

# PRELIMINARY OFFICIAL STATEMENT DATED MARCH 13, 2025

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Bonds shall not be designated as "qualified tax-exempt obligations".

**New Issue**

**Rating Application Made: Moody's Investors Service, Inc.**

## CITY OF STOUGHTON, WISCONSIN (Dane County)

### \$1,605,000\* WATERWORKS SYSTEM REVENUE BONDS, SERIES 2025B

**BID OPENING:** March 20, 2025, 10:00 A.M., C.T.

**CONSIDERATION:** Not later than 11:59 P.M., C.T. on March 20, 2025 (PARAMETERS RESOLUTION)

**PURPOSE/AUTHORITY/SECURITY:** The \$1,605,000\* Waterworks System Revenue Bonds, Series 2025B (the "Bonds") are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City of Stoughton, Wisconsin (the "City"), to provide funds for extending, adding to and improving the City's Waterworks System (the "Waterworks System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Waterworks System. The Bonds are being issued on a parity with the City's outstanding Waterworks System Revenue Bonds, Series 2010, dated January 27, 2010 (the "2010 Bonds"), the Waterworks System Mortgage Revenue Bonds, Series 2016C, dated May 26, 2016 (the "2016C Bonds"), the Waterworks System Mortgage Revenue Bonds, Series 2019B, dated November 14, 2019 (the "2019B Bonds"), and the Waterworks System Revenue Bonds, Series 2022, dated August 10, 2022 (the "2022 Bonds"). Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

**DATE OF BONDS:** April 10, 2025

**MATURITY:** May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$50,000	2032	\$100,000	2038	\$100,000
2027	50,000	2033	100,000	2039	100,000
2028	50,000	2034	100,000	2040	100,000
2029	50,000	2035	100,000	2041	100,000
2030	90,000	2036	100,000	2042	105,000
2031	100,000	2037	100,000	2043	110,000

**\*MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a maximum of \$45,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** November 1, 2025 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on May 1, 2035 and thereafter are subject to call for prior optional redemption on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

**MINIMUM BID:** \$1,584,937.50.

**MAXIMUM BID:** \$1,765,500.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$32,100 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Associated Trust Company, National Association.

**BOND COUNSEL:** Quarles & Brady LLP.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Official Statement is not to be construed as a contract with the underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **CITY OF STOUGHTON COMMON COUNCIL**

		<u>Term Expires</u>
Tim Swadley	Mayor	April 2026
Brett Schumacher	Council President	April 2025 <sup>1</sup>
Sarah Abel	Aldersperson	April 2027
Patrick Butler	Aldersperson	April 2025 <sup>1</sup>
Phil Caravello	Aldersperson	April 2027
Regina Hirsch	Aldersperson	April 2027
Greg Jenson	Aldersperson	April 2026
Jean Ligoeki	Aldersperson	April 2025
Tom Majewski	Aldersperson	April 2025
Adrienne Nienow	Aldersperson	April 2025 <sup>1</sup>
Daniel Payton	Aldersperson	April 2026
Jonathan Schroerlucke	Aldersperson	April 2026
Christina Wozniak Scanlon	Aldersperson	April 2027

### **ADMINISTRATION**

Dave P. Ehlinger, Director of Finance/Comptroller

Lisa Aide, City Treasurer

Candee J. Christen, City Clerk

Shannon Statz, Utilities Finance Manager

Jill Weiss, Utilities Director

### **PROFESSIONAL SERVICES**

Rick Manthe, Stafford Rosenbaum LLP, City Attorney, Madison, Wisconsin,

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin  
*(Other office located in Roseville, Minnesota)*

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<sup>1</sup>Seeking re-election in April 2025.

# INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Stoughton, Wisconsin (the "City") and the issuance of its \$1,605,000\* Waterworks System Revenue Bonds, Series 2025B (the "Bonds"). **The Common Council adopted a resolution on February 25, 2025 (the "Parameters Resolution"), which authorized the Utilities Finance Manager or the Utilities Director to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on March 20, 2025, neither the Utilities Finance Manager nor the Utilities Director will have the authority to accept a bid for the Bonds, and all bids will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 10, 2025. The Bonds will mature on May 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on May 1 and November 1 of each year, commencing November 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB") All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Parameters Resolution.

The City has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after May 1, 2035 shall be subject to optional redemption prior to maturity on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

\*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of financing improvements and extensions to the City's Waterworks System (the "Waterworks System").

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	\$1,605,000	
Transfers from Prior Issue DSR Funds	340,710	
Estimated Interest Earnings	<u>8,750</u>	
<b>Total Sources</b>		<b>\$1,954,460</b>
<b>Uses</b>		
Estimated Underwriter's Discount	\$20,063	
Cost of Issuance	72,700	
Deposit to Debt Service Reserve Fund	275,037	
Deposit to Project Construction Fund	1,581,767	
Rounding Amount	<u>4,893</u>	
<b>Total Uses</b>		<b>\$1,954,460</b>

\*Preliminary, subject to change.

**SECURITY**

This section is a summary of security provisions. A detailed explanation of the security provisions is contained in the Parameters Resolution, which is attached hereto as Appendix E.

**Source of Payment:** THE BONDS ARE NOT GENERAL OBLIGATIONS of the City but are payable only out of "Net Revenues" that are pledged to the Special Redemption Fund provided for in the Parameters Resolution (the "Special Redemption Fund"). Net Revenues are defined as all revenues of the Waterworks System derived from any source less current expenses, excluding depreciation, debt service, tax equivalents, and capital expenditures. In the Parameters Resolution, the City covenants to deposit Net Revenues in an amount sufficient to pay principal of and interest on the City's outstanding Waterworks System Revenue Bonds, Series 2010, dated January 27, 2010 (the "2010 Bonds"), the Waterworks System Mortgage Revenue Bonds, Series 2016C, dated May 26, 2016 (the "2016C

Bonds”), the Waterworks System Mortgage Revenue Bonds, Series 2019B, dated November 14, 2019 (the “2019B Bonds”), and the Waterworks System Revenue Bonds, Series 2022, dated August 10, 2022 (the “2022 Bonds”). The 2010 Bonds, the 2016C Bonds, the 2019B Bonds, and the 2022 Bonds shall be referred to as the “Prior Bonds”.

**Rate Covenant:** The City covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Waterworks System so that Net Revenues will be at least 1.3 times the amount of principal and interest coming due on the Prior Bonds, the Bonds and any parity bonds payable from the income and revenues of the Waterworks System each year.

**Additional Bonds Test:** The City reserves the right and privilege to issue additional revenue bonds, from time to time, payable from Waterworks System revenues and ranking on a parity with any outstanding Waterworks System revenue bonds. Before such additional parity bonds are issued, the City must demonstrate that either (1) the net revenues of the System during the fiscal year next preceding the issuance of such additional revenue bonds were equal to at least 1.3 times the highest combined annual amount that will be required in any fiscal year for principal and interest on all outstanding bonds and the bonds then proposed to be issued, or (2) that for each of the three fiscal years commencing with the fiscal year following that in which the projects financed by the additional bonds are to be completed, the projected net revenues of the System will be in an amount not less than 125% of the projected maximum annual debt service on all outstanding bonds payable from the revenues of the System and on the bonds then to be issued.

**Service to City:** The City is to pay the reasonable cost and value of any services rendered to the City by the Waterworks System in such amount which together with the Revenues of the Sewerage System will produce Net Revenues equivalent to not less than 1.3 times the annual debt service requirements on the Bonds and Prior Bonds. Such payment by the City is subject to annual appropriation by the City Council and other conditions set forth in the Parameters Resolution.

**Bond Reserve Account:** The City covenants to maintain a Reserve Account in an amount equal to the least of (a) the amount currently on deposit in the Reserve Account; (b) maximum annual debt service on the outstanding 2016 Bonds, 2019 Bonds, and the Bonds; or (c) 125% of average annual debt service on the outstanding 2016 Bonds, 2019 Bonds, and the Bonds. Upon issuance of the Bonds, an amount necessary to make the amount on deposit in the Reserve Account equal to the reserve requirement, if any, will be deposited in the Reserve Account. The 2010 Bonds and the 2022 Bonds are not secured by the Reserve Account.

## **WATERWORKS SYSTEM REVENUE DEBT OUTSTANDING**

The principal and interest requirements for the Prior Bonds and estimated principal and interest for the Bonds is listed on the following page. The debt service ratio included on this page are calculated using unaudited 2024 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2024, and future Net Revenues may be materially different.

## **HISTORIC/UNAUDITED WATERWORKS SYSTEM DEBT SERVICE COVERAGES**

The exhibit on the Page 5 presents the three-year historic debt service coverages and the unaudited 2024 debt service coverages of the Waterworks System.

