

Stoughton Utilities

Enterprise Funds of the City of Stoughton, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2022 and 2021

Stoughton Utilities

Enterprise Funds of the City of Stoughton, Wisconsin

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Independent Auditors' Report

To the Utilities Committee and City Council of
Stoughton Utilities

Opinions

We have audited the accompanying financial statements of Stoughton Utilities (the Utilities), enterprise funds of the City of Stoughton, Wisconsin, as of and for the years ended December 31, 2022, and 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Utilities as of December 31, 2022 and 2021 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the the Utilities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the 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, 2022 and 2021, and the changes in financial position or cash flows 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.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 the Utilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 supplementary 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 supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
May 8, 2023

Management's Discussion and Analysis

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

The management of 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, 2022, 2021 and 2020. 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 \$2.9 million or 20 percent, from 2020 to 2022.
- The electric utility net position increased by \$1.2 million in 2022 from the prior year due to an increase in capital assets.
- Sales increased by \$947,321 in 2022 from 2021 due to PCAC revenues from higher-than-normal purchase power costs.

Water

- The water utility net position increased by \$1.7 million in 2022, while it increased by \$568,326 in 2021.
- The Public Service Commission of Wisconsin approved Stoughton Utilities' application for a rate increase (9.86%), which took effect on March 1, 2022.
- Sales increased by \$125,225 in 2022 from 2021 due to the rate increase.
- The change in cash and cash equivalents was \$1.2 million on December 31, 2022. This was due to the rate increase, as well as a debt issuance of \$1.6 million to replace funds spent for the lead service lateral replacement program.

Wastewater

- The wastewater utility net position increased \$1.1 million in 2022 and \$440,995 in 2021. The increase is largely due to an increase in capital assets.
- Cash and cash equivalents increased \$264,742 in 2022 from 2021 due to an investment maturity in 2022.
- The Common Council approved an overall rate increase of 5.59%, effective July 1, 2022.

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.

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

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

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

An analysis of the Utilities' financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the Utilities' net position and changes therein. The Utilities' net position – 'the difference between assets and liabilities' is key to measuring the financial health of the Utilities. Over time, increases or decreases in the net position value are an indicator of whether the overall financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Current and other assets	\$ 12,081,516	\$ 11,622,360	\$ 11,719,489	\$ 459,156
Capital assets	<u>19,919,191</u>	<u>19,430,213</u>	<u>18,334,295</u>	<u>488,978</u>
Total assets	<u>32,000,707</u>	<u>31,052,573</u>	<u>30,053,784</u>	<u>948,134</u>
Deferred outflows of resources	<u>842,421</u>	<u>727,728</u>	<u>516,144</u>	<u>114,693</u>
Long-term debt outstanding	2,395,000	3,080,000	3,750,000	(685,000)
Other liabilities	<u>3,030,060</u>	<u>2,491,756</u>	<u>3,845,050</u>	<u>538,304</u>
Total liabilities	<u>5,425,060</u>	<u>5,571,756</u>	<u>7,595,050</u>	<u>(146,696)</u>
Deferred Inflows of Resources	<u>992,319</u>	<u>940,447</u>	<u>689,429</u>	<u>51,872</u>
Investment in capital assets	17,711,617	16,527,189	14,750,294	1,184,428
Restricted	1,450,366	1,373,487	1,210,511	76,879
Unrestricted	<u>7,263,766</u>	<u>7,367,422</u>	<u>6,324,644</u>	<u>(103,656)</u>
Total net position	<u>\$ 26,425,749</u>	<u>\$ 25,268,098</u>	<u>\$ 22,285,449</u>	<u>\$ 1,157,651</u>

In 2022, the electric utility net position increased \$1.2 million, an increase of 4.58 percent. In 2021, the electric utility net position increased \$2.9 million, an increase of 13.38 percent. The increase in net position in 2022 compared to 2021 was largely due capital additions.

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

Investments in capital assets have grown by approximately \$2.9 million or 20.08 percent, from 2020 to 2022. The 2022 capital additions included customer developments, a new bucket truck and transformer purchases for future developments. 2022 also had \$448,520 in year-end construction work in progress values due to the ongoing East Substation control and SCADA upgrades. Long-term borrowing decreased \$1.3 million from 2020 to 2022.

Table 2
Condensed Statement of Net Position – Water Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021 Change</u>
Current and other assets	\$ 3,400,392	\$ 3,139,572	\$ 2,914,531	\$ 260,820
Capital assets	19,573,193	18,658,243	17,060,216	914,950
Total Assets	<u>22,973,585</u>	<u>21,797,815</u>	<u>19,974,747</u>	<u>1,175,770</u>
Deferred outflows of resources	<u>398,299</u>	<u>265,688</u>	<u>179,243</u>	<u>132,611</u>
Long-term debt outstanding	4,332,507	3,156,456	3,643,207	1,176,051
Other liabilities	<u>820,448</u>	<u>2,474,405</u>	<u>748,758</u>	<u>(1,653,957)</u>
Total liabilities	<u>5,152,955</u>	<u>5,630,861</u>	<u>4,391,965</u>	<u>(477,906)</u>
Deferred inflows of resources	<u>464,488</u>	<u>336,242</u>	<u>233,951</u>	<u>128,246</u>
Investment in capital assets	15,200,427	15,450,903	13,465,824	(250,476)
Restricted	940,115	801,847	731,568	138,268
Unrestricted	<u>1,613,899</u>	<u>(156,350)</u>	<u>1,330,682</u>	<u>1,770,249</u>
Total net position	<u>\$ 17,754,441</u>	<u>\$ 16,096,400</u>	<u>\$ 15,528,074</u>	<u>\$ 1,658,041</u>

In 2022, the water utility net position increased by \$1.6 million, while it increased by \$568,326 in 2021. The increase in net position in 2022 compared to 2021 was due to an increase in unrestricted cash on hand due to a debt issuance and rate increase.

Long-term borrowing from 2022 to 2020 increased by \$689,300 due to a debt issuance of \$1.6 million in 2022. The capital assets increased by \$2.5 million during the same time period, due to the lead service lateral replacement project.

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

Table 3
Condensed Statements of Net Position – Wastewater Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Current and other assets	\$ 3,203,307	\$ 3,291,488	\$ 2,737,612	\$ (88,181)
Capital assets	<u>19,933,261</u>	<u>18,979,017</u>	<u>19,414,317</u>	<u>954,244</u>
Total assets	<u>23,136,568</u>	<u>22,270,505</u>	<u>22,151,929</u>	<u>866,063</u>
Deferred outflows of resources	<u>390,409</u>	<u>257,750</u>	<u>183,065</u>	<u>132,659</u>
Long-term debt outstanding	2,897,365	3,283,295	3,658,265	(385,930)
Other liabilities	<u>359,232</u>	<u>252,371</u>	<u>227,638</u>	<u>106,861</u>
Total liabilities	<u>3,256,597</u>	<u>3,535,666</u>	<u>3,885,903</u>	<u>(279,069)</u>
Deferred inflows of resources	<u>468,230</u>	<u>322,063</u>	<u>219,560</u>	<u>146,167</u>
Investment in capital assets	17,035,896	15,695,722	15,756,052	1,340,174
Restricted	1,687,248	1,592,521	1,497,671	94,727
Unrestricted	<u>1,079,006</u>	<u>1,382,283</u>	<u>975,808</u>	<u>(303,277)</u>
Total net position	<u>\$ 19,802,150</u>	<u>\$ 18,670,526</u>	<u>\$ 18,229,531</u>	<u>\$ 1,131,624</u>

The wastewater net position increased \$1.1 million in 2022 and \$440,995 in 2021. From 2020 to 2022, capital asset values increased by \$518,944 and long-term borrowing decreased \$760,900.

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 (UNAUDITED)
December 31, 2022 and 2021

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Operating revenues	\$ 16,558,584	\$ 15,545,034	\$ 14,637,461	\$ 1,013,550
Nonoperating revenues	72,905	72,311	144,889	594
Total revenues	<u>16,631,489</u>	<u>15,617,345</u>	<u>14,782,350</u>	<u>1,014,144</u>
Depreciation expense	1,309,313	1,252,922	1,193,582	56,391
Other operating expense	14,104,414	13,163,306	12,366,320	941,108
Nonoperating expenses	68,455	93,300	102,203	(24,845)
Total expenses	<u>15,482,182</u>	<u>14,509,528</u>	<u>13,662,105</u>	<u>972,654</u>
Income before capital contributions and transfers	1,149,307	1,107,817	1,120,245	41,490
Capital contributions	388,596	2,312,859	49,865	(1,924,263)
Capital contribution, municipal	-	-	102,933	-
Transfers, tax Equivalent	(380,252)	(438,027)	(445,995)	57,775
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	1,157,651	2,982,649	827,048	(1,824,998)
Beginning Net Position	<u>25,268,098</u>	<u>22,285,449</u>	<u>21,458,401</u>	<u>2,982,649</u>
Total net position, ending	<u>\$ 26,425,749</u>	<u>\$ 25,268,098</u>	<u>\$ 22,285,449</u>	<u>\$ 1,157,651</u>

Table 4 is a detailed description of the change in net position. 2022 had a 4.6 percent increase in net position from the prior year. This compares with 13.4 percent change in 2021 from 2020. Revenues were up 6.5 percent in 2022 compared to 2021. The rise in revenue is due to an increase in PCAC revenue due to higher-than-average purchase power costs.

Income before contributions and transfers has increased \$29,062 or 1.03 percent, since 2020. This is due to an increase in revenue, but also an increase in expenses, both related to purchase power costs.

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
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Table 5
Condensed Statement of Revenues, Expenses and
Changes in Net Position - Water Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Operating revenues	\$ 2,526,615	\$ 2,384,852	\$ 2,332,630	\$ 141,763
Nonoperating revenues	31,275	3,522,184	30,658	(3,490,909)
Total revenues	<u>2,557,890</u>	<u>5,907,036</u>	<u>2,363,288</u>	<u>(3,349,146)</u>
Depreciation expense	505,315	497,314	468,240	8,001
Other operating expense	1,224,074	1,056,916	1,083,459	167,158
Nonoperating expenses	102,131	3,587,720	91,255	(3,485,589)
Total expenses	<u>1,831,520</u>	<u>5,141,950</u>	<u>1,642,954</u>	<u>(3,310,430)</u>
Income before capital contributions and transfers	726,370	765,086	720,334	(38,716)
Capital contributions	1,307,986	215,280	-	1,092,706
Capital contribution, municipal	-	-	21,866	-
Transfers, tax equivalent	(376,315)	(412,040)	(437,266)	35,725
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	1,658,041	568,326	304,934	1,089,715
Beginning Net Position	<u>16,096,400</u>	<u>15,528,074</u>	<u>15,223,140</u>	<u>568,326</u>
Total net position, ending	<u>\$ 17,754,441</u>	<u>\$ 16,096,400</u>	<u>\$ 15,528,074</u>	<u>\$ 1,658,041</u>

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 \$6,036 or 0.8 percent, since 2020. This is due in large part to the rate increase approved by the Wisconsin Public Service Commission, effective March 1, 2022. Non-operating revenues and non-operating expenses leveled out to 2020 levels with the completion of the lead service lateral replacement program.

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
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Table 6
Condensed Statement of Revenues, Expenses and
Changes in Net Position - Wastewater Utility

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 decreased \$197,355 since 2020. This is due to changes in production for industrial customers. Expenses have increased by \$128,266 or 6.6 percent, from 2020 to 2022 due to necessary plant maintenance and rising costs.

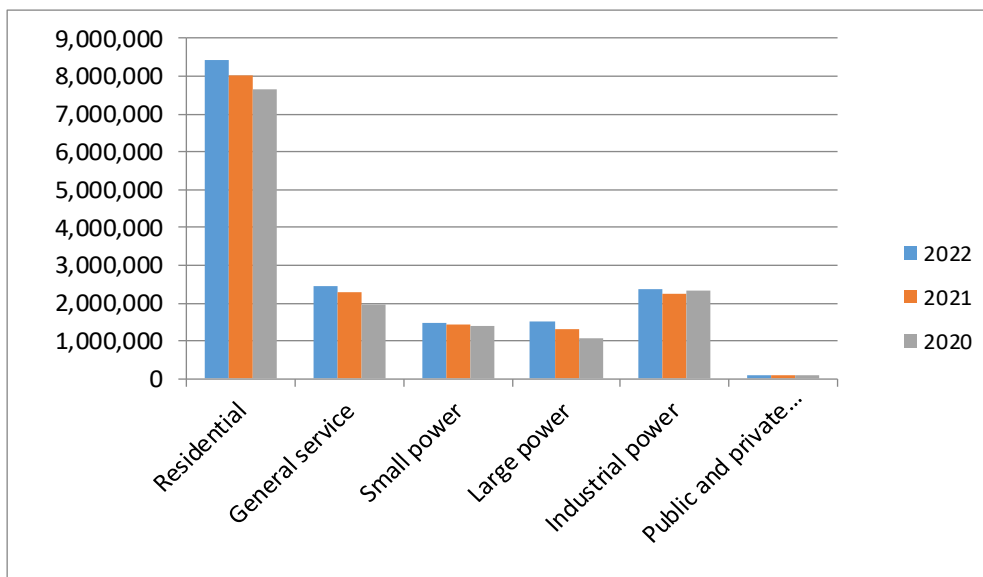
Comparison of Electric Sales

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Operating revenues	\$ 2,133,620	\$ 2,193,890	\$ 2,200,458	\$ (60,270)
Nonoperating revenues	30,559	(875)	25,007	31,434
Total revenues	<u>2,164,179</u>	<u>2,193,015</u>	<u>2,225,465</u>	<u>(28,836)</u>
Depreciation expense	772,166	774,018	808,765	(1,852)
Other operating expense	1,238,224	1,036,462	1,046,544	201,762
Nonoperating expenses	71,489	78,009	98,304	(6,520)
Total expenses	<u>2,081,879</u>	<u>1,888,489</u>	<u>1,953,613</u>	<u>193,390</u>
Income before capital contributions and transfers	74,497	304,526	271,852	(230,029)
Capital contributions	<u>1,057,127</u>	<u>136,469</u>	<u>95,923</u>	<u>920,658</u>
Changes in net position	1,131,624	440,995	367,775	690,629
Beginning Net Position	<u>18,670,526</u>	<u>18,229,531</u>	<u>17,861,756</u>	<u>440,995</u>
Total net position, ending	<u>\$ 19,802,150</u>	<u>\$ 18,670,526</u>	<u>\$ 18,229,531</u>	<u>\$ 1,131,624</u>

