation:				
Source of supply	(421,541)	(17,276)	-	(438,817)
Pumping	(1,357,135)	(57,449)	-	(1,414,584)
Water treatment	(89,951)	(437)	-	(90,388)
Transmission and distribution	(4,976,342)	(399,839)	63,001	(5,313,180)
General	(886,189)	(25,981)	-	(912,170)
Total accumulated depreciation	<u>(7,731,158)</u>	<u>(500,982)</u>	<u>63,001</u>	<u>(8,169,139)</u>
Construction in progress	<u>30</u>	<u>11,117</u>	<u>-</u>	<u>11,147</u>
Net capital assets	<u>\$ 16,903,159</u>			<u>\$ 17,060,216</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>Balance 1/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/19</u>
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	94,479	9,000	1,598,745
Water treatment	90,763	-	-	90,763
Transmission and distribution	20,240,541	1,092,239	24,226	21,308,554
General	840,190	9,051	238,877	610,364
Total capital assets being depreciated	<u>23,280,490</u>	<u>1,195,769</u>	<u>272,103</u>	<u>24,204,156</u>
Total capital assets	<u>23,710,621</u>	<u>1,195,769</u>	<u>272,103</u>	<u>24,634,287</u>
Less accumulated depreciation:				
Source of supply	(404,265)	(17,276)	-	(421,541)
Pumping	(1,305,406)	(60,729)	9,000	(1,357,135)
Water treatment	(89,514)	(437)	-	(89,951)
Transmission and distribution	(4,715,970)	(383,055)	35,225	(5,063,800)
General	(984,591)	(53,017)	238,877	(798,731)
Total accumulated depreciation	<u>(7,499,746)</u>	<u>(514,514)</u>	<u>283,102</u>	<u>(7,731,158)</u>
Construction in progress	<u>28,458</u>	<u>-</u>	<u>28,428</u>	<u>30</u>
Net capital assets	<u>\$ 16,239,333</u>			<u>\$ 16,903,159</u>

Wastewater Utility

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

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets being depreciated:				
Collecting system	\$ 13,667,393	\$ 815,021	\$ 27,838	\$ 14,454,576
Collecting system pumping	753,684	2,975	1,200	755,459
Treatment and disposal	15,664,654	19,234	11,580	15,672,308
General	1,467,607	32,042	-	1,499,649
Total capital assets being depreciated	<u>31,553,338</u>	<u>869,272</u>	<u>40,618</u>	<u>32,381,992</u>
Less accumulated depreciation	<u>(12,237,929)</u>	<u>(808,765)</u>	<u>69,226</u>	<u>(12,977,468)</u>
Construction in progress	<u>-</u>	<u>9,793</u>	<u>-</u>	<u>9,793</u>
Net capital assets	<u>\$ 19,315,409</u>			<u>\$ 19,414,317</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>Balance 1/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/19</u>
Capital assets being depreciated:				
Collecting system	\$ 12,545,494	\$ 1,148,496	\$ 26,597	\$ 13,667,393
Collecting system pumping	751,496	4,113	1,925	753,684
Treatment and disposal	15,631,555	60,399	27,300	15,664,654
General	1,409,532	428,001	369,926	1,467,607
Total capital assets being depreciated	<u>30,338,077</u>	<u>1,641,009</u>	<u>425,748</u>	<u>31,553,338</u>
Less accumulated depreciation	<u>(11,793,102)</u>	<u>(856,914)</u>	<u>412,087</u>	<u>(12,237,929)</u>
Construction in progress	<u>59,171</u>	<u>-</u>	<u>59,171</u>	<u>-</u>
Net capital assets	<u>\$ 18,604,146</u>			<u>\$ 19,315,409</u>

7. Long-Term Obligations

Revenue Debt, Electric

The following 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 12/31/20</u>
May 3, 2016	Electric system improvements, refund 2006 bonds	April 1, 2036	2.00 - 3.00	\$ 4,005,000	\$ 985,000
February 15, 2013	Electric system improvements	April 1, 2023	2.00 - 2.25	3,170,000	2,765,000

Revenue bonds debt service requirements to maturity follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 670,000	\$ 82,813	\$ 752,813
2022	685,000	68,438	753,438
2023	690,000	53,856	743,856
2024	110,000	45,450	155,450
2025	115,000	43,200	158,200
2026-2030	615,000	174,550	789,550
2031-2035	710,000	77,550	787,550
2036	155,000	157,325	312,325
Total	<u>\$ 3,750,000</u>	<u>\$ 703,182</u>	<u>\$ 4,453,182</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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 2020 and 2019 were \$756,513 and \$729,313, respectively. Total customer gross revenues as defined for the same periods were \$14,769,162 and \$14,826,962. Annual principal and interest payments are expected to require 2 percent of gross revenues on average.