City of Stoughton, Wisconsin  
 Schedule of Bonded Indebtedness  
 Revenue Debt Secured by Waterworks Revenues  
 (As of 04/10/2025)

Dated Amount	Waterworks System Revenue Bonds (SDWFL) 2010		Waterworks System Mortgage Revenue Bonds Series 2016C		Waterworks System Mortgage Revenue Bonds Series 2019B		Waterworks System Revenue Bonds Series 2022		Waterworks System Revenue Bonds Series 2025B		2024 Net Revenue Available for Debt Service**						
	01/27/2010	\$575,018	05/26/2016	\$2,520,000	11/14/2019	\$1,825,000	08/10/2022	\$1,656,623	04/10/2025	\$1,605,000*	\$ 1,072,604.00						
Maturity	05/01		05/01		05/01		05/01		05/01								
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	Coverage
2025	34,166	4,352	140,000	5,913	110,000	31,338	70,116	31,869	0	35,339	354,282	108,809	463,092	4,551,687	7.22%	2025	2.32
2026	35,078	3,428	145,000	1,994	115,000	27,963	71,620	30,349	50,000	62,304	416,698	126,036	542,734	4,134,989	15.72%	2026	1.98
2027	36,014	2,480			125,000	24,363	73,156	28,796	50,000	60,389	284,170	116,027	400,197	3,850,819	21.51%	2027	2.68
2028	36,974	1,506			130,000	21,188	74,726	27,210	50,000	58,579	291,700	108,482	400,182	3,559,119	27.45%	2028	2.68
2029	37,961	506			130,000	18,588	76,328	25,590	50,000	56,804	294,289	101,487	395,777	3,264,830	33.45%	2029	2.71
2030					135,000	15,684	77,966	23,935	90,000	54,307	302,966	93,926	396,892	2,961,864	39.63%	2030	2.70
2031					135,000	12,478	79,638	22,245	100,000	50,896	314,638	85,618	400,256	2,647,226	46.04%	2031	2.68
2032					140,000	9,125	81,346	20,518	100,000	47,281	321,346	76,924	398,270	2,325,880	52.59%	2032	2.69
2033					145,000	5,563	83,091	18,754	100,000	43,641	328,091	67,957	396,049	1,997,789	59.28%	2033	2.71
2034					150,000	1,875	84,873	16,953	100,000	39,936	334,873	58,764	393,637	1,662,915	69.10%	2034	2.72
2035							86,694	15,113	100,000	36,161	186,694	51,273	237,968	1,476,221	69.91%	2035	4.51
2036							88,554	13,233	100,000	32,321	188,554	45,554	234,108	1,287,668	73.75%	2036	4.58
2037							90,453	11,314	100,000	28,421	190,453	39,734	230,187	1,097,215	77.64%	2037	4.66
2038							92,393	9,353	100,000	24,481	192,393	33,833	226,226	904,821	81.56%	2038	4.74
2039							94,375	7,349	100,000	20,486	194,375	27,835	222,210	710,446	85.52%	2039	4.83
2040							96,399	5,303	100,000	16,311	196,399	21,614	218,013	514,047	89.52%	2040	4.92
2041							98,467	3,213	100,000	11,941	198,467	15,154	213,621	315,579	93.57%	2041	5.02
2042							100,579	1,079	105,000	7,373	205,579	8,452	214,031	110,000	97.76%	2042	5.01
2043									110,000	2,508	110,000	2,508	112,508	0	100.00%	2043	9.53
	180,193	12,272	285,000	7,906	1,315,000	168,163	1,520,777	312,175	1,605,000	689,472	4,905,970	1,189,988	6,095,957				

\* Preliminary, subject to change.

\*\*The debt service coverage ratios included on this page are calculated using unaudited 2024 Net Revenues. No guarantee can be given that the Net Revenues in future years will be the same as the Net Revenues in 2024 and future Net Revenues may be materially different.



## City of Stoughton

### HISTORIC STATEMENT OF REVENUES AND EXPENSES FOR THE WATERWORKS SYSTEM

The following table sets forth the historic comparison of Net Revenues and debt service secured by revenues of the Waterworks system for the audited three-year period ending December 31, 2023 and unaudited amounts for the year ending December 31, 2024.

	Audited 2021	Audited 2022	Audited 2023	Unaudited 2024
<b>Operating Revenues</b>				
Operating Revenues	\$2,384,852	\$2,526,615	\$2,594,657	\$2,612,492
<b>Total Operating Revenues</b>	<u>2,384,852</u>	<u>2,526,615</u>	<u>2,594,657</u>	<u>2,612,492</u>
<b>Operating Expenses</b>				
Operation and Maintenance	1,056,916	1,224,074	1,230,509	1,618,961
Depreciation and Amortization	497,314	505,315	528,947	546,995
<b>Total Operating Expenses</b>	<u>1,554,230</u>	<u>1,729,389</u>	<u>1,759,456</u>	<u>2,165,956</u>
<b>Operating Income</b>	830,622	797,226	835,201	446,536
<b>Plus:</b>				
Depreciation and Amortization	497,314	505,315	528,947	546,995
Interest Income	6,261	13,918	79,370	79,073
<b>Net Revenues Available for Debt Service</b>	<u>\$1,334,197</u>	<u>\$1,316,459</u>	<u>\$1,443,518</u>	<u>\$1,072,604</u>
<b>Debt Service</b>				
2010 SDWFL	\$38,564	\$38,553	\$38,541	\$38,530
Series 2016C Bonds	327,513	313,013	333,000	144,019
Series 2019B Bonds	143,788	140,788	137,788	144,638
2022 SDWFL	0	8,007	102,168	169,924
<b>Total Debt Service</b>	<u>\$509,865</u>	<u>\$500,361</u>	<u>\$611,497</u>	<u>\$497,111</u>
<b>Debt Service Coverage</b>	2.62	2.63	2.36	2.16

## DESCRIPTION OF WATERWORKS SYSTEM

The Stoughton Water Utility, herein referred to as the Waterworks System, is a separate enterprise of the City and is managed by the Utilities Commission and the City's Common Council. The Waterworks System was organized in 1886 and provides service to properties within the City. The Waterworks System has four production wells, two elevated storage tanks, and one ground reservoir station with standby generation backup. The Waterworks System consists of 412,987 feet of water mains and 794 hydrants. The distribution system is operated by two certified operators and runs on an automated SCADA system. In 2024, 462,615,000 gallons were pumped, peak demand was 2,569,000 gallons, and the Waterworks System capacity totaled 1,267,438 gallons per day.

The Electric, Water and Wastewater Utilities (the "Stoughton Utilities") are managed by an appointed committee (the "Utilities Committee") and operated by professional management. The Common Council by ordinance has delegated all utility operations to the Utilities Committee.

### History of Water Customers

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>	<u>Multi Family</u>	<u>Total</u>
2020	4,544	386	19	39	81	5,069
2021	4,620	408	19	49	87	5,183
2022	4,592	396	19	39	82	5,128
2023	4,749	398	19	43	90	5,299
2024	4,762	401	19	35	83	5,300

### History of Water Billings by Customer Type

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Authority</u>	<u>Multi Family</u>	<u>Total Billings</u>
2020	\$1,096,017	\$161,587	\$284,054	\$21,937	\$114,650	\$1,678,245
2021	1,099,460	165,236	301,792	23,398	119,161	1,709,047
2022	1,228,408	166,977	263,662	20,680	126,996	1,806,723
2023	1,295,131	174,892	226,260	22,719	136,424	1,855,426
2024	1,295,827	185,230	245,239	19,833	132,579	1,878,708

### History of Water Sales

<u>Year</u>	<u>No. of Customers</u>	<u>Gallons Sold (in 000's)</u>	<u>Total Billings</u>
2020	5,069	439,058	\$1,678,245
2021	5,183	443,251	1,709,047
2022	5,128	409,026	1,806,723
2023	5,299	404,316	1,855,426
2024	5,300	403,650	1,878,708

**2024 Larger Water Customers**

**Total 2024 Gallons Sold:** 403,650,000

**Total 2024 Billings:** \$1,878,708

<u>Customer</u>	<u>Gallons Sold</u>	<u>Billings<sup>1</sup></u>	<u>% of Total Billings</u>
Uniroyal Engineered	111,295,000	\$185,792	9.89%
B & G Foods	50,628,000	75,151	4.00%
Stoughton Schools	5,641,000	18,478	0.98%
Cummins Filtration	9,575,000	14,353	0.76%
Kwik Trip	5,171,000	11,938	0.64%
City of Stoughton	3,173,000	11,260	0.60%
Rosewood Apartments	3,764,000	10,335	0.55%
Skaalen Nursing & Rehab, Inc.	3,712,000	9,314	0.50%
Stoughton Hospital	4,432,000	9,262	0.49%
Premier Stoughton LLC	3,063,000	7,779	0.41%

**Water Rates and Charges**

Rates and charges for the Water System are subject to approval by the Wisconsin Public Service Commission. The following monthly water rates have been in effect since March 1, 2022

**Monthly Residential Metered Service Charge:**

5/8 inch meter	\$10.15	3 inch meter	\$56.00
3/4 inch meter	10.15	4 inch meter	85.00
1 inch meter	14.66	6 inch meter	136.00
1 1/4 inch meter	19.17	8 inch meter	205.00
1 1/2 inch meter	23.68	10 inch meter	295.00
2 inch meter	34.00	12 inch meter	383.00

**Plus Volume Charge:**

Metered Residential Class	\$ 3.55	per 1,000 gallons
Metered Residential Multifamily Class	\$ 2.72	per 1,000 gallons

**Plus Public Fire Protection Service:**

5/8 inch meter	\$8.06	3 inch meter	\$121.00
3/4 inch meter	8.06	4 inch meter	201.00
1 inch meter	20.15	6 inch meter	403.00
1 1/4 inch meter	29.82	8 inch meter	644.00
1 1/2 inch meter	40.29	10 inch meter	967.00
2 inch meter	64.00	12 inch meter	1,289.00

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<sup>1</sup>Does not include charges for private fire protection services.