Stoughton Utilities

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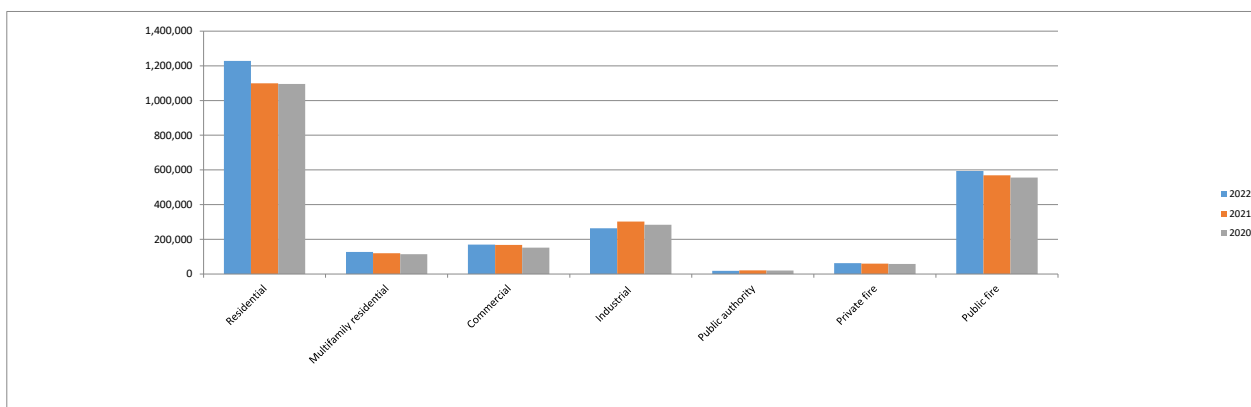
Comparison of Electric Sales



Electric revenues increased by \$947,321, or 6.5 percent, from 2021 to 2022 and \$1.8 million, or 12.77 percent in 2022 from 2020. The increase is due to an increase in PCAC revenues due to higher-than-average purchase power costs. Kilowatt hour sales decreased 2.6 million, or 1.9 percent from 2021 to 2022 and 39,499 Kwh, or 0.03 percent from 2020 to 2022.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Residential	\$ 8,411,927	\$ 8,017,213	\$ 7,652,854
General service	2,466,874	2,275,213	1,948,245
Small power	1,490,474	1,411,588	1,381,820
Large power	1,509,864	1,321,819	1,070,270
Industrial power	2,352,565	2,257,349	2,330,008
Public and private lighting	96,333	97,534	96,392
Total electric sales	\$ 16,328,037	\$ 15,380,716	\$ 14,479,589

Comparison of Water Sales



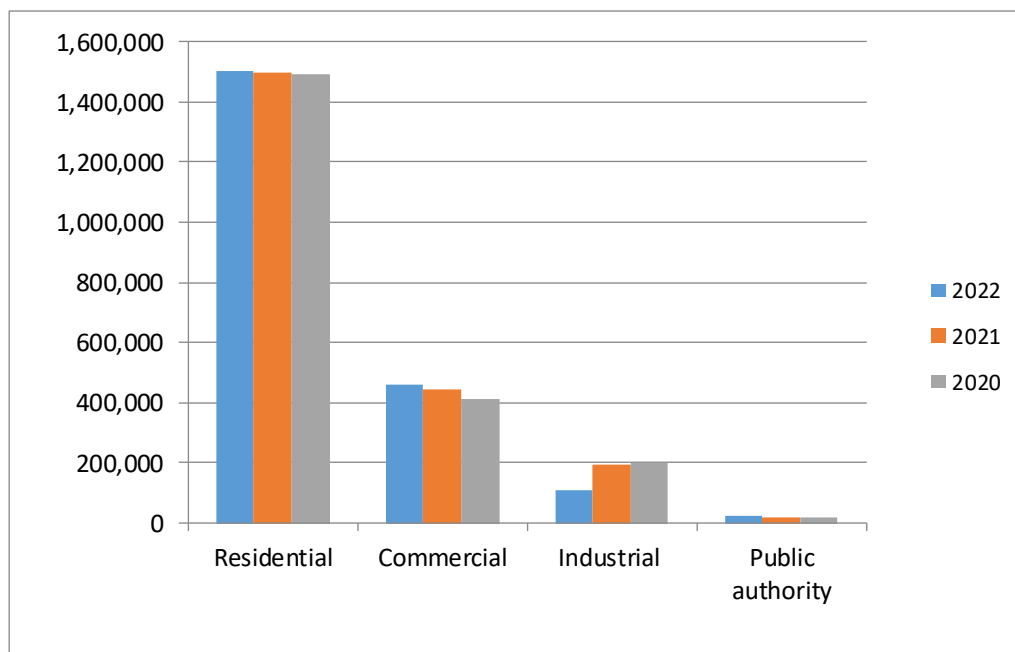
Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
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Sale revenues increased by \$125,225, or 5.36 percent, in 2022 from 2021 and \$182,473 or 8.0 percent in 2022 from 2020. Gallons sold declined 6.2 percent from 2020 to 2022 and decreased 7.8 percent from 2021 to 2022.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Residential	\$ 1,228,408	\$ 1,099,663	\$ 1,095,969
Multifamily residential	126,996	119,161	114,649
Commercial	169,503	167,208	152,134
Industrial	263,661	301,792	284,054
Public authority	18,154	21,223	19,641
Private fire	62,470	59,590	58,097
Public fire	593,648	568,978	555,823
Total water sales	<u>\$ 2,462,840</u>	<u>\$ 2,337,615</u>	<u>\$ 2,280,367</u>

Comparison of Wastewater Sales



Wastewater sales decreased by \$59,991, or 2.8 percent, in 2022 from 2021. There was a rate increase of 5.59 percent, effective July 1, 2022 which helped offset the some of the decrease in usage.

Wastewater usage decreased by 8.2 percent from 2021 to 2022 and decreased by 1.1 percent from 2020 to 2021.

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	<u>2022</u>	<u>2021</u>	<u>2020</u>
Residential	\$ 1,503,416	\$ 1,497,393	\$ 1,493,914
Commercial	458,552	442,437	412,973
Industrial	107,269	192,817	200,540
Public authority	24,791	21,372	19,821
	<u>2,094,028</u>	<u>2,154,019</u>	<u>2,127,248</u>
Total wastewater sales	<u>\$ 2,094,028</u>	<u>\$ 2,154,019</u>	<u>\$ 2,127,248</u>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Cash Flows From:				
Operating activities	\$ 1,578,966	\$ 2,055,921	\$ 2,645,960	\$ (476,955)
Noncapital financing activities	602,386	(1,269,041)	(399,360)	1,871,427
Capital and related financing activities	-	-	-	-
Investing activities	(1,507,461)	(2,015,214)	(1,107,145)	507,753
	<u>(122,636)</u>	<u>1,194,136</u>	<u>729,287</u>	<u>(1,316,772)</u>
Net change in cash and cash equivalents	551,255	(34,198)	1,868,742	585,453
Cash and Cash Equivalents, Beginning	<u>6,328,227</u>	<u>6,362,425</u>	<u>4,493,683</u>	<u>(34,198)</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,879,482</u>	<u>\$ 6,328,227</u>	<u>\$ 6,362,425</u>	<u>\$ 551,255</u>

The increase in cash and cash equivalents in 2022 was due to the repayment of \$877,698 from the water utility advance in 2021 as well as the city paying off a WRS loan from 2012.

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

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

Table 8
Condensed Statements of Cash Flows – Water Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Cash Flows From:				
Operating activities	\$ 1,330,895	\$ 1,413,014	\$ 1,245,093	\$ (82,119)
Noncapital financing activities	(1,243,674)	(437,266)	(431,034)	(806,408)
Lead service replacement proceeds	-	3,505,294	-	(3,505,294)
Lead service replacement expenses	-	(3,507,777)	-	3,507,777
Temporary Advance from electric utility	-	877,698	-	(877,698)
Capital and related financing activities	1,475,780	(3,019,387)	(1,169,899)	4,495,167
Investing activities	<u>(380,409)</u>	<u>226,955</u>	<u>250,370</u>	<u>(607,364)</u>
Net change in cash and cash equivalents	1,182,592	(941,469)	(105,470)	2,124,061
Cash and Cash Equivalents, Beginning	<u>1,168,814</u>	<u>2,110,283</u>	<u>549,929</u>	<u>(941,469)</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,351,406</u>	<u>\$ 1,168,814</u>	<u>\$ 444,459</u>	<u>\$ 1,182,592</u>

The increase in cash and cash equivalents in 2022 was due to a rate increase effective March 1, 2022. In addition, the water utility closed on a loan to repay the utility's expenses associated with the public lead service lateral replacements in the amount of \$1.6 million.

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

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

Table 9
Condensed Statements of Cash Flows – Wastewater Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021 Change</u>
Cash Flows From:				
Operating activities	\$ 859,558	\$ 1,206,484	\$ 1,152,947	\$ (346,926)
Capital and related financing activities	(976,605)	(694,215)	(1,440,369)	(282,390)
Investing activities	<u>381,789</u>	<u>30,487</u>	<u>299,012</u>	<u>351,302</u>
Net change in cash and cash equivalents	264,742	542,756	11,590	(278,014)
Cash and Cash Equivalents, Beginning	<u>2,207,932</u>	<u>1,665,176</u>	<u>1,653,586</u>	<u>542,756</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,472,674</u>	<u>\$ 2,207,932</u>	<u>\$ 1,665,176</u>	<u>\$ 264,742</u>

Cash and cash equivalents increased in 2022 by \$264,742, due to a maturing of investments. Cash and cash equivalents increased by \$542,756 in 2021.

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

Table 10
Capital Assets – Electric Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021 Change</u>
Capital Assets				
Transmission and distribution	\$ 34,197,764	\$ 32,862,336	\$ 30,481,414	\$ 1,335,428
General	<u>4,179,226</u>	<u>3,956,797</u>	<u>3,995,565</u>	<u>222,429</u>
Total capital assets	<u>38,376,990</u>	<u>36,819,133</u>	<u>34,476,979</u>	<u>1,557,857</u>
Less accumulated depreciation	(18,906,319)	(17,756,883)	(17,124,007)	(1,149,436)
Construction in progress	<u>448,520</u>	<u>367,983</u>	<u>981,323</u>	<u>80,537</u>
Net capital assets	<u>\$ 19,919,191</u>	<u>\$ 19,430,233</u>	<u>\$ 18,334,295</u>	<u>\$ 488,958</u>

Electric net capital assets have grown \$1.5 million or 8.6 percent, from 2020 to 2022. The increase in net assets in 2022 included customer developments, a bucket truck and the purchase of transformers for future developments.

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
December 31, 2022 and 2021

Table 11
Capital Assets – Water Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Capital Assets				
Source of supply	\$ 607,365	\$ 607,365	\$ 607,365	\$ -
Pumping	1,598,744	1,598,744	1,598,745	-
Water treatment	90,795	90,795	90,763	-
Transmission and distribution	25,152,327	22,151,768	21,915,140	3,000,559
General	1,010,091	1,007,359	1,006,195	2,732
Completed not Classified	-	1,667,296	-	-
Total capital assets	<u>28,459,322</u>	<u>27,123,327</u>	<u>25,218,208</u>	<u>1,335,995</u>
Less accumulated depreciation	(9,137,991)	(8,679,244)	(8,169,139)	(458,747)
Construction in progress	<u>251,862</u>	<u>214,160</u>	<u>11,147</u>	<u>37,702</u>
Net capital assets	<u>\$ 19,573,193</u>	<u>\$ 18,658,243</u>	<u>\$ 17,060,216</u>	<u>\$ 914,950</u>

Water net capital assets grew significantly at \$2.5 million or 14.7 percent, from 2020 to 2022. The net capital asset additions over this time-period were due to the lead service lateral replacement program as well as several developer-contributed assets.

Table 12
Capital Assets – Wastewater Utility

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022-2021</u> <u>Change</u>
Capital Assets				
Collection system	\$ 15,708,652	\$ 14,609,016	\$ 14,454,576	\$ 1,099,636
Collection system pumping	756,007	756,008	755,459	(1)
Treatment and disposal	15,702,550	15,684,336	15,672,308	18,214
General	<u>1,503,963</u>	<u>1,601,778</u>	<u>1,499,649</u>	<u>(97,815)</u>
Total capital assets	<u>33,671,172</u>	<u>32,651,138</u>	<u>32,381,992</u>	<u>1,020,034</u>
Less accumulated depreciation	(14,370,326)	(13,691,436)	(12,977,468)	(678,890)
Construction in progress	<u>632,415</u>	<u>19,115</u>	<u>9,793</u>	<u>613,300</u>
Net capital assets	<u>\$ 19,933,261</u>	<u>\$ 18,978,817</u>	<u>\$ 19,414,317</u>	<u>\$ 954,444</u>

Stoughton Utilities

Management's Discussion and Analysis (UNAUDITED)
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Net capital assets increased \$518,944 or 2.7 percent, from 2020 to 2022 due to developer-contributed assets. The large increase in construction in progress is due to a sewer main replacement on Academy Street, which will conclude in 2023.