Revenue Debt, Water

The following 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 12/31/20</u>
May 3, 2016	Additions and improvements, refund 2006 bonds	May 1, 2026	1.00 - 2.75%	\$ 2,520,000	\$ 1,340,000
January 27, 2010	Additions and improvements	May 1, 2029	2.668	575,018	308,207 *
November 14, 2019	Additions and improvements	May 1, 2034	2.00 - 3.00	1,825,000	1,725,000

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

Revenue bonds debt service requirements to maturity follows:

<u>Year ending December 31,</u>	<u>Bonds</u>		<u>Direct Placement</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 405,000	\$ 66,300	\$ 30,751	\$ 7,813	\$ 509,864
2022	395,000	58,800	31,571	6,981	492,352
2023	420,000	50,788	32,414	6,128	509,330
2024	245,000	43,656	33,278	5,251	327,185
2025	250,000	37,250	34,166	4,352	325,768
2026-2030	780,000	109,778	146,027	7,920	1,043,725
2031-2034	570,000	29,041	-	-	599,041
Total	<u>\$ 3,065,000</u>	<u>\$ 395,613</u>	<u>\$ 308,207</u>	<u>\$ 38,445</u>	<u>\$ 3,807,265</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 2020 and 2019 were \$520,335 and \$354,041, respectively. Total customer gross revenues as defined for the same periods were \$2,351,709 and \$2,354,688. Annual principal and interest payments are expected to require 12 percent of gross revenues on average.

Stoughton Utilities

Notes to Financial Statements
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Revenue Debt, Wastewater

The following 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 12/31/20</u>
July 12, 2000	WWTP improvements	May 1, 2020	3.049%	\$ 1,116,259	\$ -
September 10, 2003	WWTP improvements	May 1, 2023	2.766	1,670,624	314,224 *
June 27, 2007	WWTP improvements	May 1, 2027	2.475	1,539,762	677,175 *
November 1, 2014	WWTP improvements	May 1, 2034	2.625	3,305,713	2,486,866 *

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

Revenue bonds debt service requirements to maturity follows:

<u>Year ending December 31,</u>	<u>Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 340,971	\$ 86,252	\$ 427,223
2022	349,930	77,175	427,105
2023	359,126	67,858	426,984
2024	257,975	59,826	317,801
2025	264,602	53,114	317,716
2026-2030	1,100,902	170,723	1,271,625
2031-2034	804,759	42,934	847,693
Total	<u>\$ 3,478,265</u>	<u>\$ 557,882</u>	<u>\$ 4,036,147</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 2020 and 2019 were \$501,892 and \$542,002, respectively. Total customer gross revenues as defined for the same periods were \$2,225,465 and \$2,190,120. Annual principal and interest payments are expected to require 13 percent 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 12/31/20</u>
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25	\$ 522,000	\$ 270,000

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

General obligation bonds debt service requirements to maturity follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 51,000	\$ 5,100	\$ 56,100
2022	54,000	4,050	58,050
2023	54,000	2,970	56,970
2024	54,000	1,856	55,856
2025	57,000	641	57,641
Total	<u>\$ 270,000</u>	<u>\$ 14,617</u>	<u>\$ 284,617</u>

General Obligation Debt, Wastewater

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 12/31/20</u>
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25	\$ 348,000	\$ 180,000

General obligation bonds debt service requirements to maturity follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 34,000	\$ 3,400	\$ 37,400
2022	36,000	2,700	38,700
2023	36,000	1,980	37,980
2024	36,000	1,238	37,238
2025	38,000	427	38,427
Total	<u>\$ 180,000</u>	<u>\$ 9,745</u>	<u>\$ 189,745</u>

Long-Term Obligations Summary, Electric

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

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 4,410,000	\$ -	\$ 660,000	\$ 3,750,000	\$ 670,000
Accrued sick leave	145,213	38,457	32,949	150,721	-
Customer advances for construction	27,416	1,380,963	63,463	1,344,916	-
Unamortized premium on bonds	76,286	-	13,188	63,098	-
Total	<u>\$ 4,658,915</u>	<u>\$ 1,419,420</u>	<u>\$ 769,600</u>	<u>\$ 5,308,735</u>	<u>\$ 670,000</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>1/1/19 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 5,030,000	\$ -	\$ 620,000	\$ 4,410,000	\$ 660,000
Accrued sick leave	132,863	46,414	34,064	145,213	-
Customer advances for construction	62,383	43,915	78,882	27,416	-
Unamortized premium on bonds	91,552	-	15,266	76,286	-
Total	<u>\$ 5,316,798</u>	<u>\$ 90,329</u>	<u>\$ 748,212</u>	<u>\$ 4,658,915</u>	<u>\$ 660,000</u>