## Average Monthly Bill for Residential Service in 2024

**Avg. Monthly Usage  
in Gallons**

4,000

**Avg. Monthly Bill**

\$24.35

Billing: Bills for water service are rendered monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge will be applied to the total unpaid balance for utility service, including unpaid late payment charges. The late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Adm. Code ch. PSC 185.

Combined Metering: Volumetric meter readings will be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and shall not be combined for billing. This requirement does not preclude the utility from combining readings when metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

### **CONCURRENT FINANCING**

By means of a separate Official Statement, the City will be offering for sale its Sewerage System Revenue Bonds, Series 2025A (the "Concurrent Obligations" or the "Series 2025A Bonds"), which are scheduled to close on April 10, 2025.

### **RATING**

Outstanding Waterworks System revenue debt of the City is currently rated "A1" by Moody's Investors Service, Inc. ("Moody's").

The City has requested a rating on the Bonds from Moody's, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery of the Bonds, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL OPINION**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

## **STATEMENT REGARDING COUNSEL PARTICIPATION**

Bond Counsel has not assumed responsibility for the Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Official Statement).

## **TAX EXEMPTION**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross

income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

## **ORIGINAL ISSUE DISCOUNT**

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **BOND PREMIUM**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2023 have been audited by Baker Tilly US, LLP, Madison, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

## **RISK FACTORS**

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**System Revenues:** Should rates set be inadequate to cover expenses, an unusual number of delinquencies occur, or a major breakdown or other disaster cause the Waterworks System to be inoperable, a shortfall of revenues could result in a delay of debt payments.

**Larger Users:** Should larger users increase or decrease usage of the water service currently provided, the revenues of the Waterworks System will be affected proportionately.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Parameters Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.



**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Depository Risk:** Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

# VALUATIONS

## WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

### Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

### Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

## CURRENT PROPERTY VALUATIONS

2024 Equalized Value	\$1,906,770,500
2024 Equalized Value Reduced by Tax Increment Valuation	\$1,778,095,500
2024 Assessed Value	\$1,885,441,100

## 2024 EQUALIZED VALUE BY CLASSIFICATION

	<b>2024 Equalized Value<sup>1</sup></b>	<b>Percent of Total Equalized Value</b>
Residential	\$1,452,038,500	76.152%
Commercial	379,186,800	19.886%
Manufacturing	74,959,200	3.931%
Agricultural	230,700	0.012%
Undeveloped	101,700	0.005%
Ag Forest	54,800	0.003%
Forest	51,100	0.003%
Other	147,700	0.008%
Personal Property <sup>2</sup>	<u>0</u>	<u>0.000%</u>
 Total	 <u><u>\$1,906,770,500</u></u>	 <u><u>100.000%</u></u>

## TREND OF VALUATIONS

Year	Assessed Value	Equalized Value <sup>1</sup>	Percent Increase/Decrease in Equalized Value
2020	\$1,255,575,395	\$1,268,041,900	2.78%
2021	1,322,024,845	1,341,278,100	5.78%
2022	1,522,237,496	1,567,793,700	16.89%
2023	1,721,994,500	1,787,763,800	14.03%
2024	1,885,441,100	1,906,770,500	6.66%

**Source:** Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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<sup>1</sup>Includes tax increment valuation.

<sup>2</sup>Personal property has been exempted from taxation as of January 1, 2024 (see “TAX LEVIES AND COLLECTIONS” herein).

**LARGER TAXPAYERS**

<b>Taxpayer</b>	<b>Type of Business/Property</b>	<b>2024 Equalized Value<sup>1</sup></b>	<b>Percent of City's Total Equalized Value</b>
Stoughton Holdings/Stoughton Trailers	Manufacturing	\$49,288,674	2.58%
Emmi Roth USA Inc	Manufacturing	17,208,211	0.90%
Wal-mart Real Estate/Wal-mart Stores	Retail	12,692,845	0.67%
Zink Power-Stoughton	Manufacturing	12,331,296	0.65%
Blue Lake Properties	Residential	8,256,058	0.43%
Cummins Emission Solutions	Manufacturing	8,071,693	0.42%
Nordic Ridge Apartments	Residential	7,619,024	0.40%
KPW Hospitality	Lodging	7,433,243	0.39%
Individual	Residential	7,321,189	0.38%
335-335 Olson LLC	Residential	<u>6,799,951</u>	<u>0.36%</u>
<b>Total</b>		<b>\$137,022,184</b>	<b>7.19%</b>
City's Total 2024 Equalized Value <sup>2</sup>		\$1,906,770,500	

**Source:** The City.

**DEBT**

**DIRECT DEBT<sup>3</sup>**

**General Obligation Debt (see schedules following)**

Total General Obligation Debt \$40,972,114

**Revenue Debt (see schedules following)**

Total revenue debt secured by electric revenues \$1,480,000

Total revenue debt secured by sewerage revenues (includes Concurrent 2025A Bonds, as defined herein)\* \$4,270,263

Total revenue debt secured by water revenues (includes the Bonds)\* (see schedule on Page 4) \$4,905,970

\*Preliminary, subject to change.

<sup>1</sup>Calculated by dividing the 2024 Assessed Values by the 2024 Aggregate Ratio of assessment for the City.

<sup>2</sup>Includes tax increment valuation.

<sup>3</sup>Outstanding debt is as of the dated date of the Bonds.

## DEBT PAYMENT HISTORY

The City entered into a real estate purchase agreement on November 29, 2012. The purchase agreement indicates that payment is required upon completion of redevelopment or in five installments beginning ten (10) years after the closing date, whichever is sooner. The City confirmed the closing date on the property was January 29, 2013 with a sale price of \$150,000. Five (5) annual payments of \$30,000 are due to the seller with no applicable interest. Because the property development was not completed on or before the tenth anniversary of the closing date, the first payment was due January 29, 2023. The January 29, 2023 payment was not made until October 2023. The City is aware of the payments required under this agreement.

## FUTURE FINANCING

Concurrently with the Bonds, the City expects to issue approximately \$2,100,000\* Sewerage System Revenue Bonds, Series 2025A (the "Concurrent Obligations"). The City will also expect to issue approximately \$16,250,000\* in Capital Improvement Projects within the next 12 months. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

\*Preliminary, subject to change.

## DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$1,906,770,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit <sup>1</sup>	\$95,338,525
Less: General Obligation Debt	<u>(40,972,114)</u>
Unused Debt Limit	<u><u>\$54,366,411</u></u>

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<sup>1</sup>The City has a debt policy, which provides that the outstanding general obligation debt should not exceed 80% of the City's legal debt margin capacity.

City of Stoughton, Wisconsin  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 04/10/2025)

	Promissory Notes Series 2016A		State Trust Fund Loan		Promissory Notes Series 2017A		Corporate Purpose Bonds Series 2018A		Taxable Promissory Notes Series 2018B	
Dated	05/26/2016		12/28/2016		06/08/2017		04/26/2018		04/26/2018	
Amount	\$5,830,000		\$850,000		\$7,660,000		\$12,585,000		\$775,000	
Maturity	04/01		03/15		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	7,650	0	0	0	25,897	0	152,975	0	6,170
2026	765,000	7,650	42,780	19,674	1,030,000	40,206	635,000	296,425	115,000	10,040
2027			44,277	18,177	1,205,000	14,309	660,000	273,700	120,000	5,820
2028			45,781	16,673			685,000	246,800	120,000	1,950
2029			47,429	15,025			715,000	218,800		
2030			49,089	13,365			740,000	189,700		
2031			50,807	11,647			765,000	163,425		
2032			52,558	9,895			795,000	140,025		
2033			54,425	8,029			820,000	115,288		
2034			56,330	6,124			850,000	88,663		
2035			58,301	4,152			540,000	66,075		
2036			60,336	2,118			560,000	48,200		
2037							580,000	29,675		
2038							600,000	10,125		
2039										
2040										
2041										
2042										
2043										
2044										
	765,000	15,300	562,114	124,877	2,235,000	80,413	8,945,000	2,039,875	355,000	23,980

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City of Stoughton, Wisconsin  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 04/10/2025)

	Promissory Notes Series 2019A		Promissory Notes Series 2020A		Promissory Notes Series 2021A		Corporate Purpose Bonds Series 2022A		Corporate Purpose Bonds Series 2023A	
Dated	04/24/2019		06/18/2020		06/23/2021		06/09/2022		11/16/2023	
Amount	\$7,430,000		\$2,415,000		\$2,325,000		\$5,400,000		\$6,225,000	
Maturity	04/01		04/01		05/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	0	45,306	0	15,350	115,000	26,505	0	75,338	0	120,719
2026	855,000	75,650	210,000	28,600	215,000	23,205	310,000	146,025	205,000	236,313
2027	880,000	51,338	400,000	22,500	215,000	18,905	300,000	136,875	255,000	224,813
2028	895,000	31,919	475,000	13,750	265,000	14,105	335,000	127,350	275,000	211,563
2029	920,000	10,925	225,000	6,750	265,000	8,805	335,000	117,300	280,000	197,688
2030			225,000	2,250	265,000	4,698	335,000	107,250	280,000	183,688
2031					270,000	1,620	340,000	97,125	285,000	169,563
2032							290,000	87,675	295,000	155,063
2033							225,000	79,894	295,000	140,313
2034							225,000	72,975	295,000	125,563
2035							225,000	65,944	295,000	112,288
2036							225,000	58,800	300,000	100,388
2037							225,000	50,700	300,000	88,200
2038							230,000	41,600	305,000	75,531
2039							230,000	32,400	305,000	62,569
2040							230,000	23,200	310,000	49,306
2041							230,000	14,000	310,000	35,550
2042							235,000	4,700	315,000	21,488
2043									320,000	7,200
2044										
	3,550,000	215,138	1,535,000	89,200	1,610,000	97,843	4,525,000	1,339,150	5,225,000	2,317,800