Long-Term Debt

As of December 31, 2022, the electric utility had total mortgage revenue bond debt outstanding of \$2,395,000 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, 2022, the water utility had total mortgage revenue bond debt outstanding of \$4,167,507 payable from and secured by a pledge of income and revenue to be derived from the operation of the water utility and \$165,000 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 and the replacement of all lead service laterals.

The wastewater utility had \$2,787,364 of clean water fund loans and \$110,000 of general obligation bonds outstanding as of December 31, 2022.

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 Shannon Statz, Utilities Finance Manager, Stoughton Utilities, 600 South Fourth Street, 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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 6,285,193	\$ 5,557,085
Interest receivable	-	3,555
Restricted assets:		
Redemption account	566,170	533,153
Customer accounts receivable	1,610,376	1,551,502
Other accounts receivable	340,205	355,902
Due from municipality	9,721	15,318
Temporary advance to water utility	-	877,698
Materials and supplies	987,391	293,297
Prepayments	1,000	9,637
Current portion of advance	-	51,006
	<u>9,800,056</u>	<u>9,248,153</u>
Total current assets		
Noncurrent Assets		
Restricted assets:		
Reserve account	460,722	460,722
Depreciation account	25,000	25,000
Net pension asset	413,766	373,541
Other assets:		
Electric plant and maintenance reserve account	538,790	533,326
Sick leave reserve account	121,939	161,356
Advances to other funds	-	106,970
Investment in ATC	492,146	484,175
Property held for future use	229,097	229,097
Capital assets:		
Plant in service	38,376,990	36,819,133
Accumulated depreciation/amortization	(18,906,319)	(17,756,883)
Construction work in progress	448,520	367,983
	<u>22,200,651</u>	<u>21,804,420</u>
Total noncurrent assets		
Total assets	<u>32,000,707</u>	<u>31,052,573</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	815,776	678,903
Deferred outflows related to OPEB	26,645	48,825
	<u>842,421</u>	<u>727,728</u>
Total deferred outflows of resources		

See notes to the financial statements

Stoughton Electric Utility

Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 1,043,734	\$ 1,078,131
Due to municipality	493,477	583,945
Customer deposits	105,872	92,333
Accrued wages	19,276	-
Accrued interest	4,448	4,638
Accrued liabilities	84,000	83,793
Commitment to community	38,207	21,433
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	690,000	685,000
Accrued interest	<u>15,292</u>	<u>18,929</u>
Total current liabilities	<u>2,494,306</u>	<u>2,568,202</u>
Noncurrent Liabilities		
Revenue bonds	1,705,000	2,395,000
Unamortized debt premium	41,671	52,141
Accrued sick leave	121,939	161,356
Customer advances for construction	916,833	229,065
Net OPEB Liability	<u>145,311</u>	<u>165,992</u>
Total noncurrent liabilities	<u>2,930,754</u>	<u>3,003,554</u>
Total liabilities	<u>5,425,060</u>	<u>5,571,756</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	974,526	927,043
Deferred inflows related to OPEB	<u>17,793</u>	<u>13,404</u>
Total deferred inflows of resources	<u>992,319</u>	<u>940,447</u>
Net Position		
Total net investment in capital assets	17,711,617	16,527,189
Restricted for:		
Debt service	1,036,600	999,946
Pension	413,766	373,541
Unrestricted	<u>7,263,766</u>	<u>7,367,422</u>
Total net position	<u>\$ 26,425,749</u>	<u>\$ 25,268,098</u>

See notes to the financial statements

Stoughton Electric Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Sales of electricity	\$ 16,328,036	\$ 15,380,714
Other	<u>230,548</u>	<u>164,320</u>
Total operating revenues	<u>16,558,584</u>	<u>15,545,034</u>
Operating Expenses		
Operation and maintenance	14,104,414	13,163,306
Depreciation	<u>1,309,313</u>	<u>1,252,922</u>
Total operating expenses	<u>15,413,727</u>	<u>14,416,228</u>
Operating Income	<u>1,144,857</u>	<u>1,128,806</u>
Nonoperating Revenues (Expenses)		
Investment income	62,436	56,550
Interest expense	(65,207)	(79,280)
Amortization of premium	10,469	10,957
Miscellaneous expenses	(3,248)	(14,020)
Other income (expense)	<u>-</u>	<u>4,804</u>
Total nonoperating expenses	<u>4,450</u>	<u>(20,989)</u>
Income before contributions and transfers	1,149,307	1,107,817
Capital Contributions	388,596	2,312,859
Transfers - Tax Equivalent	<u>(380,252)</u>	<u>(438,027)</u>
Change in net position	1,157,651	2,982,649
Net Position, Beginning	<u>25,268,098</u>	<u>22,285,449</u>
Net Position, Ending	<u>\$ 26,425,749</u>	<u>\$ 25,268,098</u>

See notes to the financial statements

Stoughton Electric Utility

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Received from customers	\$ 16,434,961	\$ 15,153,892
Received for street lighting	96,333	91,088
Paid to suppliers for goods and services	(13,956,273)	(12,382,100)
Paid to employees for operating payroll	<u>(996,055)</u>	<u>(806,959)</u>
Net cash flows from operating activities	<u>1,578,966</u>	<u>2,055,921</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(438,027)	(445,995)
Received from municipality principal on Wisconsin Retirement UAAL liability	157,976	48,459
Received from municipality interest on Wisconsin Retirement UAAL liability	4,739	6,193
Temporary advance to water utility	<u>877,698</u>	<u>(877,698)</u>
Net cash flows from noncapital financing activities	<u>602,386</u>	<u>(1,269,041)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,829,791)	(2,492,138)
Capital contributions received	388,596	2,347,085
Customer advances for construction received (paid)	687,768	(1,115,851)
Debt retired	(685,000)	(670,000)
Interest paid	<u>(69,034)</u>	<u>(84,310)</u>
Net cash flows from capital and related financing activities	<u>(1,507,461)</u>	<u>(2,015,214)</u>
Cash Flows From Investing Activities		
Investments purchased	(545,379)	-
Investments sold and matured	364,840	1,092,133
Dividends/(Investment) in ATC	11,485	30,145
Investment income	<u>46,418</u>	<u>71,858</u>
Net cash flows from investing activities	<u>(122,636)</u>	<u>1,194,136</u>
Net change in cash and cash equivalents	551,255	(34,198)
Cash and Cash Equivalents, Beginning	<u>6,328,227</u>	<u>6,362,425</u>
Cash and Cash Equivalents, Ending	<u>\$ 6,879,482</u>	<u>\$ 6,328,227</u>
Noncash Capital and Related Financing Activities		
ATC earnings allocated	<u>\$ 10,559</u>	<u>\$ 49,072</u>
Unrealized gain (loss) on investments	<u>\$ (4,622)</u>	<u>\$ (60,381)</u>

See notes to the financial statements

Stoughton Electric Utility

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 1,144,857	\$ 1,128,806
Nonoperating revenue (expense)	(3,249)	(3,621)
Noncash items in operating income:		
Depreciation	1,309,313	1,252,922
Depreciation charged to clearing and other utilities	68,292	68,292
Changes in assets and liabilities:		
Customer accounts receivable	(58,874)	(33,460)
Other accounts receivable	15,697	(300,467)
Due from other funds	5,597	58,395
Materials and supplies	(694,094)	150,158
Prepayments	8,637	(8,637)
Pension related deferrals and liabilities	(103,046)	(76,950)
OPEB related deferrals and liabilities	(20,681)	130,571
Accounts payable	(71,170)	(355,182)
Due to other funds	(32,693)	52,174
Customer deposits	13,539	(15,306)
Accrued sick leave	(39,417)	10,635
Other current liabilities	19,483	(2,287)
Commitment to community	16,775	(122)
	<u>\$ 1,578,966</u>	<u>\$ 2,055,921</u>
Net cash flows from operating activities		
	<u>\$ 1,578,966</u>	<u>\$ 2,055,921</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 6,285,193	\$ 5,557,085
Redemption account	566,170	533,153
Reserve account	460,722	460,722
Depreciation account	25,000	25,000
Electric plant and maintenance reserve account	538,790	533,326
Sick leave reserve account	121,939	161,356
	<u>7,997,814</u>	<u>7,270,642</u>
Total cash and investments		
	7,997,814	7,270,642
Less noncash equivalents	<u>(1,118,332)</u>	<u>(942,415)</u>
Cash and cash equivalents	<u>\$ 6,879,482</u>	<u>\$ 6,328,227</u>

See notes to the financial statements

WATER UTILITY

Stoughton Water Utility

Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,666,666	\$ -
Interest receivable	-	5,805
Restricted assets:		
Redemption account	400,256	296,319
Customer accounts receivable	248,716	224,498
Other accounts receivable	23,068	1,365,765
Due from municipality	123,425	32,673
Materials and supplies	58,750	59,773
Prepayments	-	3,141
Current portion of special assessments	-	29,026
	<u>2,520,881</u>	<u>2,017,000</u>
Total current assets		
Noncurrent Assets		
Restricted assets:		
Reserve account	340,710	340,710
Depreciation account	25,000	25,000
Construction account	4	4
Net pension asset	189,937	153,762
Other assets:		
Water plant and maintenance reserve account	198,292	195,382
Sick leave reserve account	120,610	311,399
Special assessments receivable	-	87,077
Nonutility property	4,958	9,238
Capital assets:		
Plant in service	28,459,322	27,123,327
Accumulated depreciation/amortization	(9,137,991)	(8,679,244)
Construction work in progress	251,862	214,160
	<u>20,452,704</u>	<u>19,780,815</u>
Total noncurrent assets		
Total assets	<u>22,973,585</u>	<u>21,797,815</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	368,319	249,043
Deferred outflows related to OPEB	29,980	16,645
	<u>398,299</u>	<u>265,688</u>
Total deferred outflows of resources		

See notes to the financial statements

Stoughton Water Utility

Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 34,108	\$ 949,030
Due to municipality	442,385	412,040
Temporary advance from electric utility	-	877,698
Customer deposits	650	650
Accrued wages	22,553	2,175
Accrued interest	878	1,148
Current portion of general obligation debt	54,000	54,000
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	519,716	426,571
Accrued interest	<u>15,788</u>	<u>13,944</u>
Total current liabilities	<u>1,090,078</u>	<u>2,737,256</u>
Noncurrent Liabilities		
General obligation debt	111,000	165,000
Revenue bonds	3,647,791	2,510,885
Unamortized debt premium	40,259	50,888
Accrued sick leave	120,610	111,399
Net OPEB Liability	<u>143,217</u>	<u>55,433</u>
Total noncurrent liabilities	<u>4,062,877</u>	<u>2,893,605</u>
Total liabilities	<u>5,152,955</u>	<u>5,630,861</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	447,349	331,761
Deferred inflows related to OPEB	<u>17,139</u>	<u>4,481</u>
Total deferred inflows of resources	<u>464,488</u>	<u>336,242</u>
Net Position		
Total net investment in capital assets	15,200,431	15,450,903
Restricted for:		
Debt service	750,178	648,085
Pension	189,937	153,762
Unrestricted	<u>1,613,895</u>	<u>(156,350)</u>
Total net position	<u>\$ 17,754,441</u>	<u>\$ 16,096,400</u>

See notes to the financial statements

Stoughton Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Sales of water	\$ 2,462,840	\$ 2,337,615
Other	<u>63,775</u>	<u>47,237</u>
Total operating revenues	<u>2,526,615</u>	<u>2,384,852</u>
Operating Expenses		
Operation and maintenance	1,224,074	1,056,916
Depreciation	<u>505,315</u>	<u>497,314</u>
Total operating expenses	<u>1,729,389</u>	<u>1,554,230</u>
Operating Income	<u>797,226</u>	<u>830,622</u>
Nonoperating revenues (Expenses)		
Investment income	13,918	6,261
Income from merchandising and jobbing	140,702	3,505,294
Lead service replacement expenses	(160,708)	(3,507,777)
Interest expense	(82,125)	(79,943)
Amortization of premium	10,629	10,629
Gain on sale of assets	<u>6,728</u>	<u>-</u>
Total nonoperating expenses	<u>(70,856)</u>	<u>(65,536)</u>
Income before contributions and transfers	726,370	765,086
Capital Contributions	1,307,986	215,280
Transfers - Tax Equivalent	<u>(376,315)</u>	<u>(412,040)</u>
Change in net position	1,658,041	568,326
Net Position, Beginning	<u>16,096,400</u>	<u>15,528,074</u>
Net Position, Ending	<u>\$ 17,754,441</u>	<u>\$ 16,096,400</u>