Long-Term Obligations Summary, Water

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

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 3,813,158	\$ -	\$ 439,951	\$ 3,373,207	\$ 435,751
General obligation debt	321,000	-	51,000	270,000	51,000
Accrued sick leave	85,562	17,516	-	103,078	-
Customer advances for construction	-	5,000	-	5,000	-
Unamortized premium on bonds	73,096	-	11,579	61,517	-
Total	<u>\$ 4,292,816</u>	<u>\$ 22,516</u>	<u>\$ 502,530</u>	<u>\$ 3,812,802</u>	<u>\$ 486,751</u>

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

	<u>1/1/19 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 2,302,332	\$ 1,825,000	\$ 314,174	\$ 3,813,158	\$ 439,952
General obligation debt	372,000	-	51,000	321,000	51,000
Accrued sick leave	76,246	16,878	7,562	85,562	-
Unamortized premium on bonds	22,981	55,598	5,483	73,096	-
Total	<u>\$ 2,773,559</u>	<u>\$ 1,897,476</u>	<u>\$ 378,219</u>	<u>\$ 4,292,816</u>	<u>\$ 490,952</u>

Long-Term Obligations Summary, Wastewater

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

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 3,883,942	\$ -	\$ 405,677	\$ 3,478,265	\$ 340,971
General obligation debt	214,000	-	34,000	180,000	34,000
Accrued sick leave	97,342	17,480	2,587	112,235	-
Total	<u>\$ 4,195,284</u>	<u>\$ 17,480</u>	<u>\$ 442,264</u>	<u>\$ 3,770,500</u>	<u>\$ 374,971</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>1/1/19 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 4,320,265	\$ -	\$ 436,323	\$ 3,883,942	\$ 405,676
General obligation debt	248,000	-	34,000	214,000	34,000
Accrued sick leave	91,338	21,097	15,093	97,342	-
Total	<u>\$ 4,659,603</u>	<u>\$ 21,097</u>	<u>\$ 485,416</u>	<u>\$ 4,195,284</u>	<u>\$ 439,676</u>

Bond Covenant Disclosures

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

Insurance

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

The Utilities are covered under the following insurance policies at December 31, 2020:

<u>Type</u>	<u>Coverage</u>		<u>Expiration</u>
Automobile	\$ 20,000,000	CVMIC Self-Insured	1/1/21
Excess Liability	5,000,000	CVMIC Self-Insured	1/1/21
Workers Compensation	5,000,000	CVMIC Self-Insured	1/1/21
Buildings	1,000,000	CVMIC Self-Insured	1/1/21
Boiler Insurance	500,000,000	CVMIC Self-Insured	1/1/21
Property	68,083,830	Wisconsin Local Property Insurance Fund	2/1/21

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 14,637,461	\$ 14,624,571
Investment income	131,701	202,391
Less operation and maintenance expenses	<u>(12,366,320)</u>	<u>(12,774,906)</u>
Net defined earnings	<u>\$ 2,402,842</u>	<u>\$ 2,052,056</u>
Minimum Required Earnings per Resolution: Highest annual debt service	\$ 415,200	\$ 415,200
Coverage factor	<u>1.30</u>	<u>1.30</u>
Minimum required earnings	<u>\$ 539,760</u>	<u>\$ 539,760</u>
Actual debt coverage	<u>5.79 %</u>	<u>4.94 %</u>

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 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 2,332,630	\$ 2,316,517
Investment income	19,079	38,171
Less operation and maintenance expenses	<u>(1,083,459)</u>	<u>(1,066,072)</u>
Net defined earnings	<u>\$ 1,268,250</u>	<u>\$ 1,288,616</u>
Minimum Required Earnings per Resolution: Highest annual debt service	\$ 509,864	\$ 520,355
Coverage factor	<u>1.30</u>	<u>1.30</u>
Minimum required earnings	<u>\$ 662,823</u>	<u>\$ 676,462</u>
Actual debt coverage	<u>2.49 %</u>	<u>2.48 %</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 2,200,458	\$ 2,128,425
Investment income	25,007	61,695
Less operation and maintenance expenses	<u>(1,046,544)</u>	<u>(1,025,314)</u>
Net defined earnings	<u>\$ 1,178,921</u>	<u>\$ 1,164,806</u>
Minimum Required Earnings per Resolution: Highest annual debt service	\$ 427,223	\$ 501,892
Coverage factor	<u>1.10</u>	<u>1.10</u>
Minimum required earnings	<u>\$ 469,945</u>	<u>\$ 552,081</u>
Actual debt coverage	<u>2.76 %</u>	<u>2.32 %</u>