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**City of Stoughton, Wisconsin**  
**Schedule of Bonded Indebtedness continued**  
**General Obligation Debt Secured by Taxes**  
**(As of 04/10/2025)**

<b>Promissory Notes</b>								
<b>Series 2024A</b>								
<b>Dated</b>	07/16/2024							
<b>Amount</b>	\$12,675,000							
<b>Maturity</b>	04/01							
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
2025	0	274,900	115,000	750,809	865,809	40,857,114	.28%	2025
2026	300,000	542,300	4,682,780	1,426,088	6,108,868	36,174,335	11.71%	2026
2027	385,000	525,175	4,464,277	1,291,611	5,755,888	31,710,058	22.61%	2027
2028	600,000	500,550	3,695,781	1,164,659	4,860,440	28,014,276	31.63%	2028
2029	685,000	468,425	3,472,429	1,043,717	4,516,146	24,541,847	40.10%	2029
2030	735,000	432,925	2,629,089	933,875	3,562,964	21,912,758	46.52%	2030
2031	740,000	396,050	2,450,807	839,429	3,290,236	19,461,951	52.50%	2031
2032	750,000	358,800	2,182,558	751,458	2,934,016	17,279,393	57.83%	2032
2033	750,000	321,300	2,144,425	664,822	2,809,248	15,134,968	63.06%	2033
2034	760,000	283,550	2,186,330	576,874	2,763,204	12,948,638	68.40%	2034
2035	760,000	245,550	1,878,301	494,009	2,372,310	11,070,336	72.98%	2035
2036	770,000	207,300	1,915,336	416,805	2,332,141	9,155,000	77.66%	2036
2037	540,000	174,550	1,645,000	343,125	1,988,125	7,510,000	81.67%	2037
2038	545,000	147,425	1,680,000	274,681	1,954,681	5,830,000	85.77%	2038
2039	550,000	122,800	1,085,000	217,769	1,302,769	4,745,000	88.42%	2039
2040	550,000	100,800	1,090,000	173,306	1,263,306	3,655,000	91.08%	2040
2041	555,000	78,700	1,095,000	128,250	1,223,250	2,560,000	93.75%	2041
2042	560,000	56,400	1,110,000	82,588	1,192,588	1,450,000	96.46%	2042
2043	565,000	33,900	885,000	41,100	926,100	565,000	98.62%	2043
2044	565,000	11,300	565,000	11,300	576,300	0	100.00%	2044
	11,665,000	5,282,700	40,972,114	11,626,275	52,598,389			



**City of Stoughton, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Electric Revenues  
(As of 04/10/2025)**

**Electric System Mortgage Revenue  
Bonds  
Series 2016B**

<b>Dated Amount</b>	05/26/2016 \$4,005,000
<b>Maturity</b>	04/01

<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
<b>2025</b>	0	21,025	0	21,025	21,025	1,480,000	.00%	<b>2025</b>
<b>2026</b>	115,000	40,900	115,000	40,900	155,900	1,365,000	7.77%	<b>2026</b>
<b>2027</b>	120,000	38,550	120,000	38,550	158,550	1,245,000	15.88%	<b>2027</b>
<b>2028</b>	125,000	35,475	125,000	35,475	160,475	1,120,000	24.32%	<b>2028</b>
<b>2029</b>	125,000	31,725	125,000	31,725	156,725	995,000	32.77%	<b>2029</b>
<b>2030</b>	130,000	27,900	130,000	27,900	157,900	865,000	41.55%	<b>2030</b>
<b>2031</b>	135,000	23,925	135,000	23,925	158,925	730,000	50.68%	<b>2031</b>
<b>2032</b>	140,000	19,800	140,000	19,800	159,800	590,000	60.14%	<b>2032</b>
<b>2033</b>	140,000	15,600	140,000	15,600	155,600	450,000	69.59%	<b>2033</b>
<b>2034</b>	145,000	11,325	145,000	11,325	156,325	305,000	79.39%	<b>2034</b>
<b>2035</b>	150,000	6,900	150,000	6,900	156,900	155,000	89.53%	<b>2035</b>
<b>2036</b>	155,000	2,325	155,000	2,325	157,325	0	100.00%	<b>2036</b>
	1,480,000	275,450	1,480,000	275,450	1,755,450			

City of Stoughton, Wisconsin  
Schedule of Bonded Indebtedness  
Revenue Debt Secured by Sewerage Revenues  
(As of 04/10/2025)

	Sewerage System Revenue Bonds (CWFL)		Sewerage System Revenue Bonds (CWFL)		Sewerage System Revenue Bonds Series 2025A							Calendar Year Ending
Dated Amount	06/27/2007 \$1,663,258		06/11/2014 \$3,305,713		04/10/2025 \$2,100,000*							
Maturity	05/01		05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	99,015	6,310	165,587	46,804	0	46,561	264,602	99,675	364,277	4,005,662	6.20%	2025
2026	101,466	3,829	169,933	42,400	85,000	81,710	356,399	127,939	484,338	3,649,263	14.54%	2026
2027	103,977	1,287	174,394	37,881	85,000	78,455	363,371	117,622	480,993	3,285,892	23.05%	2027
2028			178,972	33,243	90,000	75,289	268,972	108,532	377,504	3,016,920	29.35%	2028
2029			183,670	28,483	95,000	72,005	278,670	100,488	379,158	2,738,250	35.88%	2029
2030			188,491	23,599	95,000	68,618	283,491	92,217	375,708	2,454,759	42.52%	2030
2031			193,439	18,586	100,000	65,118	293,439	83,704	377,143	2,161,320	49.39%	2031
2032			198,517	13,442	105,000	61,412	303,517	74,854	378,370	1,857,803	56.49%	2032
2033			203,728	8,162	100,000	57,682	303,728	65,844	369,571	1,554,076	63.61%	2033
2034			209,076	2,744	100,000	53,977	309,076	56,721	365,796	1,245,000	70.84%	2034
2035					100,000	50,202	100,000	50,202	150,202	1,145,000	73.19%	2035
2036					125,000	45,877	125,000	45,877	170,877	1,020,000	76.11%	2036
2037					125,000	41,002	125,000	41,002	166,002	895,000	79.04%	2037
2038					140,000	35,780	140,000	35,780	175,780	755,000	82.32%	2038
2039					140,000	30,187	140,000	30,187	170,187	615,000	85.60%	2039
2040					150,000	24,126	150,000	24,126	174,126	465,000	89.11%	2040
2041					150,000	17,571	150,000	17,571	167,571	315,000	92.62%	2041
2042					155,000	10,776	155,000	10,776	165,776	160,000	96.25%	2042
2043					160,000	3,648	160,000	3,648	163,648	0	100.00%	2043
	304,458	11,426	1,865,805	255,345	2,100,000	919,991	4,270,263	1,186,761	5,457,025			

\* Preliminary, subject to change.

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2024 Equalized Value<sup>2</sup></b>	<b>% In City</b>	<b>Total G.O. Debt<sup>3</sup></b>	<b>City's Proportionate Share</b>
Dane County	\$107,504,867,100	1.7737%	\$758,555,000	\$13,454,490
Stoughton Area School District	3,820,002,780	49.9154%	46,175,000	23,048,436
Madison Area Technical College District	146,867,638,440	1.2983%	164,525,000	<u>2,136,028</u>
City's Share of Total Overlapping Debt				<u><u>\$38,638,954</u></u>

**DEBT RATIOS**

	<b>G.O. Debt</b>	<b>Debt/Equalized Value \$1,906,770,500</b>	<b>Debt/ Per Capita 13,292<sup>4</sup></b>
Total General Obligation Debt	\$40,972,114	2.15%	\$3,082.46
City's Share of Total Overlapping Debt	<u>38,638,954</u>	<u>2.03%</u>	<u>2,906.93</u>
Total	\$79,611,068	4.18%	\$5,989.40

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<sup>1</sup>Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

<sup>2</sup>Includes tax increment valuation.

<sup>3</sup>Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

<sup>4</sup>Estimated 2024 population.

## TAX LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2020/21	\$9,611,811	100%	\$8.02
2021/22	9,911,584	100%	7.71
2022/23	10,511,294	100%	7.01
2023/24	11,116,404	100%	6.51
2024/25	12,173,170	In Progress	6.85

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

## PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

<b>Year Levied/ Year Collected</b>	<b>Schools<sup>1</sup></b>	<b>County</b>	<b>Local</b>	<b>Total</b>
2020/21	\$11.26	\$2.87	\$8.02	\$22.15
2021/22	10.04	2.89	7.71	20.64
2022/23	8.32	2.72	7.01	18.05
2023/24	7.52	2.76	6.51	16.79
2024/25	8.40	2.60	6.85	17.85

**Source:** Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

## LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent; for a tax incremental district created after December 31, 2024, the valuation factor includes 90% of the equalized value increase due to new construction that is located in a tax incremental district, but does not include any improvements removed in a tax incremental district). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount

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<sup>1</sup>The Schools tax rate reflects the composite rate of all local school districts and technical college district.

of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

With respect to revenue bonds issued pursuant to Section 66.0621, Wis. Stats., such as the Bonds, any taxes levied to pay debt service on the Bonds because of a revenue shortfall may be excluded from the levy limits.