See notes to the financial statements

Stoughton Water Utility

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,505,902	\$ 2,436,650
Paid to suppliers for goods and services	(737,891)	(559,934)
Paid to employees for operating payroll	<u>(437,116)</u>	<u>(463,702)</u>
Net cash flows from operating activities	<u>1,330,895</u>	<u>1,413,014</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(345,970)	(437,266)
Lead service replacement proceeds	140,702	3,505,294
Lead service replacement expenses	(160,708)	(3,507,777)
Advances to other funds	<u>(877,698)</u>	<u>877,698</u>
Net cash flows from noncapital financing activities	<u>(1,243,674)</u>	<u>437,949</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,322,497)	(1,326,875)
Lead service replacement program funding (spending)	1,365,765	(1,155,482)
Capital contributions received	1,307,986	-
Special assessments received	29,026	29,026
Debt retired	(480,572)	(486,751)
Interest paid	(80,551)	(79,305)
Proceeds from debt issue	<u>1,656,623</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>1,475,780</u>	<u>(3,019,387)</u>
Cash Flows From Investing Activities		
Investments purchased	(400,000)	-
Investments sold and matured	-	225,750
Investment income	<u>19,591</u>	<u>1,205</u>
Net cash flows from investing activities	<u>(380,409)</u>	<u>226,955</u>
Net change in cash and cash equivalents	1,182,592	(941,469)
Cash and Cash Equivalents, Beginning	<u>1,168,814</u>	<u>2,110,283</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,351,406</u>	<u>\$ 1,168,814</u>
Noncash Capital and Related Financing Activities		
Unrealized gain (loss) on investments	<u>\$ 132</u>	<u>\$ 8,856</u>
Customer contributions receivable	<u>\$ -</u>	<u>\$ 210,280</u>

See notes to the financial statements

Stoughton Water Utility

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 797,226	\$ 830,622
Noncash items in operating income:		
Depreciation	505,315	497,314
Depreciation charged to clearing and other utilities	30,265	33,512
Changes in assets and liabilities:		
Customer accounts receivable	(24,218)	6,596
Other accounts receivable	(23,071)	12,258
Due from other funds	(4,092)	4,488
Materials and supplies	1,023	(18,734)
Prepayments	3,141	(3,141)
Pension related deferrals and liabilities	(36,257)	(50,293)
OPEB related deferrals and liabilities	87,784	43,269
Accounts payable	(36,227)	(10,704)
Due to other funds	417	76,363
Customer deposits	-	(1,179)
Accrued wages	-	(15,678)
Accrued sick leave	9,211	8,321
Other current liabilities	20,378	-
	<u>\$ 1,330,895</u>	<u>\$ 1,413,014</u>
Net cash flows from operating activities		

Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts

Cash and investments	\$ 1,666,666	\$ -
Redemption account	400,256	296,319
Reserve account	340,710	340,710
Depreciation account	25,000	25,000
Construction account	4	4
Water plant and maintenance reserve account	198,292	195,382
Sick leave reserve account	120,610	311,399
	<u>2,751,538</u>	<u>1,168,814</u>
Total cash and investments		
Less noncash equivalents	<u>(400,132)</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 2,351,406</u>	<u>\$ 1,168,814</u>

See notes to the financial statements

WASTEWATER UTILITY

Stoughton Wastewater Utility

Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,065,383	\$ 1,195,304
Interest receivable	-	3,981
Restricted assets:		
Redemption account	295,370	247,178
Customer accounts receivable	227,673	228,310
Other accounts receivable	7,550	-
Due from municipality	85,177	23,652
Prepayments	-	3,926
Current portion of special assessments	-	19,905
	<u>1,681,153</u>	<u>1,722,256</u>
Total current assets		
Noncurrent Assets		
Restricted assets:		
Depreciation account	33,283	33,283
Replacement account	1,175,801	1,166,203
Net pension asset	194,121	161,017
Other assets:		
Sick leave reserve account	101,123	119,303
Special assessments receivable	-	59,716
Other prepaid asset	17,826	29,710
Capital assets:		
Plant in service	33,671,172	32,651,138
Accumulated depreciation/amortization	(14,370,326)	(13,691,236)
Construction work in progress	632,415	19,115
	<u>21,455,415</u>	<u>20,548,249</u>
Total noncurrent assets		
Total assets	<u>23,136,568</u>	<u>22,270,505</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	376,587	255,476
Deferred outflows related to OPEB	13,822	2,274
	<u>390,409</u>	<u>257,750</u>
Total deferred outflows of resources		

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 54,806	\$ 148,539
Due to municipality	80,146	-
Accrued wages	23,111	2,187
Accrued interest	585	765
Current portion of general obligation debt	36,000	36,000
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	359,126	349,930
Accrued interest	<u>11,327</u>	<u>15,160</u>
Total current liabilities	<u>565,101</u>	<u>552,581</u>
Noncurrent Liabilities		
General obligation debt	74,000	110,000
Revenue bonds	2,428,239	2,787,365
Accrued sick leave	101,123	84,619
Net OPEB liability	<u>88,134</u>	<u>1,101</u>
Total noncurrent liabilities	<u>2,691,496</u>	<u>2,983,085</u>
Total liabilities	<u>3,256,597</u>	<u>3,535,666</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	457,206	321,985
Deferred inflows related to OPEB	<u>11,024</u>	<u>78</u>
Total deferred inflows of resources	<u>468,230</u>	<u>322,063</u>
Net Position		
Total net investment in capital assets	17,035,896	15,695,722
Restricted for:		
Debt service	317,326	265,301
Equipment replacement	1,175,801	1,166,203
Pension	194,121	161,017
Unrestricted	<u>1,079,006</u>	<u>1,382,283</u>
Total net position	<u>\$ 19,802,150</u>	<u>\$ 18,670,526</u>

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Treatment charges	\$ 2,094,028	\$ 2,154,019
Other	<u>39,592</u>	<u>39,871</u>
Total operating revenues	<u>2,133,620</u>	<u>2,193,890</u>
Operating Expenses		
Operation and maintenance	1,238,224	1,036,462
Depreciation	<u>772,166</u>	<u>774,018</u>
Total operating expenses	<u>2,010,390</u>	<u>1,810,480</u>
Operating Income	<u>123,230</u>	<u>383,410</u>
Nonoperating Revenues (Expenses)		
Investment income	22,756	(875)
Gain on sale of asset	7,803	11,505
Interest expense	<u>(79,292)</u>	<u>(89,514)</u>
Total nonoperating expenses	<u>(48,733)</u>	<u>(78,884)</u>
Income before contributions	74,497	304,526
Capital Contributions	<u>1,057,127</u>	<u>136,469</u>
Change in net position	1,131,624	440,995
Net Position, Beginning	<u>18,670,526</u>	<u>18,229,531</u>
Net Position, Ending	<u>\$ 19,802,150</u>	<u>\$ 18,670,526</u>

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,124,898	\$ 2,212,226
Paid to suppliers for goods and services	(721,936)	(549,818)
Paid to employees for operating payroll	<u>(463,783)</u>	<u>(455,924)</u>
Net cash flows from operating activities	<u>939,179</u>	<u>1,206,484</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,664,023)	(249,498)
Capital contributions received	1,057,127	-
Special assessments received	19,905	19,905
Debt retired	(385,930)	(374,970)
Interest paid	<u>(83,305)</u>	<u>(89,652)</u>
Net cash flows from capital and related financing activities	<u>(1,056,226)</u>	<u>(694,215)</u>
Cash Flows From Investing Activities		
Investments purchased	(22,343)	(199,688)
Investments sold and matured	355,053	226,963
Investment income	<u>49,079</u>	<u>3,212</u>
Net cash flows from investing activities	<u>381,789</u>	<u>30,487</u>
Net change in cash and cash equivalents	264,742	542,756
Cash and Cash Equivalents, Beginning	<u>2,207,932</u>	<u>1,665,176</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,472,674</u>	<u>\$ 2,207,932</u>
Noncash Capital and Related Financing Activities		
Municipality financed additions to utility plant	<u>\$ -</u>	<u>\$ 136,469</u>
Unrealized gain (loss) on investments	<u>\$ (22,342)</u>	<u>\$ 311</u>

See notes to the financial statements

Stoughton Wastewater Utility

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 123,230	\$ 383,410
Noncash items in operating income:		
Depreciation	772,166	774,018
Changes in assets and liabilities:		
Customer accounts receivable	637	10,348
Other accounts receivable	(7,550)	5,436
Due to / from other funds	78,337	2,552
Prepayments	3,926	(3,926)
Pension related deferrals and assets	(19,596)	(58,823)
OPEB related deferrals and assets	87,033	(1,095)
Accounts payable	(148,316)	124,262
Accrued sick leave	16,504	(27,616)
Other current liabilities	20,924	(13,967)
Other prepaid asset	11,884	11,885
	<u>\$ 939,179</u>	<u>\$ 1,206,484</u>
Net cash flows from operating activities		
	<u>\$ 939,179</u>	<u>\$ 1,206,484</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,065,383	\$ 1,195,304
Redemption account	295,370	247,178
Depreciation account	33,283	33,283
Replacement account	1,175,801	1,166,203
Sick leave reserve account	101,123	119,303
	<u>2,670,960</u>	<u>2,761,271</u>
Total cash and investments		
	2,670,960	2,761,271
Less noncash equivalents	<u>(198,286)</u>	<u>(553,339)</u>
Cash and cash equivalents	<u>\$ 2,472,674</u>	<u>\$ 2,207,932</u>

See notes to the financial statements

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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 which reports to the City Council. The Utilities provide electric, water and wastewater service to properties within the municipality. The Utilities also provide electric service to the Townships of Dunkirk, Dunn, Pleasant Springs, Porter and Rutland.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Utilities' leasing activities. The Utilities adopted this statement effective January 1, 2022.

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, 2022 and 2021

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.

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, 2022 and 2021

Investment in American Transmission Company (ATC)

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

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

Sick Leave Reserve Account

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

Plant and Maintenance Reserve Account

These accounts are utilized to segregate funds for the future repairs and replacements of Electric and Water Utility capital assets as designated by the Utilities 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.

Non-Utility Property

Electric Utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,458 at December 31, 2022 and 2021. The electric items are fully amortized. Water Utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2022 and 2021. The costs are being amortized on a straight-line basis over their useful life.

Capital Assets

Capital assets (including right-to-use lease 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, 2022 and 2021

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

Lease assets are typically amortized over the lease term.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plans and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by OPEB plans. For this purpose, the OPEB plans recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

The local health insurance OPEB does not have a trust or fiduciary net position.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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.

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 gain on refunding is shown as a deferred outflow in the statement of net position.

Leases

The Utilities is a lessee because it leases capital assets from other entities. As a lessee, the Utilities reports an intangible right-to-use capital asset (known as the lease asset) in the financial statements. The lease was prepaid, therefore no related lease liability was recorded.

Deferred Inflows of Resources

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

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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 Utilities' 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% return on rate base.

Current water rates were approved by the PSCW effective March 1, 2022. The rates are designed to earn a 4.9% return on rate base.

Current wastewater rates were approved by the Utilities Committee effective July 1, 2022.

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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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, 2022 and 2021

2. Deposits and Investments

	Carrying Value as of		Risks
	December 31,		
	2022	2021	
Checking or savings	\$ 10,443,430	\$ 8,079,889	Custodial credit risk
Local government investment pool	1,261,800	1,076,654	Credit risk
Certificates of deposit, nonnegotiable	520,372	1,064,367	Custodial credit risk
Certificates of deposit, negotiable	1,146,000	200,542	Custodial credit, credit, concentration and interest rate risks
State and local bonds	-	703,987	Custodial credit, credit, concentration and interest rate risks
U.S. agency securities, implicitly guaranteed	47,960	74,538	Custodial credit, credit, concentration and interest rate risks
Petty cash	<u>750</u>	<u>750</u>	
Total	<u>\$ 13,420,312</u>	<u>\$ 11,200,727</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, 2022 and 2021.

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.

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, 2022 and 2021, the fair value of the LGIP's assets were substantially equal to the Utilities' share.

Stoughton Utilities

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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, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. agency securities	\$ -	\$ 47,960	\$ -	\$ 47,960
Certificates of deposit, negotiable	-	1,146,000	-	1,146,000
Total	<u>\$ -</u>	<u>\$ 1,193,960</u>	<u>\$ -</u>	<u>\$ 1,193,960</u>

<u>Investment Type</u>	<u>December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. agency securities	\$ -	\$ 74,538	\$ -	\$ 74,538
Certificates of deposit, negotiable	-	200,542	-	200,542
State and local bonds	-	703,987	-	703,987
Total	<u>\$ -</u>	<u>\$ 979,067</u>	<u>\$ -</u>	<u>\$ 979,067</u>

The investment in ATC is measured at the net asset value (NAV) per share of ownership. As of December 31, 2022 and 2021 the fair value of the investment was \$492,146 and \$484,175, respectively. 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.

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.

	<u>2022</u>		<u>2021</u>	
	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Wells Fargo	\$ 2,562,918	\$ 2,515,824	\$ 6,041,130	\$ 5,894,937
Associated Bank	7,138,520	7,138,520	1,955,202	1,955,202
Wisconsin Investment Services Cooperative	1,060,458	1,060,458	1,045,117	1,045,117
Investors Community Bank	249,000	249,000	249,000	249,000
Total	<u>\$ 11,010,896</u>	<u>\$ 10,963,802</u>	<u>\$ 9,290,449</u>	<u>\$ 9,144,256</u>

Stoughton Utilities

Notes to Financial Statements
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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, 2022 and 2021 the Utilities' investments were exposed to custodial credit risk as follows:

Neither Insured nor Registered and Held by Counterparty	2022	2021
U.S. agencies, implicitly guaranteed	\$ 47,960	\$ 74,538
State and local bonds	-	703,987
Certificates of deposit, negotiable	1,146,000	200,542

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, 2022, 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

As of December 31, 2021, 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.