Number of Customers and Billed Volumes, Electric

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

	<u>Customers</u>		<u>Sales (000 kWh)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Residential	7,851	7,790	66,977	64,697
General	869	845	16,297	16,945
Small power	45	48	16,096	16,588
Large power	9	10	9,729	11,425
Industrial	14	14	27,789	33,014
Street and highway lighting	6	6	395	604
Total	<u>8,794</u>	<u>8,713</u>	<u>137,283</u>	<u>143,273</u>

Number of Customers and Billed Volumes, Water

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

	<u>Customers</u>		<u>Sales (000 gals)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Residential	4,528	4,519	213,704	197,394
Multifamily residential	80	81	36,781	35,271
Commercial	379	372	38,170	43,346
Industrial	27	25	142,457	162,023
Public authority	35	36	3,860	5,073
Interdepartmental	6	6	-	553
Total	<u>5,055</u>	<u>5,039</u>	<u>434,972</u>	<u>443,660</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Number of Customers and Billed Volumes, Wastewater

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

	Customers		Sales (000 gals)	
	2020	2019	2020	2019
Residential	4,512	4,506	212,528	196,562
Multifamily residential	80	80	36,131	35,262
Commercial	361	354	33,355	39,842
Industrial	24	21	39,450	33,208
Public authority	28	29	2,492	3,948
Wholesale	1	1	19	51
Total	<u>5,006</u>	<u>4,991</u>	<u>323,975</u>	<u>308,873</u>

Utility Budget

The 2020 and 2019 Utility budgets were prepared and approved as required by the bond resolutions.

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.

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

	<u>2020</u>	<u>2019</u>
Total accumulated depreciation	\$ (17,124,007)	\$ (16,096,771)
Total construction work in progress	981,323	123,908
Plant in service	<u>34,476,979</u>	<u>33,718,889</u>
Subtotal	<u>18,334,295</u>	<u>17,746,026</u>
Less capital related debt		
Current portion of capital related long-term debt	670,000	660,000
Long-term portion of capital related long-term debt	3,080,000	3,750,000
Unamortized debt premium	63,098	76,286
Property held for future use	<u>(229,097)</u>	<u>(229,097)</u>
Subtotal	<u>3,584,001</u>	<u>4,257,189</u>
Total net investment in capital assets	<u>\$ 14,750,294</u>	<u>\$ 13,488,837</u>

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

	<u>2020</u>	<u>2019</u>
Total accumulated depreciation	\$ (8,169,139)	\$ (7,731,158)
Total construction work in progress	11,147	30
Plant in service	<u>25,218,208</u>	<u>24,634,287</u>
Subtotal	<u>17,060,216</u>	<u>16,903,159</u>
Less capital related debt		
Current portion of capital related long-term debt	486,751	490,952
Long-term portion of capital related long-term debt	3,156,456	3,643,206
Unamortized debt premium	<u>61,517</u>	<u>73,096</u>
Subtotal	<u>3,704,724</u>	<u>4,207,254</u>
Add unspent debt proceeds		
Construction funds	<u>110,332</u>	<u>754,799</u>
Total net investment in capital assets	<u>\$ 13,465,824</u>	<u>\$ 13,450,704</u>

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Notes to Financial Statements
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The following calculation supports the wastewater net investment in capital assets:

	<u>2020</u>	<u>2019</u>
Total accumulated depreciation	\$ (12,977,468)	\$ (12,237,929)
Total construction work in progress	9,793	-
Plant in service	<u>32,381,992</u>	<u>31,553,338</u>
Subtotal	<u>19,414,317</u>	<u>19,315,409</u>
Less capital related debt		
Current portion of capital related long-term debt	374,971	439,676
Long-term portion of capital related long-term debt	<u>3,283,294</u>	<u>3,658,266</u>
Subtotal	<u>3,658,265</u>	<u>4,097,942</u>
Total net investment in capital assets	<u>\$ 15,756,052</u>	<u>\$ 15,217,467</u>

9. Employees Retirement System

General Information About the Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

Stoughton Utilities

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

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

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

The WRS recognized \$115,463 and \$120,398 in contributions from the Utilities during the current and prior reporting periods, respectively.

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

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

Stoughton Utilities

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

At December 31, 2020, the Utilities reported a liability (asset) of \$(369,375) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2019, the City of Stoughton's proportion was 0.05079366 percent, which was an increase of 0.00089611 percent from its proportion measured as of December 31, 2018.

At December 31, 2019, the Utilities reported a liability (asset) of \$417,830 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2018, the City of Stoughton's proportion was 0.04989755 percent, which was an increase of 0.00116035 percent from its proportion measured as of December 31, 2017.

For the years ended December 31, 2020 and 2019, the Utilities recognized pension expense of \$3,444 and \$172,067, respectively.