## **REVENUE FROM THE STATE**

In addition to local property taxes described above, a number of state programs exist which provide revenue to the City. One such program is commonly known as shared revenue which, pursuant to sec. 79.036, Wis. Stats., provides funding to the City that can be used for any public purpose. 2023 Wisconsin Act 12 ("Act 12") created a supplement to shared revenue, with payments to the City beginning in 2024. This supplemental shared revenue may be used only for the purposes specified in section 79.037, Wis. Stats. In 2024, the City is expected to receive approximately \$1,133,000 in shared revenue and supplemental shared revenue from the State, an increase from the approximately \$833,000 received in 2023. The City currently estimates that it will receive approximately \$1,151,000 in shared revenue under Chapter 79 of the Wisconsin Stats. in 2025. In future years, the amount of supplemental shared revenue could grow if State sales tax collections grow.

# THE ISSUER

## CITY GOVERNMENT

The City was incorporated in 1882 and is governed by a Mayor and a twelve-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to three-year terms. The appointed Director of Finance/Comptroller, City Treasurer and City Clerk are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS

The City employs a staff of 89 full-time, 32 part-time, and 69 seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2021 ("Fiscal Year 2021"), the fiscal year ended December 31, 2022 ("Fiscal Year 2022") and the fiscal year ended December 31, 2023 ("Fiscal Year 2023"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$542,592, \$602,982, and \$802,916, respectively.

Governmental Accounting Standards Board Statement No. 68 ("GASB 68") requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion. Accordingly, the City will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended December 31, 2023.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2023, the City reported an liability of \$2,650,778 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.05003637% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 5 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

In addition, the City provides a single-employer defined pension plan through the Firefighter's Pension Plan (the "Plan"). The plan is administered by the Firefighter's Pension Board and provides pension benefits to fire department employees. The amount paid to retirees each year is based on the years of service at the time of retirement and the position the retiree held while a member of the department. Membership of the plan consisted of 26 retirees and beneficiaries and 32 active plan members.

### **Recognized and Certified Bargaining Units**

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.<sup>1</sup>

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the City:

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
WPPA Police	December 31, 2025

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<sup>1</sup>On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss states that the Act violates the equal protection clause of the Wisconsin Constitution and declares those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructs the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. In the event that a final judgment is entered to the same effect, it is expected that the decision would be appealed. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the future outcome of the case or any subsequent appeals.



## **OTHER POST EMPLOYMENT BENEFITS**

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Retirees may choose to remain on the City's group health plan but are responsible for paying all required premiums, resulting in an implicit rate subsidy. An actuarial study for the plan prepared in accordance with GASB 68 was most recently completed by Milliman, Inc. in March 2024 with an actuarial valuation date of December 31, 2023.

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the City and have satisfied specified eligibility standards through a single-employer defined benefit plan. Membership of the plan consisted of two retirees receiving benefits and 99 active plan members as of December 31, 2023, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years. Prior to fiscal years beginning after June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was completed by Lauterbach & Amen, LLP in Naperville, Illinois with an actuarial valuation date of December 31, 2024 (the "Actuarial Report").

For Fiscal Year 2024, the City's contributions for the plan totaled \$26,997. The City's current funding practice is to pay the amount of benefits due in a given year on a "pay-as-you-go" basis.

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As of December 31, 2024, the plan's total OPEB liability was \$923,994 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$923,994.

The City also provides OPEB through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2023, the City's portion of contributions to the LRLIF totaled \$2,792. For Fiscal Year 2023, the City reported a liability of \$530,229 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2022 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.13917400% of the aggregate LRLIF net OPEB liability as of December 31, 2022.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information, see Note 5 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

## **LITIGATION**

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

### FUNDS ON HAND (as of February 10, 2025)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$8,594,735
TIF District Funds	896,999
Special Revenue Funds	5,786,364
Debt Service Fund	2,458,756
Capital Project Funds	7,719,124
Proprietary Funds	8,477,778
Stoughton Utilities	12,218,301
Firefighters Pension Trust	703,044
Total Funds on Hand	<u><u>\$46,855,101</u></u>

## ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	<b>2021 Audited</b>	<b>2022 Audited</b>	<b>2023 Audited</b>	<b>2024 Unaudited</b>
<b>Water</b>				
Total Operating Revenues	\$2,384,852	\$2,526,615	\$2,594,657	\$2,612,492
Less: Operating Expenses	<u>(1,554,230)</u>	<u>(1,729,389)</u>	<u>(1,759,456)</u>	<u>(2,165,956)</u>
Operating Income	\$830,622	\$797,226	\$835,201	\$446,536
Plus: Depreciation	497,314	505,315	528,947	546,995
Interest Income	<u>6,261</u>	<u>13,918</u>	<u>79,370</u>	<u>79,073</u>
Revenues Available for Debt Service	<u><u>\$1,334,197</u></u>	<u><u>\$1,316,459</u></u>	<u><u>\$1,443,518</u></u>	<u><u>\$1,072,604</u></u>
<b>Sewer</b>				
Total Operating Revenues	\$2,193,890	\$2,133,620	\$2,260,950	\$2,444,480
Less: Operating Expenses	<u>(1,810,480)</u>	<u>(2,010,390)</u>	<u>(2,106,558)</u>	<u>(2,223,160)</u>
Operating Income	\$383,410	\$123,230	\$154,392	\$221,320
Plus: Depreciation	774,018	772,166	787,957	782,132
Interest Income	<u>(875)</u>	<u>22,756</u>	<u>76,083</u>	<u>77,305</u>
Revenues Available for Debt Service	<u><u>\$1,156,553</u></u>	<u><u>\$918,152</u></u>	<u><u>\$1,018,432</u></u>	<u><u>\$1,080,757</u></u>
<b>Electric</b>				
Total Operating Revenues	\$15,545,034	\$16,558,584	\$15,776,223	\$16,034,094
Less: Operating Expenses	<u>(14,416,228)</u>	<u>(15,413,727)</u>	<u>(15,053,411)</u>	<u>(15,441,055)</u>
Operating Income	\$1,128,806	\$1,144,857	\$722,812	\$593,039
Plus: Depreciation	1,252,922	1,309,313	1,374,584	1,269,031
Interest Income	<u>56,550</u>	<u>62,436</u>	<u>209,183</u>	<u>232,513</u>
Revenues Available for Debt Service	<u><u>\$2,438,278</u></u>	<u><u>\$2,516,606</u></u>	<u><u>\$2,306,579</u></u>	<u><u>\$2,094,583</u></u>

## SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2021 Audited	2022 Audited	2023 Audited	2024 Unaudited <sup>1</sup>	2025 Adopted Budget <sup>2</sup>
<b>Revenues</b>					
Taxes and special assessments	\$9,537,095	\$5,555,976	\$5,639,026	\$6,588,669	\$6,787,138
Intergovernmental	2,272,957	2,321,101	2,477,623	2,788,123	2,942,359
Licenses and permits	282,504	356,231	335,457	444,678	389,035
Fines, forfeitures and penalties	109,615	111,946	103,798	92,219	95,100
Public charges for services	630,749	488,539	648,326	440,155	414,001
Intergovernmental charges for services	0	198,393	345,566	574,490	573,275
Investment income	32,237	121,464	499,922	817,031	525,150
Miscellaneous revenues	472,730	425,257	433,676	527,909	546,796
<b>Total Revenues</b>	<b>\$13,337,887</b>	<b>\$9,578,907</b>	<b>\$10,483,394</b>	<b>\$12,273,274</b>	<b>\$12,272,854</b>
<b>Expenditures</b>					
Current:					
General government	\$2,094,323	\$2,211,054	\$2,269,911	\$2,648,854	\$3,096,896
Public safety	4,266,365	4,796,668	5,666,080	5,084,314	5,166,950
Public works	1,685,147	1,661,447	1,686,723	1,734,137	1,643,589
Culture, recreation and education	1,426,173	1,465,732	1,694,976	1,590,708	1,756,733
Conservation and development	0	121,036	24,246	485,103	640,516
Health and Human Services	0	0	0	770,890	818,757
Capital outlay	64,158	0	0	56,649	0
Debt service:					
Interest and fiscal charges	0	6,427	0	10,816	0
<b>Total Expenditures</b>	<b>\$9,536,166</b>	<b>\$10,262,364</b>	<b>\$11,341,936</b>	<b>\$12,381,471</b>	<b>\$13,123,441</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$3,801,721</b>	<b>(\$683,457)</b>	<b>(\$858,542)</b>	<b>(\$108,197)</b>	<b>(\$850,587)</b>
<b>Other Financing Sources (Uses)</b>					
Sales of fixed assets	\$0	\$9,867	\$16,042	\$71,723	\$5,500
Transfers in	1,050,850	885,043	766,664	116,444	44,500
Transfers (out)	(4,563,536)	(349,574)	(141,045)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(3,512,686)</b>	<b>545,336</b>	<b>641,661</b>	<b>188,167</b>	<b>50,000</b>
<b>Net changes in Fund Balances</b>	<b>\$289,035</b>	<b>(\$138,121)</b>	<b>(\$216,881)</b>	<b>\$79,970</b>	<b>(\$800,587)</b>
General Fund Balance January 1	\$7,030,962	\$7,319,997	\$7,181,876	\$6,964,995	
General Fund Balance December 31	\$7,319,997	\$7,181,876	\$6,964,995	\$7,044,965	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$1,320,654	\$1,540,231	\$1,467,723	\$2,585,234	
Restricted	0	203,318	126,990	319,767	
Assigned	1,111,773	1,018,543	1,057,089	1,135,212	
Unassigned (deficit)	4,887,570	4,419,784	4,313,193	3,004,752	
<b>Total</b>	<b>\$7,319,997</b>	<b>\$7,181,876</b>	<b>\$6,964,995</b>	<b>\$7,044,965</b>	

<sup>1</sup> Unaudited data is as of December 31, 2024.