Stoughton Utilities

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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, 2022 and 2021, the Utilities' investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2022	2021
Truist BK Charlott NC	Certificate of deposits	6.17%	-%
United Fidelity	Certificate of deposits	8.32%	-%
Kendall Bank	Certificate of deposits	6.90%	-%
Customers Bank	Certificate of deposits	6.71%	-%
EH National	Certificate of deposits	8.32%	-%
State of Wisconsin	State and local bonds	-%	11.25%
Arkansas State	State and local bonds	-%	11.30%

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, 2022, the Utilities' investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	3 or more
U.S. agencies, implicitly guaranteed	\$ 47,960	\$ -	\$ -	\$ 47,960
Certificates of deposit, negotiable	1,146,000	1,146,000	-	-
Total	<u>\$ 1,193,960</u>	<u>\$ 1,146,000</u>	<u>\$ -</u>	<u>\$ 47,960</u>

As of December 31, 2021, the Utilities' investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1 - 3	3 or more
U.S. agencies, implicitly guaranteed	\$ 74,538	\$ -	\$ -	\$ 74,538
Certificates of deposit, negotiable	200,542	-	200,542	-
State and local bonds	703,987	703,987	-	-
Total	<u>\$ 979,067</u>	<u>\$ 703,987</u>	<u>\$ 200,542</u>	<u>\$ 74,538</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.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ending December 31, 2022 and 2021:

Due To	Due From	2022		2021	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water Utility	\$ 376,315	Payment in lieu of taxes	\$ 412,040	Payment in lieu of taxes
Municipality	Water Utility	66,070	Operating	-	
Electric Utility	Water Utility	-		877,698	Temporary cash advance
Municipality	Wastewater Utility	80,146	Operating	-	
Electric Utility	Municipality	9,721	Operating	15,318	Operating
Water Utility	Municipality	123,425	Operating and special	32,673	Operating and special
Wastewater Utility	Municipality	85,177	Operating and special assessments	23,652	Operating and special assessments
Municipality	Electric Utility	113,225	Stormwater and operations	145,918	Stormwater and operations
Municipality	Electric Utility	380,252	Payment in lieu of taxes	438,027	Payment in lieu of taxes

The following is a schedule of transfer balances for the years ending December 31, 2022 and 2021:

To	From	2022		2021	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric Utility	380,252	Payment in lieu of taxes	438,027	Payment in lieu of taxes
Municipality	Water Utility	376,315	Payment in lieu of taxes	412,040	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.

Stoughton Utilities

Notes to Financial Statements
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Replacement Account

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

Net Pension Asset

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

Restricted Net Position

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

	<u>2022</u>	<u>2021</u>
Restricted assets:		
Redemption account	\$ 566,170	\$ 533,153
Reserve account	460,722	460,722
Depreciation account	25,000	25,000
Net pension asset	<u>413,766</u>	<u>373,541</u>
Total restricted assets	<u>1,465,658</u>	<u>1,392,416</u>
Current liabilities payable from restricted assets	<u>(15,292)</u>	<u>(18,929)</u>
Total restricted net position as calculated	<u>\$ 1,450,366</u>	<u>\$ 1,373,487</u>

The purpose of the restricted net position is as follows:

	<u>2022</u>	<u>2021</u>
Debt service	\$ 1,036,600	\$ 999,946
Pension	<u>413,766</u>	<u>373,541</u>
Total restricted net position	<u>\$ 1,450,366</u>	<u>\$ 1,373,487</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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

	<u>2022</u>	<u>2021</u>
Restricted assets:		
Redemption account	\$ 400,256	\$ 296,319
Reserve account	340,710	340,710
Depreciation account	25,000	25,000
Construction account	4	4
Net pension asset	<u>189,937</u>	<u>153,762</u>
Total restricted assets	<u>955,907</u>	<u>815,795</u>
Less restricted assets not funded by revenues:		
Construction account	<u>(4)</u>	<u>(4)</u>
Current liabilities payable from restricted assets	<u>(15,788)</u>	<u>(13,944)</u>
Total restricted net position as calculated	<u>\$ 940,115</u>	<u>\$ 801,847</u>

The purpose of the restricted net position is as follows:

	<u>2022</u>	<u>2021</u>
Debt service	\$ 750,178	\$ 648,085
Pension	<u>189,937</u>	<u>153,762</u>
Total restricted net position	<u>\$ 940,115</u>	<u>\$ 801,847</u>

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

	<u>2022</u>	<u>2021</u>
Restricted assets:		
Redemption account	\$ 295,370	\$ 247,178
Depreciation account	33,283	33,283
Replacement account	1,175,801	1,166,203
Net pension asset	<u>194,121</u>	<u>161,017</u>
Total restricted assets	<u>1,698,575</u>	<u>1,607,681</u>
Current liabilities payable from restricted assets	<u>(11,327)</u>	<u>(15,160)</u>
Total restricted net position as calculated	<u>\$ 1,687,248</u>	<u>\$ 1,592,521</u>

The purpose of the restricted net position is as follows:

	<u>2022</u>	<u>2021</u>
Debt service	\$ 317,326	\$ 265,301
Equipment replacement	1,175,801	1,166,203
Pension	<u>194,121</u>	<u>161,017</u>
Total restricted net position	<u>\$ 1,687,248</u>	<u>\$ 1,592,521</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

5. Advances to Other Funds

In December 2011, the Electric Utility provided an advance to the General Fund in the amount of \$554,744 for the purpose of full payment of the Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The General Fund will repay the Electric Utility over a period of fourteen years at 3.0% annual interest. The amount outstanding at December 31, 2022 is \$0 after the balance was paid off in 2022.

6. Changes in Capital Assets

Electric Utility

A summary of changes in electric capital assets for 2022 follows:

	<u>Balance</u> <u>1/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/22</u>
Capital assets, not being depreciated/amortized:				
Land and land rights	\$ 344,364	\$ -	\$ -	\$ 344,364
Capital assets being depreciated/amortized:				
Lease assets	-	180,000	-	180,000
Transmission	15,019	-	-	15,019
Distribution	32,502,953	1,331,705	176,278	33,658,380
General	3,956,797	269,978	47,548	4,179,227
Total capital assets being depreciated/amortization	<u>36,474,769</u>	<u>1,781,683</u>	<u>223,826</u>	<u>38,032,626</u>
Total capital assets	<u>36,819,133</u>	<u>1,781,683</u>	<u>223,826</u>	<u>38,376,990</u>
Less accumulated depreciation/amortization:				
Transmission	(19,366)	-	-	(19,366)
Distribution	(15,008,358)	(1,194,820)	178,329	(16,024,849)
General	(2,729,159)	(180,493)	47,548	(2,862,104)
Total accumulated depreciation/amortization	<u>(17,756,883)</u>	<u>(1,375,313)</u>	<u>225,877</u>	<u>(18,906,319)</u>
Construction in progress	<u>367,983</u>	<u>80,537</u>	<u>-</u>	<u>448,520</u>
Net capital assets	<u>\$ 19,430,233</u>			<u>\$ 19,919,191</u>

Stoughton Utilities

Notes to Financial Statements
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Lease assets are related to a 20 year prepaid lease agreement with TDS Metrocom for the right to use fiber optic assets.

A summary of changes in electric capital assets for 2021 follows:

	<u>Balance 1/1/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/21</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 344,364	\$ -	\$ -	\$ 344,364
Capital assets being depreciated:				
Transmission	15,019	-	-	15,019
Distribution	30,122,031	2,998,214	617,292	32,502,953
General	3,995,565	22,330	61,098	3,956,797
Total capital assets being depreciated	<u>34,132,615</u>	<u>3,020,544</u>	<u>678,390</u>	<u>36,474,769</u>
Total capital assets	<u>34,476,979</u>	<u>3,020,544</u>	<u>678,390</u>	<u>36,819,133</u>
Less accumulated depreciation:				
Transmission	(19,366)	-	-	(19,366)
Distribution	(14,499,187)	(1,139,085)	629,914	(15,008,358)
General	(2,605,454)	(180,802)	57,097	(2,729,159)
Total accumulated depreciation	<u>(17,124,007)</u>	<u>(1,319,887)</u>	<u>687,011</u>	<u>(17,756,883)</u>
Construction in progress	<u>981,323</u>	<u>-</u>	<u>613,340</u>	<u>367,983</u>
Net capital assets	<u>\$ 18,334,295</u>			<u>\$ 19,430,233</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Water Utility

A summary of changes in water capital assets for 2022 follows:

	<u>Balance</u> <u>1/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/22</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	90,795	-	-	90,795
Transmission and distribution	22,138,562	3,066,805	66,246	25,139,121
General	1,007,359	20,861	18,129	1,010,091
Completed construction not classified	1,667,296	-	1,667,296	-
Total capital assets being depreciated	<u>27,098,486</u>	<u>3,087,666</u>	<u>1,751,671</u>	<u>28,434,481</u>
Total capital assets	<u>27,123,327</u>	<u>3,087,666</u>	<u>1,751,671</u>	<u>28,459,322</u>
Less accumulated depreciation:				
Source of supply	(456,093)	(17,276)	-	(473,369)
Pumping	(1,464,709)	(50,125)	-	(1,514,834)
Water treatment	(90,795)	-	-	(90,795)
Transmission and distribution	(5,712,020)	(472,906)	-	(6,184,926)
General	(931,451)	(19,449)	76,833	(874,067)
Completed construction not classified	(24,176)	-	24,176	-
Total accumulated depreciation	<u>(8,679,244)</u>	<u>(559,756)</u>	<u>101,009</u>	<u>(9,137,991)</u>
Construction in progress	<u>214,160</u>	<u>37,702</u>	<u>-</u>	<u>251,862</u>
Net capital assets	<u>\$ 18,658,243</u>			<u>\$ 19,573,193</u>

Stoughton Utilities

Notes to Financial Statements
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A summary of changes in water capital assets for 2021 follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
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	1,533	1,501	90,795
Transmission and distribution	21,901,934	245,315	8,687	22,138,562
General	1,006,196	5,943	4,780	1,007,359
Completed construction not classified	-	1,667,296	-	1,667,296
Total capital assets being depreciated	<u>25,193,367</u>	<u>1,920,087</u>	<u>14,968</u>	<u>27,098,486</u>
Total capital assets	<u>25,218,208</u>	<u>1,920,087</u>	<u>14,968</u>	<u>27,123,327</u>
Less accumulated depreciation:				
Source of supply	(438,817)	(17,276)	-	(456,093)
Pumping	(1,414,584)	(50,125)	-	(1,464,709)
Water treatment	(90,388)	(1,907)	1,500	(90,795)
Transmission and distribution	(5,313,180)	(409,002)	10,162	(5,712,020)
General	(912,170)	(24,060)	4,779	(931,451)
Completed construction not classified	-	(24,176)	-	(24,176)
Total accumulated depreciation	<u>(8,169,139)</u>	<u>(526,546)</u>	<u>16,441</u>	<u>(8,679,244)</u>
Construction in progress	<u>11,147</u>	<u>203,013</u>	<u>-</u>	<u>214,160</u>
Net capital assets	<u>\$ 17,060,216</u>			<u>\$ 18,658,243</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Wastewater Utility

A summary of changes in wastewater capital assets for 2022 follows:

	<u>Balance 1/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/22</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Capital assets being depreciated:				
Collecting system	14,609,016	1,099,957	327	15,708,646
Collecting system pumping	756,008	-	-	756,008
Treatment and disposal	15,684,336	39,081	20,866	15,702,551
General	1,601,678	24,686	122,497	1,503,867
Total capital assets being depreciated	<u>32,651,038</u>	<u>1,163,724</u>	<u>143,690</u>	<u>33,671,072</u>
Total capital assets	<u>32,651,138</u>	<u>1,163,724</u>	<u>143,690</u>	<u>33,671,172</u>
Less accumulated depreciation	<u>(13,691,236)</u>	<u>(772,166)</u>	<u>93,076</u>	<u>(14,370,326)</u>
Construction in progress	<u>19,115</u>	<u>613,300</u>	<u>-</u>	<u>632,415</u>
Net capital assets	<u>\$ 18,979,017</u>			<u>\$ 19,933,261</u>

A summary of changes in wastewater capital assets for 2021 follows:

	<u>Balance 1/1/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/21</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Capital assets being depreciated:				
Collecting system	14,454,576	156,094	1,654	14,609,016
Collecting system pumping	755,459	5,104	4,555	756,008
Treatment and disposal	15,672,308	34,689	22,661	15,684,336
General	1,499,649	133,410	31,381	1,601,678
Total capital assets being depreciated	<u>32,381,992</u>	<u>329,297</u>	<u>60,251</u>	<u>32,651,038</u>
Total capital assets	<u>32,382,092</u>	<u>329,297</u>	<u>60,251</u>	<u>32,651,138</u>
Less accumulated depreciation	<u>(12,977,468)</u>	<u>(774,019)</u>	<u>60,251</u>	<u>(13,691,236)</u>
Construction in progress	<u>9,793</u>	<u>9,322</u>	<u>-</u>	<u>19,115</u>
Net capital assets	<u>\$ 19,414,417</u>			<u>\$ 18,979,017</u>

Additional disclosures of the lease assets are included in the Lease Disclosure note.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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 12/31/22</u>
May 3, 2016	Electric system improvements, refund 2006 bonds	April 1, 2036	2.00 - 3.00%	\$ 4,005,000	\$ 2,070,000
February 15, 2013	Electric system improvements	April 1, 2023	2.00 - 2.25	3,170,000	325,000

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 690,000	\$ 53,856	\$ 743,856
2024	110,000	45,450	155,450
2025	115,000	43,200	158,200
2026	115,000	40,900	155,900
2027	120,000	38,550	158,550
2028-2032	655,000	138,825	793,825
2033-2036	590,000	36,150	626,150
Total	<u>\$ 2,395,000</u>	<u>\$ 396,931</u>	<u>\$ 2,791,931</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 2022 and 2021 were \$753,438 and \$752,813, respectively. Total customer gross revenues as defined for the same periods were \$16,621,020 and \$15,601,584. Annual principal and interest payments are expected to require 1% 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 12/31/22</u>
May 3, 2016	Additions and improvements, refund 2006 bonds	May 1, 2026	1.00 - 2.75%	\$ 2,520,000	\$ 740,000
January 27, 2010	Additions and improvements	May 1, 2029	2.668	575,018	245,885 *
November 14, 2019	Additions and improvements	May 1, 2034	2.00 - 3.00	1,825,000	1,525,000
November 1, 2022	Additions and improvements	May 1, 2042	2.145	1,656,622	1,656,622

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

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Revenue bonds debt service requirements to maturity follows:

Years Ending December 31:	Bonds		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2023	\$ 487,302	\$ 85,653	\$ 32,414	\$ 6,128	\$ 611,497
2024	313,746	77,063	33,278	5,251	429,338
2025	320,221	69,166	34,166	4,352	427,905
2026	331,727	60,350	35,078	3,428	430,583
2027	198,266	53,201	36,014	2,480	289,961
2028-2032	1,060,587	196,738	74,935	2,012	1,334,272
2033-2037	729,313	82,918	-	-	812,231
2038-2042	480,460	26,337	-	-	506,797
Total	\$ 3,921,622	\$ 651,426	\$ 245,885	\$ 23,651	\$ 4,842,584

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 2022 and 2021 were \$558,410 and \$509,864, respectively. Total customer gross revenues as defined for the same periods were \$2,540,533 and \$2,391,113. Annual principal and interest payments are expected to require 14% of gross revenues on average.