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

	Electric Utility		Water Utility		Wastewater Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 436,675	\$ 216,179	\$ 147,560	\$ 73,334	\$ 146,982	\$ 85,555
Changes in assumption	16,809	-	5,890	-	9,073	-
Net differences between project and actual earnings on pension plan	-	471,286	-	159,792	-	133,021
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,964	-	825	-	984
Employer contributions subsequent to the measurement date	62,660	-	25,793	-	27,010	-
Total	<u>\$ 516,144</u>	<u>\$ 689,429</u>	<u>\$ 179,243</u>	<u>\$ 233,951</u>	<u>\$ 183,065</u>	<u>\$ 219,560</u>

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At December 31, 2019, 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	\$ 202,953	\$ 336,419	\$ 68,022	\$ 114,253	\$ 70,901	\$ 124,696
Changes in assumption	40,041	-	13,796	-	16,636	-
Net differences between project and actual earnings on pension plan	333,016	-	113,921	-	128,795	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,871	-	1,474	-	1,605
Employer contributions subsequent to the measurement date	<u>72,275</u>	<u>-</u>	<u>24,596</u>	<u>-</u>	<u>23,527</u>	<u>-</u>
Total	<u>\$ 648,285</u>	<u>\$ 340,290</u>	<u>\$ 220,335</u>	<u>\$ 115,727</u>	<u>\$ 239,859</u>	<u>\$ 126,301</u>

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

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>
<u>Year ending December 31,</u>			
2021	\$ (70,796)	\$ (24,155)	\$ (19,055)
2022	(52,374)	(17,869)	(14,096)
2023	8,077	2,755	2,174
2024	<u>(120,852)</u>	<u>(41,232)</u>	<u>(32,528)</u>
Total	<u>\$ (235,945)</u>	<u>\$ (80,501)</u>	<u>\$ (63,505)</u>

Stoughton Utilities

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

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

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

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

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

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

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

Stoughton Utilities

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

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

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

Single discount rate: A single discount rate of 7.00 percent was used to measure the total pension liability as of December 31, 2020 and December 31, 2019. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent and 3.71 percent, in 2020 and 2019 respectively. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-year Municipal GO AA Index as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

The sensitivity analysis as of December 31, 2020 follows:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Electric Utility's proportionate share of the net position liability (asset)	\$ 463,944	\$ (221,736)	\$ (661,702)
Water Utility's proportionate share of the net position liability (asset)	210,884	(75,459)	(300,774)
Wastewater Utility's proportionate share of the net position liability (asset)	210,884	(72,180)	(300,774)

The sensitivity analysis as of December 31, 2019 follows:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Electric's proportionate share of the net position liability (asset)	\$ 987,675	\$ 248,334	\$ (301,086)
Water's proportionate share of the net position liability (asset)	352,741	83,659	(107,531)
Wastewater's proportionate share of the net position liability (asset)	282,193	85,837	(86,025)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

10. Commitments and Contingencies

Long-Term Contracts, WPPI Energy

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

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

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Fifty members, representing approximately 99.8 percent of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract 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 was million as of December 31, 2020.

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.

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 percent.

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

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

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

12. Subsequent Events

The Utilities evaluated subsequent events through April 30, 2021, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

Rate Adjustment

The PSCW has approved a water rate increase effective June 1, 2021.

Stoughton Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Lead Service Replacement Program

On March 22, 2021, the Committee approved a water lead service construction contract totaling \$4,615,800. This project will replace both privately and publically owned lead water services throughout the city. The Committee also approved a grant agreement with the DNR to cover up to \$3,796,900 of the private side costs associated with this project.

REQUIRED SUPPLEMENTARY INFORMATION

Stoughton Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended December 31, 2020

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

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset) - City</u>	<u>Utilities' Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/20	0.05079366%	\$ (369,375)	\$ 1,838,134	20.10%	102.96%
12/31/19	0.04989755%	417,830	1,872,463	22.31%	96.45%
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
Year Ended December 31, 2019

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/20	\$ 115,463	\$ 115,463	\$ -	\$ 1,710,558	6.75%
12/31/19	120,398	120,398	-	1,838,134	6.55%
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%

Stoughton Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2020

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

Changes of assumptions.