<sup>2</sup> The 2025 budget was adopted on November 12, 2024.

## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 13,173 and a current estimated population of 13,292 comprises an area of 5.09 square miles and is located approximately 20 miles southeast of the City of Madison.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Stoughton Trailers Inc./Stoughton Holdings LLC	Manufacturer	1,207
Stoughton Area School District	Elementary and secondary education	372
Skaalen Nursing & Rehab Center	Nursing home	320
Stoughton Hospital	Healthcare	281
Cummins Emissions Solutions	Manufacturing	270
The City	Municipal government and services	219
B & G Foods	Food product manufacturer	210
Uniroyal Engineered Products	Manufacturing	189
Pick 'n Save	Grocery	100
Nelson Global Products	Automobile parts & supplies manufacturer	100

**Source:** The City, Data Axle Reference Solutions, written and telephone survey, IB Greater Madison 100 Largest Employers in Dane County, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

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<sup>1</sup>This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

**BUILDING PERMITS** (as of February 10, 2025)

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<u>New Single Family Homes</u>					
No. of building permits	19	42	14	50	1
Valuation	\$6,884,565	\$13,795,884	\$4,517,987	\$13,835,284	\$300,000
<u>New Multiple Family Buildings</u>					
No. of building permits	7	7	4	18	4
Valuation	\$2,520,000	\$12,675,000	\$2,200,000	\$9,101,901	\$2,200,000
<u>New Commercial/Industrial</u>					
No. of building permits	4	5	4	5	0
Valuation	\$2,074,650	\$17,295,794	\$4,919,901	\$30,666,220	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	1,683	983	197	937	88
Valuation	\$30,674,299	\$73,902,680	\$11,256,723	\$136,291,681	\$5,738,514

**Source:** The City.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census Population	12,611
2020 U.S. Census Population	13,173
Percent of Change 2010 - 2020	4.46%
2024 Estimated Population	13,292

### Income and Age Statistics

	The City	Dane County	State of Wisconsin	United States
2022 per capita income	\$41,021	\$49,280	\$40,130	\$41,261
2022 median household income	\$73,014	\$84,297	\$72,458	\$75,149
2022 median family income	\$101,579	\$117,289	\$92,974	\$92,646
2022 median gross rent	\$1,111	\$1,268	\$992	\$1,268
2022 median value owner occupied units	\$259,500	\$342,900	\$231,400	\$281,900
2022 median age	41.6 yrs.	35.5 yrs.	39.9 yrs.	38.5 yrs.

	State of Wisconsin	United States
City % of 2022 per capita income	102.22%	99.42%
City % of 2022 median family income	109.26%	109.64%

### Housing Statistics

	<u>The City</u>		
	2020	2023	Percent of Change
All Housing Units	5,811	5,889	1.34%

**Source:** 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center ([https://doa.wi.gov/Pages/LocalGovtsGrants/Population\\_Estimates.aspx](https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx)) and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Dane County	Dane County	Dane County	State of Wisconsin
2020	307,959	4.9%		6.4%
2021	319,649	2.9%		3.9%
2022	324,324	2.1%		2.9%
2023 <sup>1</sup>	331,631	2.3%		3.0%
2024, December <sup>1</sup>	336,484	2.1%		2.9%

**Source:** Wisconsin Department of Workforce Development.

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<sup>1</sup>Preliminary.

**FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse changes in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



# **City of Stoughton**

Financial Statements and  
Supplementary Information

December 31, 2023

# City of Stoughton

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# City of Stoughton

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## Independent Auditors' Report

To the City Council of  
City of Stoughton

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Stoughton, Wisconsin (the City), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic 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 respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit 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 City 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 City adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* effective January 1, 2023. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 City's 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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 basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements and other knowledge we obtained during our audit of the basic 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 10, 2024



## CITY OF STOUGHTON

### MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

Management of the City of Stoughton offers readers of the City of Stoughton's ("City") financial statements this narrative overview and analysis of the financial activities of the City of Stoughton for the calendar year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

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### FINANCIAL HIGHLIGHTS

A successful city seeks out growth opportunities and prudently allocates its limited resources to provide the best goods and services to its residents. Prudent management of financial assets seeks to both maximize the value of current goods and services and future needs, wants and opportunities. Management presents this analysis with a view to the current period and the future.

- Net position increased by \$7.1 million (6.5%) as compared to the prior year. Of this increase, \$3.5 million (9.1%) was for governmental activities and \$3.6 million (5.1%) was for business-type activities.
- Net investment in capital assets increased by \$6.5 million, or 8.0% as compared to the prior year. Major 2023 capital projects include street reconstruction, storm water improvements, sidewalk improvements and utility infrastructure improvements.
- Long term debt, which is a component of the net investment in capital assets, increased by \$0.9 million (1.9%) as compared to the prior year. Of this increase, \$1.3 million (3.5%) was for governmental activities and a decrease of \$0.4 million (-3.4%) was for business-type activities.
- The City's governmental funds reported combined fund balances of \$15.5 million at year-end, which was a decrease of \$0.06 million (3.8%) from the prior year. Of this total, \$3.3 million of the fund balance was unassigned and able to fund future city expenditures. The remainder of the fund balance was nonspendable, restricted, committed or assigned for various purposes.
- The unassigned general fund balance at year-end was \$4,313,193. This amount was 39.8% of the adopted budget for General Fund expenditures for budget year 2023. This exceeds the city's policy of 20% to 25% of general fund annual budgeted expenditures. The excess is \$2.1 million at 20% and \$1.6 million at 25%.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis document is intended to serve as an introduction to the City's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status.
- The majority of the remaining statements are fund financial statements that focus on individual parts of city government, reporting the city's operations in more detail than the government-wide statements.
- The City has three fiduciary funds for (a) property taxes collected on behalf of other taxing units within Dane County, (b) municipal court collections on behalf of the State of Wisconsin and surrounding towns and (c) license plate application fees on behalf of the State of Wisconsin.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the government's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position – the City's assets plus deferred outflows of resources less liabilities and deferred inflows of resources – is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base, changes in the local, state and national economies, and the condition of the City's roads and other infrastructure.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures and Changes in Fund Balance* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 35 individual governmental funds. Information is presented separately in the *Balance Sheet* and *Statement of Revenues, Expenditures and Changes in Fund Balances* for the following major funds: General Fund, Debt Service Fund, and Construction Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.



# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

*Proprietary Funds* – The City maintains five different proprietary fund, all of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs.

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information* – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget, followed by the City's pension and Other Post-Employment Benefits (OPEBs) related information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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An analysis of the City's financial position begins with a review of the *Statement of Net Position* and the *Statement of Activities*. These two statements report the City's net position and changes therein. It should be noted that the financial position could also be affected by non-financial factors, including economic conditions, population growth and new regulations.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2023

**Table One**  
**Condensed Statement of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 34,245,811	\$ 33,877,797	\$ 18,576,319	\$ 18,115,470	\$ 52,822,130	\$ 51,993,267
Restricted net pension asset	-	3,099,455	-	918,464	-	4,017,919
Capital assets	62,566,912	57,695,087	69,045,719	67,164,216	131,612,631	124,859,303
<b>Total assets</b>	<b>96,812,723</b>	<b>94,672,339</b>	<b>87,622,038</b>	<b>86,198,150</b>	<b>184,434,761</b>	<b>180,870,489</b>
Pension & OPEB related amounts	8,204,648	6,499,321	2,468,852	1,879,523	10,673,500	8,378,844
Total deferred outflows of resources	8,204,648	6,499,321	2,468,852	1,879,523	10,673,500	8,378,844
Other liabilities	3,557,267	3,418,886	1,539,178	1,576,720	5,096,445	4,995,606
Liabilities payable from restricted assets	-	-	759,316	1,611,250	759,316	1,611,250
Long term liabilities	37,502,246	36,229,192	10,929,317	11,310,893	48,431,563	47,540,085
Pension and OPEB liabilities	3,410,511	2,619,731	883,341	457,654	4,293,852	3,077,385
<b>Total liabilities</b>	<b>44,470,024</b>	<b>42,267,809</b>	<b>14,111,152</b>	<b>14,956,517</b>	<b>58,581,176</b>	<b>57,224,326</b>
Unearned revenues	13,493,747	12,755,960	-	-	13,493,747	12,755,960
Pension and OPEB related amounts	5,159,464	7,752,934	1,481,200	2,219,314	6,640,664	9,972,248
Total deferred inflows of resources	18,653,211	20,508,894	1,481,200	2,219,314	20,134,411	22,728,208
Net investment in capital assets	29,069,760	25,961,955	59,120,060	55,785,137	88,128,660	81,747,092
Restricted net position	3,068,007	7,580,747	2,537,702	4,198,369	5,605,709	11,779,116
Unrestricted net position	9,756,369	4,852,255	12,840,776	10,918,336	22,658,305	15,770,591
<b>Total net position</b>	<b>\$ 41,894,136</b>	<b>\$ 38,394,957</b>	<b>\$ 74,498,538</b>	<b>\$ 70,901,842</b>	<b>\$ 116,392,674</b>	<b>\$ 109,296,799</b>