Revenue Debt - Wastewater

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/22
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	107,612 *
June 27, 2007	WWTP improvements	May 1, 2027	2.475	1,539,762	495,373 *
November 1, 2014	WWTP improvements	May 1, 2034	2.625	3,305,713	2,184,380 *

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

Revenue bonds debt service requirements to maturity follows:

Years Ending December 31:	Direct Placement		
	Principal	Interest	Total
2023	\$ 359,126	\$ 67,858	\$ 426,984
2024	257,975	59,826	317,801
2025	264,602	53,114	317,716
2026	271,399	46,229	317,628
2027	278,371	39,168	317,539
2028-2032	943,088	117,353	1,060,441
2033-2034	412,804	10,906	423,710
Total	\$ 2,787,365	\$ 394,454	\$ 3,181,819

Stoughton Utilities

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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 2022 and 2021 were \$465,805 and \$427,222, respectively. Total customer gross revenues as defined for the same periods were \$2,156,376 and \$2,193,015. Annual principal and interest payments are expected to require 11% 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 12/31/22</u>
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25	\$ 522,000	\$ 165,000

General obligation bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 54,000	\$ 2,970	\$ 56,970
2024	54,000	1,856	55,856
2025	57,000	641	57,641
Total	<u>\$ 165,000</u>	<u>\$ 5,467</u>	<u>\$ 170,467</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 12/31/22</u>
July 9, 2015	Additions and improvements	April 1, 2025	2.00 - 2.25	\$ 348,000	\$ 110,000

General obligation bonds debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 36,000	\$ 1,980	\$ 37,980
2024	36,000	1,238	37,238
2025	38,000	427	38,427
Total	<u>\$ 110,000</u>	<u>\$ 3,645</u>	<u>\$ 113,645</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Long-Term Obligations Summary - Electric

Long-term obligation activity for the year ended December 31, 2022 is as follows:

	<u>1/1/22</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/22</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 3,080,000	\$ -	\$ 685,000	\$ 2,395,000	\$ 690,000
Accrued sick leave	161,356	51,793	91,210	121,939	-
Customer advances for construction	229,065	967,248	279,480	916,833	-
Unamortized premium on bonds	<u>52,141</u>	<u>-</u>	<u>10,470</u>	<u>41,671</u>	<u>-</u>
Total	<u>\$ 3,522,562</u>	<u>\$ 1,019,041</u>	<u>\$ 1,066,160</u>	<u>\$ 3,475,443</u>	<u>\$ 690,000</u>

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	<u>1/1/21</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 3,750,000	\$ -	\$ 670,000	\$ 3,080,000	\$ 685,000
Accrued sick leave	150,721	47,991	37,356	161,356	-
Customer advances for construction	1,344,916	199,649	1,315,500	229,065	-
Unamortized premium on bonds	<u>63,098</u>	<u>-</u>	<u>10,957</u>	<u>52,141</u>	<u>-</u>
Total	<u>\$ 5,308,735</u>	<u>\$ 247,640</u>	<u>\$ 2,033,813</u>	<u>\$ 3,522,562</u>	<u>\$ 685,000</u>

Long-Term Obligations Summary - Water

Long-term obligation activity for the year ended December 31, 2022 is as follows:

	<u>1/1/22</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/22</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 2,937,456	\$ 1,656,622	\$ 426,571	\$ 4,167,507	\$ 519,716
General obligation debt	219,000	-	54,000	165,000	54,000
Accrued sick leave	111,399	18,834	9,623	120,610	-
Unamortized premium on bonds	<u>50,888</u>	<u>-</u>	<u>10,629</u>	<u>40,259</u>	<u>-</u>
Total	<u>\$ 3,318,743</u>	<u>\$ 1,675,456</u>	<u>\$ 500,823</u>	<u>\$ 4,493,376</u>	<u>\$ 573,716</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	<u>1/1/21</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 3,373,207	\$ -	\$ 435,751	\$ 2,937,456	\$ 426,571
General obligation debt	270,000	-	51,000	219,000	54,000
Accrued sick leave	103,078	17,451	9,130	111,399	-
Customer advances for construction	5,000	-	5,000	-	-
Unamortized premium on bonds	61,517	-	10,629	50,888	-
Total	<u>\$ 3,812,802</u>	<u>\$ 17,451</u>	<u>\$ 511,510</u>	<u>\$ 3,318,743</u>	<u>\$ 480,571</u>

Long-Term Obligations Summary - Wastewater

Long-term obligation activity for the year ended December 31, 2022 is as follows:

	<u>1/1/22</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/22</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 3,137,295	\$ -	\$ 349,930	\$ 2,787,365	\$ 359,126
General obligation debt	146,000	-	36,000	110,000	36,000
Accrued sick leave	84,619	23,542	7,038	101,123	-
Total	<u>\$ 3,367,914</u>	<u>\$ 23,542</u>	<u>\$ 392,968</u>	<u>\$ 2,998,488</u>	<u>\$ 395,126</u>

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	<u>1/1/21</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 3,478,265	\$ -	\$ 340,970	\$ 3,137,295	\$ 349,930
General obligation debt	180,000	-	34,000	146,000	36,000
Accrued sick leave	112,235	21,814	49,430	84,619	-
Total	<u>\$ 3,770,500</u>	<u>\$ 21,814</u>	<u>\$ 424,400</u>	<u>\$ 3,367,914</u>	<u>\$ 385,930</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.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

The Utilities are covered under the following insurance policies at December 31, 2022:

Type	Coverage	Expiration
Automobile	\$ 20,000,000 CVMIC Self-Insured	1/1/23
Excess liability	5,000,000 CVMIC Self-Insured	1/1/23
Workers' compensation	5,000,000 CVMIC Self-Insured	1/1/23
Buildings	1,000,000 CVMIC Self-Insured	1/1/23
Boiler Insurance	500,000,000 CVMIC Self-Insured	1/1/23
Property	Wisconsin Local Property Insurance Fund	2/1/23
	68,083,830	

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 2022 and 2021 as follows:

	2022	2021
Operating revenues	\$ 16,558,584	\$ 15,545,034
Investment income	62,436	56,550
Less operation and maintenance expenses	<u>(14,104,414)</u>	<u>(13,163,306)</u>
Net defined earnings	<u>\$ 2,516,606</u>	<u>\$ 2,438,278</u>
Minimum required earnings per resolution:		
Highest annual debt service	\$ 743,856	\$ 753,438
Coverage factor	<u>1.30</u>	<u>1.30</u>
Minimum required earnings	<u>\$ 967,013</u>	<u>\$ 979,469</u>
Actual debt coverage	<u>3.38</u>	<u>3.24</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 2,526,615	\$ 2,384,825
Investment income	13,918	6,261
Less operation and maintenance expenses	<u>(1,224,074)</u>	<u>(1,056,916)</u>
Net defined earnings	<u>\$ 1,316,459</u>	<u>\$ 1,334,170</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 611,497	\$ 509,864
Coverage factor	<u>1.30</u>	<u>1.30</u>
Minimum required earnings	<u>\$ 794,946</u>	<u>\$ 662,823</u>
Actual debt coverage	<u>2.15</u>	<u>2.62</u>

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 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 2,133,620	\$ 2,193,890
Investment income	22,756	(875)
Less operation and maintenance expenses	<u>(1,238,224)</u>	<u>(1,036,462)</u>
Net defined earnings	<u>\$ 918,152</u>	<u>\$ 1,156,553</u>
Minimum required earnings per resolution: Highest annual debt service	\$ 426,984	\$ 427,223
Coverage factor	<u>1.10</u>	<u>1.10</u>
Minimum required earnings	<u>\$ 469,682</u>	<u>\$ 469,945</u>
Actual debt coverage	<u>2.15</u>	<u>2.71</u>

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Number of Customers and Billed Volumes - Electric

The Utility has the following number of customers and billed volumes for 2022 and 2021:

	Customers		Sales (000 kWh)	
	2022	2021	2022	2021
Residential	7,939	7,875	66,271	67,514
General	901	878	19,132	18,539
Small power	40	42	14,790	15,620
Large power	10	10	12,469	12,137
Industrial	14	14	26,462	27,490
Street and highway lighting	6	6	351	338
Total	<u>8,910</u>	<u>8,825</u>	<u>139,475</u>	<u>141,638</u>

Number of Customers and Billed Volumes - Water

The Utility has the following number of customers and billed volumes for 2022 and 2021:

	Customers		Sales (000 gals)	
	2022	2021	2022	2021
Residential	4,606	4,550	196,587	207,203
Multifamily residential	81	81	37,743	37,443
Commercial	385	379	42,505	43,462
Industrial	26	26	127,882	150,133
Public authority	35	35	3,534	4,420
Interdepartmental	6	6	95	-
Total	<u>5,139</u>	<u>5,077</u>	<u>408,346</u>	<u>442,661</u>

Number of Customers and Billed Volumes - Wastewater

The Utility has the following number of customers and billed volumes for 2022 and 2021:

	Customers		Sales (000 gals)	
	2022	2021	2022	2021
Residential	4,558	4,538	195,670	205,674
Multifamily residential	81	81	37,294	37,703
Commercial	367	364	37,853	36,601
Industrial	23	23	20,193	37,866
Public authority	28	28	3,189	2,672
Wholesale	1	1	-	-
Total	<u>5,058</u>	<u>5,035</u>	<u>294,199</u>	<u>320,516</u>

Utility Budget

The 2022 and 2021 utility budgets were prepared and approved as required by the bond resolutions.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

8. Net Position

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

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

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

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

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

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

	<u>2022</u>	<u>2021</u>
Plant in service	\$ 38,376,990	\$ 36,819,133
Accumulated depreciation/amortization	(18,906,319)	(17,756,883)
Construction work in progress	448,520	367,983
Subtotal	<u>19,919,191</u>	<u>19,430,233</u>
Less capital related debt:		
Current portion of capital related long-term debt	690,000	685,000
Long-term portion of capital related long-term debt	1,705,000	2,395,000
Unamortized debt premium	41,671	52,141
Property held for future use	<u>(229,097)</u>	<u>(229,097)</u>
Subtotal	<u>2,207,574</u>	<u>2,903,044</u>
Total net investment in capital assets	<u>\$ 17,711,617</u>	<u>\$ 16,527,189</u>

Stoughton Utilities

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

	<u>2022</u>	<u>2021</u>
Plant in service	\$ 28,459,322	\$ 27,123,327
Accumulated depreciation/amortization	(9,137,991)	(8,679,244)
Construction work in progress	251,862	214,160
Subtotal	<u>19,573,193</u>	<u>18,658,243</u>
Less capital related debt:		
Current portion of capital related long-term debt	573,716	480,571
Long-term portion of capital related long-term debt	3,758,791	2,675,885
Unamortized debt premium	40,259	50,888
Subtotal	<u>4,372,766</u>	<u>3,207,344</u>
Add unspent debt proceeds:		
Reserve from borrowing	4	4
Subtotal	<u>4</u>	<u>4</u>
Total net investment in capital assets	<u>\$ 15,200,431</u>	<u>\$ 15,450,903</u>

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

	<u>2022</u>	<u>2021</u>
Plant in service	\$ 33,671,172	\$ 32,651,138
Accumulated depreciation/amortization	(14,370,326)	(13,691,236)
Construction work in progress	632,415	19,115
Subtotal	<u>19,933,261</u>	<u>18,979,017</u>
Less capital related debt:		
Current portion of capital related long-term debt	395,126	385,930
Long-term portion of capital related long-term debt	2,502,239	2,897,365
Subtotal	<u>2,897,365</u>	<u>3,283,295</u>
Total net investment in capital assets	<u>\$ 17,035,896</u>	<u>\$ 15,695,722</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 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.

Stoughton Utilities

Notes to Financial Statements
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ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can be found using the link above.

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.

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>
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)
2020	1.7	21.0
2021	5.1	13.0

Stoughton Utilities

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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 was 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 \$113,690 and \$115,463 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2022 and December 31, 2021 are:

	2022		2021	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.75 %	6.75 %	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.35 %	6.75 %	16.25 %

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

At December 31, 2022, the Utilities reported a liability (asset) of \$(797,824) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the City of Stoughton's proportion was .04984898%, which was a decrease of .00073904% from its proportion measured as of December 31, 2020.

At December 31, 2021, the Utilities reported a liability (asset) of \$(688,320) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City of Stoughton's proportion was .05058802%, which was a decrease of .0002056% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2022 and 2021, the Utilities recognized pension expense (revenue) of \$66,381 and \$186,066, respectively.