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

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTAL INFORMATION

ELECTRIC UTILITY

Stoughton Electric Utility

Electric Utility Plant

Year Ended December 31, 2020

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/20</u>
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	344,363	-	-	344,363
Structures and improvements	52,834	-	-	52,834
Station equipment	6,982,913	-	-	6,982,913
Poles, towers and fixtures	3,661,367	63,810	28,124	3,697,053
Overhead conductors and devices	5,973,647	56,744	62,648	5,967,743
Underground conduit	844,531	104,251	2,303	946,479
Underground conductors and devices	5,125,525	396,542	24,039	5,498,028
Line transformers	3,349,472	73,647	16,853	3,406,266
Services	1,991,173	60,855	4,280	2,047,748
Meters	712,277	26,334	4,677	733,934
Street lighting and signal systems	676,541	194,447	81,954	789,034
Total distribution	<u>29,714,643</u>	<u>976,630</u>	<u>224,878</u>	<u>30,466,395</u>
General				
Structures and improvements	1,650,291	5,829	3,477	1,652,643
Office furniture and equipment	79,778	-	-	79,778
Computer equipment	100,107	-	-	100,107
Transportation equipment	326,973	3,986	-	330,959
Stores equipment	9,984	-	-	9,984
Tools, shop and garage equipment	84,885	-	-	84,885
Laboratory equipment	59,461	-	-	59,461
Power-operated equipment	1,188,543	-	-	1,188,543
Communication equipment	489,204	-	-	489,204
Total general	<u>3,989,226</u>	<u>9,815</u>	<u>3,477</u>	<u>3,995,564</u>
Total electric utility plant	<u>\$ 33,718,889</u>	<u>\$ 986,445</u>	<u>\$ 228,355</u>	<u>\$ 34,476,979</u>

Stoughton Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 5,203,534	\$ 4,955,311
Rural	2,800,696	2,709,727
General service	1,589,676	1,635,537
Large commercial and industrial	1,243,666	1,228,153
Large power	1,070,270	1,014,480
Industrial	2,330,008	2,667,900
Public street and highway lighting	90,036	105,839
Interdepartmental	<u>151,703</u>	<u>152,226</u>
Total sales of electricity	<u>14,479,589</u>	<u>14,469,173</u>
Other operating revenues:		
Forfeited discounts	25,238	30,642
Other	<u>132,634</u>	<u>124,756</u>
Total operating revenues	<u>14,637,461</u>	<u>14,624,571</u>
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	<u>10,596,835</u>	<u>10,832,755</u>
Transmission:		
Operation supervision and engineering	13,235	4,027
Station	46,730	42,195
Overhead lines	21,683	20,293
Underground lines	<u>203,866</u>	<u>37,931</u>
Total transmission	<u>285,514</u>	<u>104,446</u>
Distribution:		
Street lighting and signal system	-	3,261
Meter	3,576	5,997
Miscellaneous	34,157	71,176
Maintenance:		
Supervision and engineering	30,588	37,577
Station equipment	13,209	30,444
Overhead lines	202,757	346,183
Underground lines	96,602	84,453
Line transformers	2,699	2,834
Street lighting and signal system	8,538	4,250
Meters	<u>22,004</u>	<u>25,203</u>
Total distribution	<u>414,130</u>	<u>611,378</u>
Customer accounts:		
Meter reading	3,267	3,482
Customer records and collection	286,887	268,585
Miscellaneous	<u>17,285</u>	<u>11,643</u>
Total customer accounts	<u>307,439</u>	<u>283,710</u>

Stoughton Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Administrative and general:		
Salaries	\$ 264,624	\$ 231,198
Office supplies	56,685	71,986
Outside services employed	23,429	47,632
Property insurance	37,173	37,444
Injuries and damages	31,165	38,724
Employee pensions and benefits	140,506	254,110
Regulatory commission	7,212	-
Miscellaneous	678	1,806
Rents	14,054	13,542
Maintenance	32,229	74,483
Total administrative and general	<u>607,755</u>	<u>770,925</u>
Taxes	<u>154,647</u>	<u>171,692</u>
Total operation and maintenance	12,366,320	12,774,906
Depreciation	<u>1,193,582</u>	<u>1,194,203</u>
Total operating expenses	<u>13,559,902</u>	<u>13,969,109</u>
Operating income	<u>\$ 1,077,559</u>	<u>\$ 655,462</u>

Stoughton Electric Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2020 and 2019

	Electric	
	2020	2019
Utility Financed Plant in Service		
Beginning of year	\$ 29,942,145	\$ 29,363,406
End of year	<u>30,650,994</u>	<u>29,942,145</u>
Average	<u>30,296,570</u>	<u>29,652,776</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(14,151,033)	(13,549,140)
End of year	<u>(15,071,160)</u>	<u>(14,151,033)</u>
Average	<u>(14,611,097)</u>	<u>(13,850,087)</u>
Materials and Supplies		
Beginning of year	187,211	206,300
End of year	<u>443,455</u>	<u>187,211</u>
Average	<u>315,333</u>	<u>196,756</u>
Regulatory Liability		
Beginning of year	(88,644)	(110,804)
End of year	<u>(66,484)</u>	<u>(88,644)</u>
Average	<u>(77,564)</u>	<u>(99,724)</u>
Customer Advances for Construction		
Beginning of year	(27,416)	(62,383)
End of year	<u>(1,344,916)</u>	<u>(27,416)</u>
Average	<u>(686,166)</u>	<u>(44,900)</u>
Average net rate base	<u>\$ 15,237,076</u>	<u>\$ 15,854,821</u>
Operating income - regulatory basis	<u>\$ 785,957</u>	<u>\$ 454,899</u>
Rate of return (percent)	<u>5.16 %</u>	<u>2.87 %</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