Selected highlights of changes for the Governmental Activities are listed below:

- **Cash and investments** – The combined cash and investments had a decrease of \$0.7 million or 4.0%. The single largest factor for this decrease was a transfer of \$0.9 million to a newly created fiduciary fund for the Firefighters Pension Trust Fund. The General Fund cash and investments increased by \$0.1 million or 2.3%.
- **Restricted net pension asset** – The City participates in the Wisconsin Retirement System (WRS). The WRS fund went from 106.02% funded to 95.72% funded. This caused all WRS participating members to go from having a net pension asset to a net pension liability.
- **Receivables** – Combined receivables increased by about \$1.3 million or 9.6%. The majority of the increase was \$0.8 million for property taxes. The second large component was the contracted developer receivable for TID #5 from 2012 that was not previously recorded. This was corrected in 2023 and increased receivables by \$0.4 million.
- **Due from other governments** – The balance decreased \$0.6 million from the prior year primarily due to receiving the \$0.5 million payment from the Wisconsin Economic Development Corp.
- **Land held for resale** – The land contract from 2012 was not previously entered in the general ledger. This increased the land held for resale by \$150,000 or 16.6%.
- **Capital Assets** – These assets increased by \$4.9 million or 8.4%. 2.5 million or 4.6%. Of this increase, \$2.2 million was for non-depreciable assets and \$2.7 million was for assets being depreciated.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

- Deferred outflows of resources – Pension related amounts – The deferred outflows increased by \$1.6 million or 25.7% related to the Wisconsin Retirement System (WRS) no longer being fully funded.
- Deferred inflows of resources – Pension related amounts – The deferred inflows decreased by \$3 million or 3.7% again related to the Wisconsin Retirement System no longer being fully funded.
- Net pension liability – The net pension liability increased \$1.0 million or 78.9% again related to the Wisconsin Retirement System no longer being fully funded.
- Restricted net position – In total, the restricted net position decreased by \$4.5 million or 59.5%. The three largest changes were
  - \$0.9 million Firefighters Pension Fund transfer to the newly created irrevocable trust
  - \$3.1 million for reclassify the prior year's Net Pension Asset (restricted net position) to a Net Pension Liability (unrestricted net position) for the WRS system.
  - \$0.9 million for decreased equity within the various Tax Increment Districts.
- Unrestricted net position – The unrestricted net position increased by \$4.9 million of which there were two large factors:
  - \$3.1 million for the above reclassification of the Net Pension Asset to a Net Pension Liability (WRS).
  - \$1.0 million related to the decrease in the Net Pension Liability for the City of Stoughton's Firefighters Pension Fund to an irrevocable trust (from \$1.2 million to \$0.2 million).

Selected highlights of changes for the Business-Type Activities are listed below:

- The majority of the material changes between the current and prior year all relate to the Wisconsin Retirement System no longer being fully funded and the related entries to all participating members of the system.
  - The restricted net pension asset decreased by \$0.9 million or 100%.
  - Deferred outflows of resources increased by \$0.6 million or 32.7%.
  - The net pension liability increased by \$0.6 million or 100%
  - The deferred inflows of resources decreased by \$0.8 million or 38.3%.
  - Restricted net position decreased by \$0.9 million or 100%.
- The net investment in capital assets increased by \$3.3 million or 6.0% for continuing improvements in the various utilities.
- The unrestricted net position increased by \$1.9 million or 17.6%. This was primarily due to reduction in the restricted net position for debt service (0.7 million or 34.8%) and pension (\$0.9 million or 100%).

The largest portion of the City's net position (75.7%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that are still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot generally be liquidated to pay these liabilities. The investment in capital assets increased by \$6.5 million, or 8.0%, as compared to the prior year.

An additional portion of the City's net position (4.8%) represents resources that are subject to external restrictions on how they may be used. These restricted balances decreased by \$6.2 million or 52.4% in relation to the prior year.

The remaining balance of unrestricted net position (19.5%) may be used to meet the government's ongoing obligations. The unrestricted net position increased by \$6.7 million or 42.4%. This was primarily due to the continuing investments in capital assets in the current year as well as there no longer being a restricted net pension asset.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2023

**Table Two**  
**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 4,418,599	\$ 3,808,065	\$ 22,217,068	\$ 22,840,578	\$ 26,635,667	\$ 26,648,643
Operating grants and contributions	2,260,155	2,228,308	32,040	181,336	2,292,195	2,409,644
Capital grants and contributions	1,726,350	2,463,672	2,157,075	2,753,709	3,883,425	5,217,381
General Revenues						
Property taxes	11,738,096	11,037,716	-	-	11,738,096	11,037,716
Other taxes	755,447	250,829	-	-	755,447	250,829
Intergovernmental revenues	1,506,807	1,495,163	-	-	1,506,807	1,495,163
Investment income	956,349	303,702	421,164	116,976	1,377,513	420,678
Other revenues	303,243	358,908	55,072	16,010	358,315	374,918
Total revenues	23,665,046	21,946,363	24,882,419	25,908,609	48,547,465	47,854,972
<b>Expenses</b>						
General government	2,593,495	2,165,576	-	-	2,593,495	2,165,576
Public safety	6,079,277	4,823,434	-	-	6,079,277	4,823,434
Public works	5,612,894	4,827,394	-	-	5,612,894	4,827,394
Culture, recreation and education	5,148,123	4,545,699	-	-	5,148,123	4,545,699
Conservation and development	590,547	1,522,098	-	-	590,547	1,522,098
Interest and fiscal charges	886,559	906,718	-	-	886,559	906,718
Water	-	-	1,846,472	1,961,593	1,846,472	1,961,593
Wastewater	-	-	2,176,554	2,089,682	2,176,554	2,089,682
Electric	-	-	15,113,666	15,471,713	15,113,666	15,471,713
Emergency Medical Services	-	-	732,336	744,112	732,336	744,112
Storm sewer	-	-	671,667	722,529	671,667	722,529
Total expenses	20,910,895	18,790,919	20,540,695	20,989,629	41,451,590	39,780,548
Income before transfers	2,754,151	3,155,444	4,341,724	4,918,980	7,095,875	8,074,424
Transfers	745,028	(86,052)	(745,028)	86,052	-	-
Changes in net position	3,499,179	3,069,392	3,596,696	5,005,032	7,095,875	8,074,424
Beginning net position	38,394,957	35,325,565	70,901,842	65,896,810	109,296,799	101,222,375
Ending net position	\$ 41,894,136	\$ 38,394,957	\$ 74,498,538	\$ 70,901,842	\$ 116,392,674	\$ 109,296,799

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2023

### Revenues

Program revenues are those revenues that can be directly related to a particular activity.

- Charges for services are primarily made up of licenses, permits, public charges for services such as library, garbage, recycling, park, and recreation fees.
- Operating grants are mainly from state resources received for highway maintenance, taxi service and recycling programs.
- Capital grants fluctuate annually and are received to assist the city in capital asset purchases

General revenues represent revenues that are not directly related to one specific function.

- Property taxes are for operations, debt service, and Tax Incremental Districts increments.
- Other taxes are room taxes paid by hotels, bed & breakfast and other lodgings as Airbnb.
- Intergovernmental revenues include state shared revenues and payments in lieu of taxes.
- Other revenues include donations and investment income.

The information below provides more information on specific revenue sources

- **Governmental Activities**
  - Program revenues in total decreased by only 1.1%.
  - Property taxes in total increased by \$0.7 million or 6.3%.
  - Other taxes increased by \$0.5 million or 201.2%. The vast majority of this was related to the developer incentive from Movin' Out in TID # 5 (Railroad Corridor) from 2011 that was not recorded in the general ledger until 2023.
  - Investment income increased by \$0.7 million or 214.9% due to increase in interest rates
- **Business-Type Activities**
  - While the Water Utility and Wastewater saw increases in charges there was a decrease in the Electric Utility. This was primarily due to a reduction in purchase power costs which lowers the Power Cost Adjustment Clause (PCAC) revenue.
  - *The PCAC is an automatic adjustment clause that allows a utility to adjust customers' months bills to reflect the utilities average of cost of purchasing power that is either above or below the approved average cost that is authorized by the Public Service Commission of Wisconsin and reflected in the utility's base rate.*

### Expenses

Governmental activities expenses are broken down into various functions.

- General Government includes administrative type costs including Council, Clerk, Human Resources, Finance, Legal and Assessment services.
- Public Safety includes the Police, Fire and Building Inspection.
- Public Works includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse and recycling efforts along with the Shared Ride Service.
- Health and Human Services includes the Senior Center, Food Pantry and two cemeteries.
- Culture, Recreation and Education includes Parks, Opera House, Library and WSTO-TV.
- Conservation and Development includes Planning & Development as well as Tax Incremental Districts.

In total, governmental activities expenses increased by \$2.1 million or 11.3%. Some major items that affected increased expenses are:

- Wage increases of 4.0% for both union and non-union employees.
- Health insurance increase of 8.9%.
- Retention incentives to increase wage rates for 14 employees to bring positions closer to market.