Stoughton Utilities

Notes to Financial Statements
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At December 31, 2022, 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 projected and actual experience	\$ 668,404	\$ 48,023	\$ 306,813	\$ 21,877	\$ 313,604	\$ 22,738
Changes in assumption	77,209	-	35,456	-	36,206	-
Net differences between project and actual earnings on pension plan	-	925,807	-	425,152	-	434,141
Changes in proportion and differences between employer contributions and proportionate share of contributions	467	696	214	320	219	327
Employer contributions subsequent to the measurement date	<u>69,696</u>	<u>-</u>	<u>25,836</u>	<u>-</u>	<u>26,558</u>	<u>-</u>
Total	<u>\$ 815,776</u>	<u>\$ 974,526</u>	<u>\$ 368,319</u>	<u>\$ 447,349</u>	<u>\$ 376,587</u>	<u>\$ 457,206</u>

At December 31, 2021, 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	\$ 609,596	\$ 148,616	\$ 218,740	\$ 45,523	\$ 221,521	\$ 56,432
Changes in assumption	10,186	-	3,164	-	6,218	-
Net differences between project and actual earnings on pension plan	-	776,565	-	285,455	-	264,613
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,862	-	783	-	940
Employer contributions subsequent to the measurement date	<u>59,121</u>	<u>-</u>	<u>27,139</u>	<u>-</u>	<u>27,737</u>	<u>-</u>
Total	<u>\$ 678,903</u>	<u>\$ 927,043</u>	<u>\$ 249,043</u>	<u>\$ 331,761</u>	<u>\$ 255,476</u>	<u>\$ 321,985</u>

Stoughton Utilities

Notes to Financial Statements
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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>
Years Ending December 31:			
2023	\$ (19,471)	\$ (8,941)	\$ (9,130)
2024	(112,356)	(51,597)	(52,687)
2025	(49,403)	(22,687)	(23,166)
2026	(47,216)	(21,641)	(22,194)
2027	-	-	-
Thereafter	-	-	-
Total	<u>\$ (228,446)</u>	<u>\$ (104,866)</u>	<u>\$ (107,177)</u>

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

	<u>2022</u>	<u>2021</u>
Actuarial Valuation Date:	December 31, 2020	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2021	December 31, 2020
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021	January 1, 2015 - December 31, 2017
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	7.0%
Discount Rate:	6.8%	7.0%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments: *	1.7%	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 for the December 31, 2020 actuarial valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Stoughton Utilities

Notes to Financial Statements
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Actuarial assumptions for the December 31, 2019 actuarial valuation 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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Long-term expected return on plan assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2022 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Global Equities	52 %	6.8 %	4.2 %
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund ³	115	6.6	4.0
Variable Fund Asset			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

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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, 2021 are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51 %	7.2 %	4.7 %
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%. Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate: A single discount rate of 6.80% and 7.00% was used to measure the total pension liability as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, this single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 1.84%. As of December 31, 2021, the single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 2.0%. (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, 2021 and 2020, respectively. 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 6.80% (7.00% for 2021) expected rate of return implies that a dividend of approximately 1.7% (1.9% for 2021) 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, 2022 and 2021

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

The sensitivity analysis as of December 31, 2022 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Electric Utility's proportionate share of the net position liability (asset)	\$ 58,310	\$ (413,766)	\$ (183,299)
Water Utility's proportionate share of the net position liability (asset)	26,777	(189,937)	(84,175)
Wastewater Utility's proportionate share of the net position liability (asset)	27,343	(194,121)	(85,955)

The sensitivity analysis as of December 31, 2021 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Electric Utility's proportionate share of the net position liability (asset)	\$ 330,687	\$ (373,541)	\$ (845,469)
Water Utility's proportionate share of the net position liability (asset)	150,312	(153,762)	(384,304)
Wastewater Utility's proportionate share of the net position liability (asset)	150,312	(161,017)	(384,304)

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. Other Postemployment Benefits

General Information About the OPEB Plan

Plan description: The Utilities' defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Utilities. RBP is a single-employer defined benefit OPEB plan administered by the City of Stoughton. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City of Stoughton Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided: RBP provides healthcare benefits for retirees and their dependents. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy. Retirees participating in the plan contribute 100% of the blended premium. The City, by paying the blended premium for active employees, contributes the difference between the blended premium and the age-adjusted premium towards retiree benefits.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

Employees covered by benefit terms: At December 31, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Inactive plan members or beneficiaries currently receiving benefit payments	3	3
Active plan members	<u>94</u>	<u>94</u>
	<u>97</u>	<u>97</u>

Total OPEB Liability

At December 31, 2022, the Utilities' total OPEB liability of \$188,134 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date. At December 31, 2021, the Utilities' total OPEB liability of \$82,381 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2022</u>	<u>2021</u>
Inflation	2.25%	2.12% - 2.06%
Salary increases	3.20%	3.20%
Healthcare cost trend rates	5.00%	5.00%
Retirees' share of benefit-related costs	Retiree \$6,952 and Spouse \$7,647	Retiree \$6,952 and Spouse \$7,647

The discount rate was based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate.

Mortality rates were based on the Wisconsin Retirement Experience Study Report dated November 19, 2021 with the MP-2021 generational improvement scale.

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Notes to Financial Statements
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Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2021	<u>\$ 77,394</u>
Changes for the year:	
Service cost	5,293
Interest	1,616
Changes in assumptions or other inputs	455
Benefit payments	<u>(2,377)</u>
Net changes	<u>4,987</u>
Balances at January 1, 2022	<u>82,381</u>
Changes for the year:	
Service cost	13,468
Interest	4,169
Changes in assumptions or other inputs	94,190
Benefit payments	<u>(6,074)</u>
Net changes	<u>105,753</u>
Balances at December 31, 2022	<u>\$ 188,134</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Utilities, as well as what the Utilities' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

As of December 31, 2022:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 204,795	\$ 188,134	\$ 173,381

As of January 1, 2022:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 90,514	\$ 82,381	\$ 75,227

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Notes to Financial Statements
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Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Utilities, as well as what the Utilities' net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

As of December 31, 2022:

	1% Decrease (4.0%) Decreasing to -%)	Healthcare Cost Trend Rates (5.0%) Decreasing to -%)	1% Increase (6.0%) Decreasing to -%)
Total OPEB liability	\$ 168,283	\$ 188,134	\$ 211,358

As of January 1, 2022:

	1% Decrease (4.0%) Decreasing to -%)	Healthcare Cost Trend Rates (5.0%) Decreasing to -%)	1% Increase (6.0%) Decreasing to -%)
Total OPEB liability	\$ 73,494	\$ 82,381	\$ 92,831

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022 and 2021, the Utilities recognized OPEB expense of \$79,596 and \$79,596, respectively. At December 31, 2022 and 2021, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions or other inputs	\$ 896	\$ 25,801	\$ 408
Employer contributions subsequent to the measurement date	-	-	2,377
Total	<u>\$ 896</u>	<u>\$ 25,801</u>	<u>\$ 2,785</u>

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Deferred outflows related to OPEB resulting from the employer's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31:		
2023	\$	(2,912)
2024		(2,912)
2025		(2,912)
2026		(2,912)
2027		(2,912)
Thereafter		(10,345)

Local Retiree Life Insurance Fund (LRLIF)

Plan description: The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Benefits provided: The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions: The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2022 and 2021 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Stoughton Utilities

Notes to Financial Statements
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Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below:

Life Insurance Member Contribution Rates* For the Plan Year

Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

* Disabled members under 70 receive a waiver-of-premium benefit.

The LRLIF recognized \$653 and \$554 in contributions from the employer during the current and prior reporting periods, respectively.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the Utilities reported a liability of \$188,527 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of January 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to January 1, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net OPEB liability was based on the Utilities' share of contributions to the OPEB plan relative to the contributions of all participating employers. At January 1, 2022, the Utilities' proportion was 0.13632800%, which was an increase of 0.00587400% from its proportion measured as of December 31, 2020.

At December 31, 2021, the Utilities reported a liability of \$140,145 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to January 1, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net OPEB liability was based on the Utilities' share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Utilities' proportion was 0.13045400%, which was an increase of 0.00098400% from its proportion measured as of December 31, 2019.

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Notes to Financial Statements
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For the year ended December 31, 2022 and 2021, the Utilities recognized OPEB expense (revenue) of \$24,718 and \$156,398, respectively.

At December 31, 2022 and 2021, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,591	\$ -	\$ 6,687
Net differences between projected and investment earnings on plan investments	2,453	-	2,041	-
Changes in actuarial assumptions	55,276	9,138	54,518	9,616
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,649	1,426	4,253	1,660
Employer contributions subsequent to the measurement date	3,174	-	4,147	-
Total	<u>\$ 69,552</u>	<u>\$ 20,155</u>	<u>\$ 64,959</u>	<u>\$ 17,963</u>

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

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 10,513
2024	10,228
2025	9,634
2026	9,910
2027	5,189
Thereafter	749

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Actuarial assumptions: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2022</u>	<u>2021</u>
Actuarial Valuation Date:	January 1, 2021	January 1, 2020
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021	December 31, 2020
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021	January 1, 2015 - December 31, 2017
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%	2.12%
Long-Term Expected Rate of Return:	4.25%	4.25%
Discount Rate:	2.17%	2.25%
Salary Increases:		
Wage Inflation	3.00%	3.00%
Seniority/Merit	0.10% - 5.6%	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table

Actuarial assumptions for the January 1, 2021 actuarial valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Actuarial assumptions for the January 1, 2020 actuarial valuation 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 OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

Long-term expected return on plan assets: The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

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State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5	1.82
US Mortgages	Bloomberg US MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single discount rate: A single discount rate was used to measure the total OPEB liability (2.17% for 2022 and 2.25% for 2021). The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Utilities' proportionate share of the net OPEB liability (asset) to changes in the discount rate: The following presents the Utilities' proportionate share of the net OPEB liability (asset) calculated using the discount rate, as well as what the Utilities' proportionate share of the net OPEB 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 discount rate:

As of December 31, 2022:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
The Utilities' proportionate share of the net OPEB liability (asset)	\$ 255,764	\$ 188,527	\$ 137,935

As of January 1, 2022:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
The Utilities' proportionate share of the net OPEB liability (asset)	\$ 196,201	\$ 140,145	\$ 104,935

11. 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.

Fifty members, representing approximately 99.8% 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 \$274 million as of December 31, 2022.

Stoughton Utilities

Notes to Financial Statements
December 31, 2022 and 2021

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.

12. Risk Management

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

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

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

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

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

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

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.

13. Subsequent Events

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

Rate Adjustment

In February 2023 an electric rate case application was filed with the PSCW.

REQUIRED SUPPLEMENTARY INFORMATION

Stoughton Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended December 31, 2022

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) - City	Utilities' Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/30/22	0.04984898%	\$ (797,824)	\$ 1,688,846	56.36%	106.02%
12/30/21	0.05058802%	(688,320)	1,710,558	40.24%	105.26%
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, 2021

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/22	\$ 122,090	\$ 122,090	\$ -	\$ 1,878,308	6.50%
12/31/21	113,997	113,997	-	1,688,846	6.75%
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%

See notes to required supplementary information

Stoughton Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2022

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

Changes of assumptions.

	<u>2015 - 2018</u>	<u>2019 - 2021</u>	<u>2022</u>
Long-term expected rate of return	7.2%	7.0%	6.80%
Discount rate	7.2%	7.0%	6.80%
Salary increases			
Inflation	3.2%	3.0%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table
Post-retirement adjustments	2.10%	1.90%	1.70%

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.

Stoughton Utilities

Schedule of Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/30/22	0.13632800%	\$ 188,527	\$ 1,666,157	11.32%	29.57%
12/30/21	0.13045400%	140,145	1,361,800	10.29%	31.36%

See notes to required supplementary information

Stoughton Utilities

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios

Health Insurance

Year Ended December 31, 2022

	<u>2021</u>		<u>2022</u>
Total OPEB Liability			
Service cost	\$ 5,293	\$	13,468
Interest	1,616		4,169
Changes of benefit terms	-		-
Differences between expected and actual experience	-		-
Changes of assumptions	455		94,190
Benefit payments	<u>(2,377)</u>		<u>(6,074)</u>
			105,753
Net Change in Total OPEB Liability	4,987		
Total OPEB Liability, Beginning	<u>77,394</u>		<u>82,381</u>
Total OPEB Liability, Ending	<u>\$ 82,381</u>	\$	<u>188,134</u>
Covered payroll	\$ 553,147	\$	1,452,772
Total OPEB liability as a percentage of covered payroll	14.89%		12.95%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the previous calendar year.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City is required to present the last ten fiscal years' data; however, standards allow the presentation of as many years as are available until 10 years are presented.