Year Ended December 31, 2020

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20
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	670,375	-	-	670,375
Total pumping	<u>1,598,744</u>	<u>-</u>	<u>-</u>	<u>1,598,744</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	13,517,154	281,423	5,434	13,793,143
Services	3,219,499	255,718	11,784	3,463,433
Meters	875,414	46,159	9,205	912,368
Hydrants	1,736,684	42,320	15,276	1,763,728
Other transmission and distribution plant	11,800	-	-	11,800
Total transmission and distribution	<u>21,331,219</u>	<u>625,620</u>	<u>41,699</u>	<u>21,915,140</u>
General				
Structures and improvements	411,903	-	-	411,903
Office furniture and equipment	36,146	-	-	36,146
Computer equipment	21,458	-	-	21,458
Transportation equipment	55,137	-	-	55,137
Stores equipment	2,187	-	-	2,187
Tools, shop and garage equipment	47,309	-	-	47,309
Power-operated equipment	102,034	-	-	102,034
Communication equipment	30,427	-	-	30,427
SCADA equipment	299,506	-	-	299,506
Miscellaneous equipment	89	-	-	89
Total general	<u>1,006,196</u>	<u>-</u>	<u>-</u>	<u>1,006,196</u>
Total water utility plant	<u>\$24,634,287</u>	<u>\$ 625,620</u>	<u>\$ 41,699</u>	<u>\$25,218,208</u>

Stoughton Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of water:		
Unmetered	\$ 1,054	\$ 1,785
Metered:		
Residential	1,095,218	1,047,552
Multifamily residential	114,650	111,072
Commercial	149,534	161,624
Industrial	284,054	318,340
Public authorities	19,641	22,909
Interdepartmental	2,296	2,272
Total metered sales	1,665,393	1,663,769
Private fire protection	58,097	55,087
Public fire protection	555,823	551,749
Total sales of water	2,280,367	2,272,390
Other operating revenues:		
Forfeited discounts	6,151	6,922
Other	46,112	37,205
Total operating revenues	2,332,630	2,316,517
Operating Expenses		
Operation and maintenance:		
Source of supply:		
Maintenance:		
Wells and springs	125	133
Pumping:		
Fuel or purchased power for pumping	114,269	119,359
Pumping labor	13,499	13,921
Miscellaneous	-	19
Maintenance:		
Structures and improvements	4,421	12,370
Pumping equipment	833	8,386
Total pumping	133,022	154,055
Water treatment:		
Chemicals	20,178	19,459
Operation labor	55,755	51,039
Maintenance:		
Water treatment equipment	7,049	17,795
Total water treatment	82,982	88,293

Stoughton Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Transmission and distribution:		
Transmission and distribution lines	\$ 11,023	\$ 11,055
Meters	37,831	29,233
Customer installations	12,936	25,778
Miscellaneous	17,437	23,564
Maintenance:		
Reservoirs and standpipes	53,947	56,905
Mains	57,247	70,697
Services	96,472	48,763
Meters	-	(9)
Hydrants	8,187	3,846
Miscellaneous	3,993	1,598
Total transmission and distribution	<u>299,073</u>	<u>271,430</u>
Customer accounts:		
Meter reading	11,712	11,233
Accounting and collecting labor	105,124	94,350
Total customer accounts	<u>116,836</u>	<u>105,583</u>
Administrative and general:		
Salaries	169,476	148,591
Office supplies	15,090	23,643
Outside services employed	90,267	49,922
Property insurance	13,517	13,616
Injuries and damages	9,762	14,169
Employee pensions and benefits	117,100	142,021
Miscellaneous	791	(521)
Rents	4,666	4,924
Maintenance	5,690	23,516
Total administrative and general	<u>426,359</u>	<u>419,881</u>
Taxes	<u>25,062</u>	<u>26,697</u>
Total operation and maintenance	1,083,459	1,066,072
Depreciation	<u>468,240</u>	<u>484,888</u>
Total operating expenses	<u>1,551,699</u>	<u>1,550,960</u>
Operating income	<u>\$ 780,931</u>	<u>\$ 765,557</u>

Stoughton Water Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2020 and 2019