SUPPLEMENTARY INFORMATION

ELECTRIC UTILITY

Stoughton Electric Utility

Electric Utility Plant

Year Ended December 31, 2022

	<u>Balance 1/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/22</u>
Intangible				
Lease asset	\$ -	\$ 180,000	\$ -	\$ 180,000
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	5,438,242	137,579	34,233	5,541,588
Overhead conductors and devices	6,258,065	229,547	114,229	6,373,383
Underground conduit	967,826	61,265	4	1,029,087
Underground conductors and devices	5,686,598	273,305	4,728	5,955,175
Line transformers	3,434,558	448,170	8,022	3,874,706
Services	2,112,925	88,029	4,939	2,196,015
Meters	739,431	27,364	4,255	762,540
Street lighting and signal systems	829,562	66,446	5,868	890,140
Total distribution	<u>32,847,317</u>	<u>1,331,705</u>	<u>176,278</u>	<u>34,002,744</u>
General				
Structures and improvements	1,652,643	12,341	4,142	1,660,842
Office furniture and equipment	82,977	-	-	82,977
Computer equipment	100,107	-	-	100,107
Transportation equipment	288,992	-	43,406	245,586
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	222,813	-	1,411,356
Communication equipment	489,204	34,824	-	524,028
Total general	<u>3,956,796</u>	<u>269,978</u>	<u>47,548</u>	<u>4,179,226</u>
Total electric utility plant	<u>\$36,819,133</u>	<u>\$ 1,781,683</u>	<u>\$ 223,826</u>	<u>\$38,376,990</u>

Stoughton Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 5,720,032	\$ 5,463,703
Rural	3,084,578	2,955,981
General service	2,053,025	1,862,303
Large commercial and industrial	1,345,037	1,271,705
Large power	1,509,864	1,321,819
Industrial	2,352,565	2,257,349
Public street and highway lighting	96,333	91,088
Interdepartmental	<u>166,602</u>	<u>156,766</u>
Total sales of electricity	<u>16,328,036</u>	<u>15,380,714</u>
Other operating revenues:		
Forfeited discounts	31,997	33,082
Other	<u>198,551</u>	<u>131,238</u>
Total operating revenues	<u>16,558,584</u>	<u>15,545,034</u>
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	<u>12,254,384</u>	<u>11,325,693</u>
Transmission:		
Operation supervision and engineering	-	14,653
Station	66,999	53,824
Overhead lines	(12,205)	42,142
Underground lines	<u>29,807</u>	<u>87,812</u>
Total transmission	<u>84,601</u>	<u>198,431</u>
Distribution:		
Meter	5,852	5,542
Miscellaneous	26,841	31,109
Maintenance:		
Supervision and engineering	14,169	42,083
Structures	2,121	-
Station equipment	921	23,850
Overhead lines	381,422	257,642
Underground lines	187,864	105,511
Line transformers	6,989	3,459
Street lighting and signal system	482	2,695
Meters	<u>26,002</u>	<u>18,616</u>
Total distribution	<u>652,663</u>	<u>490,507</u>
Customer accounts:		
Meter reading	8,370	3,239
Customer records and collection	330,115	320,373
Miscellaneous	<u>12,014</u>	<u>9,144</u>
Total customer accounts	<u>350,499</u>	<u>332,756</u>

Stoughton Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Administrative and general:		
Salaries	\$ 255,313	\$ 225,914
Office supplies	82,610	77,312
Outside services employed	39,550	29,914
Property insurance	39,064	34,911
Injuries and damages	46,455	40,123
Employee pensions and benefits	18,622	182,578
Miscellaneous	12,875	17,059
Rents	14,851	14,430
Maintenance	<u>62,397</u>	<u>32,400</u>
Total administrative and general	<u>571,737</u>	<u>654,641</u>
Taxes	<u>190,530</u>	<u>161,278</u>
Total operation and maintenance	14,104,414	13,163,306
Depreciation	<u>1,309,313</u>	<u>1,252,922</u>
Total operating expenses	<u>15,413,727</u>	<u>14,416,228</u>
Operating income	<u>\$ 1,144,857</u>	<u>\$ 1,128,806</u>

Stoughton Electric Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2022 and 2021

	Electric	
	2022	2021
Utility Financed Plant in Service		
Beginning of year	\$ 30,695,672	\$ 30,650,994
End of year	<u>31,931,816</u>	<u>30,695,672</u>
Average	<u>31,313,744</u>	<u>30,673,333</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(15,542,982)	(15,071,160)
End of year	<u>(16,576,299)</u>	<u>(15,542,982)</u>
Average	<u>(16,059,641)</u>	<u>(15,307,071)</u>
Materials and Supplies		
Beginning of year	293,295	443,455
End of year	<u>987,391</u>	<u>293,295</u>
Average	<u>640,343</u>	<u>368,375</u>
Regulatory Liability		
Beginning of year	(44,324)	(66,484)
End of year	<u>(22,164)</u>	<u>(44,324)</u>
Average	<u>(33,244)</u>	<u>(55,404)</u>
Customer Advances for Construction		
Beginning of year	(229,066)	(1,344,916)
End of year	<u>(916,833)</u>	<u>(229,066)</u>
Average	<u>(572,950)</u>	<u>(786,991)</u>
Average net rate base	<u>\$ 15,288,252</u>	<u>\$ 14,892,242</u>
Operating income, regulatory basis	<u>\$ 861,219</u>	<u>\$ 934,835</u>
Rate of return (percent)	<u>5.63 %</u>	<u>6.28 %</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, 2022

	Balance 1/1/22	Additions	Retirements	Balance 12/31/22
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	77,124	-	-	77,124
Total water treatment	<u>90,795</u>	<u>-</u>	<u>-</u>	<u>90,795</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	13,926,314	811,259	-	14,737,573
Services	3,520,874	2,033,035	53,681	5,500,228
Meters	931,394	67,781	11,712	987,463
Hydrants	1,790,718	154,730	853	1,944,595
Other transmission and distribution plant	11,800	-	-	11,800
Total transmission and distribution	<u>22,151,768</u>	<u>3,066,805</u>	<u>66,246</u>	<u>25,152,327</u>
General				
Structures and improvements	411,903	7,915	1,507	418,311
Office furniture and equipment	37,309	-	-	37,309
Computer equipment	21,458	-	-	21,458
Transportation equipment	55,137	-	16,622	38,515
Stores equipment	2,187	-	-	2,187
Tools, shop and garage equipment	47,309	-	-	47,309
Power-operated equipment	102,034	12,946	-	114,980
Communication equipment	30,427	-	-	30,427
SCADA equipment	299,506	-	-	299,506
Miscellaneous equipment	89	-	-	89
Total general	<u>1,007,359</u>	<u>20,861</u>	<u>18,129</u>	<u>1,010,091</u>
Completed Construction Not Classified	<u>1,667,296</u>	<u>-</u>	<u>1,667,296</u>	<u>-</u>
Total water utility plant	<u><u>\$27,123,327</u></u>	<u><u>\$ 3,087,666</u></u>	<u><u>\$ 1,751,671</u></u>	<u><u>\$28,459,322</u></u>

Stoughton Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Sales of water:		
Unmetered	\$ 2,755	\$ 1,397
Metered:		
Residential	1,225,653	1,098,266
Multifamily residential	126,996	119,161
Commercial	166,977	165,033
Industrial	263,661	301,792
Public authorities	18,154	21,223
Interdepartmental	2,526	2,175
Total metered sales	1,803,967	1,707,650
Private fire protection	62,470	59,590
Public fire protection	593,648	568,978
Total sales of water	2,462,840	2,337,615
Other operating revenues:		
Forfeited discounts	6,440	6,419
Other	57,335	40,818
Total operating revenues	2,526,615	2,384,852
Operating Expenses		
Operation and maintenance:		
Source of supply:		
Maintenance:		
Wells and springs	224	-
Pumping:		
Fuel or purchased power for pumping	122,699	116,417
Pumping labor	15,369	6,683
Miscellaneous	(1,154)	-
Maintenance:		
Structures and improvements	13,943	5,886
Pumping equipment	7,785	1,446
Total pumping	158,642	130,432
Water treatment:		
Chemicals	20,909	16,909
Operation labor	57,754	44,245
Miscellaneous	-	246
Maintenance:		
Water treatment equipment	4,411	6,546
Total water treatment	83,074	67,946

Stoughton Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Transmission and distribution:		
Transmission and distribution lines	\$ 14,551	\$ 11,574
Meters	31,684	20,155
Customer installations	11,496	9,492
Miscellaneous	21,670	23,288
Maintenance:		
Reservoirs and standpipes	56,923	58,032
Mains	202,282	99,778
Services	48,737	101,775
Meters	(254)	(293)
Hydrants	11,020	19,433
Miscellaneous	4,537	2,176
Total transmission and distribution	<u>402,646</u>	<u>345,410</u>
Customer accounts:		
Meter reading	11,405	12,131
Accounting and collecting labor	93,117	91,384
Total customer accounts	<u>104,522</u>	<u>103,515</u>
Administrative and general:		
Salaries	165,492	153,058
Office supplies	33,513	25,088
Outside services employed	30,126	48,150
Property insurance	14,198	12,695
Injuries and damages	6,553	13,578
Employee pensions and benefits	168,063	111,400
Regulatory commission	1,407	4,497
Miscellaneous	13,694	5,253
Rents	5,400	5,243
Maintenance	11,180	4,277
Total administrative and general	<u>449,626</u>	<u>383,239</u>
Taxes	<u>25,340</u>	<u>26,374</u>
Total operation and maintenance	1,224,074	1,056,916
Depreciation	<u>505,315</u>	<u>497,314</u>
Total operating expenses	<u>1,729,389</u>	<u>1,554,230</u>
Operating income	<u>\$ 797,226</u>	<u>\$ 830,622</u>

Stoughton Water Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2022 and 2021

	<u>Water</u>	
	<u>2022</u>	<u>2021</u>
Utility Financed Plant in Service		
Beginning of year	\$ 17,278,165	\$ 17,255,621
End of year	<u>18,974,322</u>	<u>17,278,165</u>
Average	<u>18,126,244</u>	<u>17,266,893</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(6,056,266)	(5,676,756)
End of year	<u>(6,464,803)</u>	<u>(6,056,266)</u>
Average	<u>(6,260,535)</u>	<u>(5,866,511)</u>
Materials and Supplies		
Beginning of year	59,771	41,039
End of year	<u>58,750</u>	<u>59,771</u>
Average	<u>59,261</u>	<u>50,405</u>
Regulatory Liability		
Beginning of year	(68,460)	(102,688)
End of year	<u>(34,232)</u>	<u>(68,460)</u>
Average	<u>(51,346)</u>	<u>(85,574)</u>
Average net rate base	<u>\$ 11,873,624</u>	<u>\$ 11,365,213</u>
Operating income, regulatory basis	<u>\$ 529,874</u>	<u>\$ 546,439</u>
Rate of return (percent)	<u>4.46 %</u>	<u>4.81 %</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, 2022

	<u>Balance</u> <u>1/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/22</u>
Collecting System				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Collecting mains	12,695,887	1,099,957	327	13,795,517
Interceptor mains	1,864,084	-	-	1,864,084
Force mains	48,951	-	-	48,951
Total collecting system	<u>14,609,022</u>	<u>1,099,957</u>	<u>327</u>	<u>15,708,652</u>
Collecting System Pumping				
Structures and improvements	109,564	-	-	109,564
Electric pumping equipment	625,044	-	-	625,044
Other power pumping equipment	21,399	-	-	21,399
Total collecting system pumping	<u>756,007</u>	<u>-</u>	<u>-</u>	<u>756,007</u>
Treatment and Disposal				
Structures and improvements	5,375,812	7,000	-	5,382,812
Preliminary treatment equipment	1,581,779	-	-	1,581,779
Primary treatment equipment	1,150,534	25,439	17,365	1,158,608
Secondary treatment equipment	529,291	-	-	529,291
Advanced treatment equipment	1,934,027	3,582	1,500	1,936,109
Chlorination equipment	366,162	-	-	366,162
Sludge treatment and disposal equipment	3,973,940	3,059	1,999	3,975,000
Plant site piping	690,433	-	-	690,433
Flow metering and monitoring equipment	43,538	-	-	43,538
Other treatment and disposal equipment	38,818	-	-	38,818
Total treatment and disposal	<u>15,684,334</u>	<u>39,080</u>	<u>20,864</u>	<u>15,702,550</u>
General				
Structures and improvements	244,010	6,686	1,883	248,813
Office furniture and equipment	43,498	-	-	43,498
Computer equipment	73,289	2,200	-	75,489
Transportation equipment	592,953	-	120,615	472,338
Communication equipment	485,793	15,800	-	501,593
Other general equipment	162,232	-	-	162,232
Total general	<u>1,601,775</u>	<u>24,686</u>	<u>122,498</u>	<u>1,503,963</u>
Total wastewater utility plant	<u>\$32,651,138</u>	<u>\$ 1,163,723</u>	<u>\$ 143,689</u>	<u>\$33,671,172</u>

Stoughton Wastewater Utility

Wastewater Utility Operating Revenues and Expenses
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 1,503,416	\$ 1,497,393
Commercial	458,064	441,996
Industrial	107,269	192,817
Public authorities	24,791	21,372
Interdepartmental sales	488	441
Total wastewater revenues	<u>2,094,028</u>	<u>2,154,019</u>
Other operating revenues:		
Forfeited discounts	4,068	4,897
Miscellaneous	35,524	34,974
Total operating revenues	<u>2,133,620</u>	<u>2,193,890</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	113	(910)
Power and fuel for pumping	99,379	85,613
Sludge conditioning chemicals	42,989	13,236
Other operating supplies	22,912	39,216
Total operation	<u>165,393</u>	<u>137,155</u>
Maintenance:		
Collection system	119,482	138,670
Treatment and disposal plant equipment	122,128	140,076
General plant structures and equipment	87,651	70,679
Total maintenance	<u>329,261</u>	<u>349,425</u>
Customer accounts:		
Accounting and collecting	166,632	165,196
Administrative and general:		
Salaries	109,039	100,628
Office supplies	66,470	32,660
Outside services employed	63,372	29,635
Insurance	20,925	31,774
Employees pensions and benefits	176,084	51,487
Miscellaneous	34,970	33,021
Rents	74,773	74,181
Total administrative and general	<u>545,633</u>	<u>353,386</u>
Taxes	31,305	31,300
Total operation and maintenance	1,238,224	1,036,462
Depreciation	<u>772,166</u>	<u>774,018</u>
Total operating expenses	<u>2,010,390</u>	<u>1,810,480</u>
Operating income	<u>\$ 123,230</u>	<u>\$ 383,410</u>