	Water	
	2020	2019
Utility Financed Plant in Service		
Beginning of year	\$ 16,671,700	\$ 15,748,034
End of year	<u>17,255,621</u>	<u>16,671,700</u>
Average	<u>16,963,661</u>	<u>16,209,867</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(5,371,671)	(5,273,155)
End of year	<u>(5,676,756)</u>	<u>(5,371,671)</u>
Average	<u>(5,524,214)</u>	<u>(5,322,413)</u>
Materials and Supplies		
Beginning of year	39,599	39,203
End of year	<u>41,039</u>	<u>39,599</u>
Average	<u>40,319</u>	<u>39,401</u>
Regulatory Liability		
Beginning of year	(136,916)	(171,144)
End of year	<u>(102,688)</u>	<u>(136,916)</u>
Average	<u>(119,802)</u>	<u>(154,030)</u>
Average net rate base	<u>\$ 11,359,964</u>	<u>\$ 10,772,825</u>
Operating income, regulatory basis	<u>\$ 476,760</u>	<u>\$ 500,651</u>
Rate of return (percent)	<u>4.20 %</u>	<u>4.65 %</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

Year Ended December 31, 2020

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/20</u>
Collecting System				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Collecting mains	11,754,264	815,021	27,838	12,541,447
Interceptor mains	1,864,084	-	-	1,864,084
Force mains	48,951	-	-	48,951
Total collecting system	<u>13,667,399</u>	<u>815,021</u>	<u>27,838</u>	<u>14,454,582</u>
Collecting System Pumping				
Structures and improvements	109,564	-	-	109,564
Electric pumping equipment	622,720	2,975	1,200	624,495
Other power pumping equipment	21,399	-	-	21,399
Total collecting system pumping	<u>753,683</u>	<u>2,975</u>	<u>1,200</u>	<u>755,458</u>
Treatment and Disposal				
Structures and improvements	5,375,812	-	-	5,375,812
Preliminary treatment equipment	1,576,893	8,796	6,000	1,579,689
Primary treatment equipment	1,150,534	-	-	1,150,534
Secondary treatment equipment	529,291	-	-	529,291
Advanced treatment equipment	1,930,493	7,311	3,777	1,934,027
Chlorination equipment	366,162	-	-	366,162
Sludge treatment and disposal equipment	3,967,183	-	-	3,967,183
Plant site piping	690,433	-	-	690,433
Flow metering and monitoring equipment	39,033	3,127	1,803	40,357
Other treatment and disposal equipment	38,818	-	-	38,818
Total treatment and disposal	<u>15,664,652</u>	<u>19,234</u>	<u>11,580</u>	<u>15,672,306</u>
General				
Structures and improvements	244,010	-	-	244,010
Office furniture and equipment	42,044	-	-	42,044
Computer equipment	73,289	-	-	73,289
Transportation equipment	552,631	32,042	-	584,673
Communication equipment	485,793	-	-	485,793
Other general equipment	69,837	-	-	69,837
Total general	<u>1,467,604</u>	<u>32,042</u>	<u>-</u>	<u>1,499,646</u>
Total wastewater utility plant	<u>\$31,553,338</u>	<u>\$ 869,272</u>	<u>\$ 40,618</u>	<u>\$32,381,992</u>

Stoughton Wastewater Utility

Wastewater Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 1,493,914	\$ 1,365,623
Commercial	412,576	430,271
Industrial	200,540	168,612
Public authorities	19,821	26,315
Interdepartmental sales	397	521
Total wastewater revenues	<u>2,127,248</u>	<u>1,991,342</u>
Other operating revenues:		
Forfeited discounts	4,058	4,008
Miscellaneous	69,152	133,075
Total operating revenues	<u>2,200,458</u>	<u>2,128,425</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	1,240	817
Power and fuel for pumping	83,767	87,708
Sludge conditioning chemicals	12,023	12,023
Other operating supplies	33,143	22,932
Total operation	<u>130,173</u>	<u>123,480</u>
Maintenance:		
Collection system	126,357	96,499
Treatment and disposal plant equipment	110,929	95,478
General plant structures and equipment	57,854	83,828
Total maintenance	<u>295,140</u>	<u>275,805</u>
Customer accounts:		
Accounting and collecting	174,322	143,046
Administrative and general:		
Salaries	108,549	104,531
Office supplies	23,388	36,899
Outside services employed	45,330	25,323
Insurance	27,593	32,302
Employees pensions and benefits	104,553	154,861
Miscellaneous	33,614	28,505
Rents	73,270	70,952
Total administrative and general	<u>416,297</u>	<u>453,373</u>
Taxes	30,612	29,610
Total operation and maintenance	1,046,544	1,025,314
Depreciation	808,765	856,914
Total operating expenses	<u>1,855,309</u>	<u>1,882,228</u>
Operating income	<u>\$ 345,149</u>	<u>\$ 246,197</u>