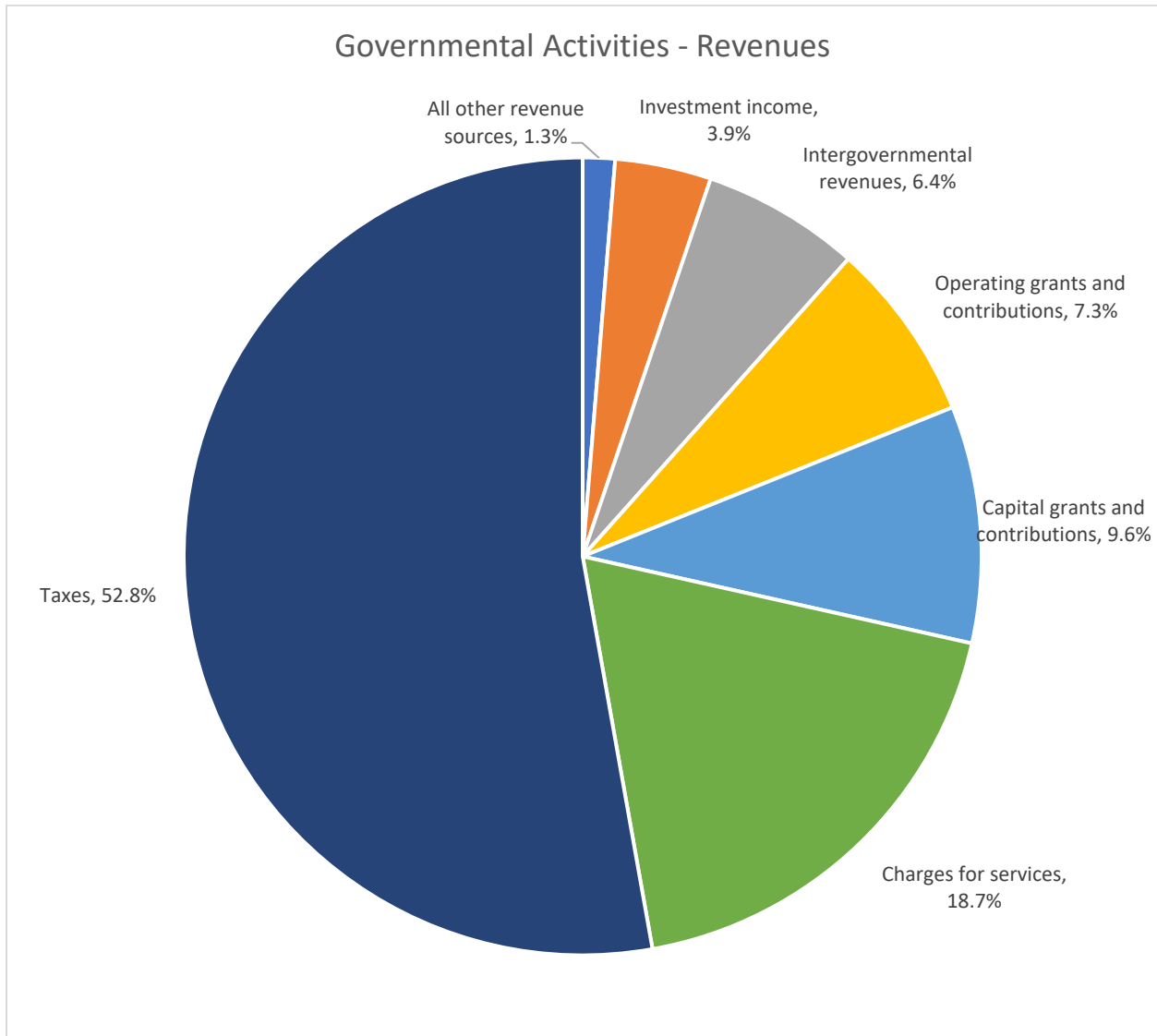
# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

Public Safety was the category with the largest increase (1.3 million or 26.0%) primarily due to wage and benefit increases.

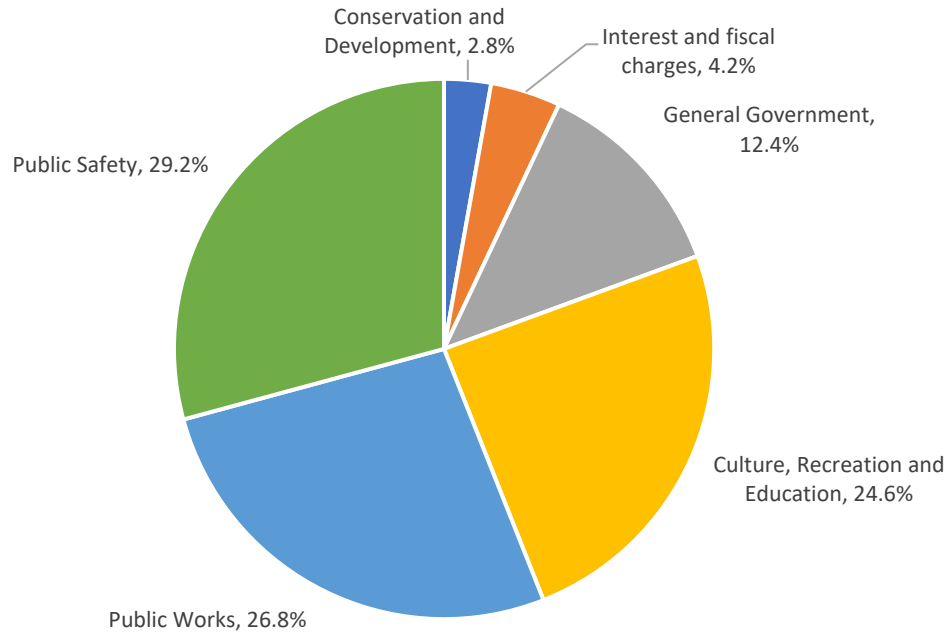
In total, business-type activities expenses were down in total by \$0.45 million or 2.1%. The largest area was in the Electric Utility (\$0.36 million or 2.3%). The expense increase was related to the PCAC revenue adjustment as those two items work in tandem to each other.



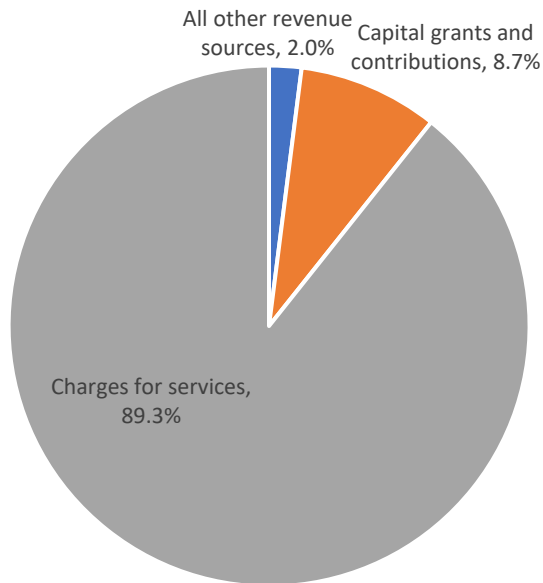
# CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION & ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2023

## Governmental Activities - Expenses



## Business-Type Activities - Revenues



# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2023

### Business Type Activities

**Table Three**  
**Net Position by Enterprise Fund (Business Type Activities)**  
**December 31, 2023**

	<b>Major Funds</b>				<b>Non-Major</b>	<b>Total</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Electric</b>	<b>Storm Water</b>	<b>EMS</b>	
Net Position, Beginning	\$ 17,754,441	\$ 19,802,150	\$ 26,425,749	\$ 5,376,640	\$ 1,542,862	\$ 70,901,842
Net Position, Ending	18,991,821	20,454,476	27,534,861	5,781,561	1,735,819	74,498,538
Change in Net Position	\$ 1,237,380	\$ 652,326	\$ 1,109,112	\$ 404,921	\$ 192,957	\$ 3,596,696

In total, the Business-Type Activities net position increased by \$3.6 million or 5.1%.

- The net investments in capital assets increased by \$3.3 million or 6.0% for continuing improvements in the various utilities.
- Restricted net position for debt service decreased by \$0.7 million or 34.8% due to the Electric Utility paying off a 2013 debt issue.
- Restricted net position for pensions decreased by \$0.9 million because there is no longer a restricted net pension asset.

### Governmental Funds

The focus of the City of Stoughton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the calendar year.

As of December 31, 2023, the city's governmental funds reported combined fund balances of \$15.5 million which is a decrease of \$0.6 million or 3.8%. The unassigned fund balance is approximately 21.6% of the total fund balance. This unassigned amount is available to meet the city's current and future needs.

**Table Four**  
**Governmental Funds - Fund Balances**  
**December 31, 2023**

<b>Category</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Construction</b>	<b>Non-Major</b>	<b>Total</b>
Non-spendable	\$ 1,467,723	\$ -	\$ -	\$ 5,080	\$ 1,472,803
Restricted	126,990	927,117	1,004,841	2,665,019	4,723,967
Committed	-	-	-	1,844,670	1,844,670
Assigned	1,057,089	-	2,632,718	448,138	4,137,945
Unassigned	4,313,193	-	-	(965,051)	3,348,142
<b>Total</b>	<b>\$ 6,964,995</b>	<b>\$ 927,117</b>	<b>\$ 3,637,559</b>	<b>\$ 3,997,856</b>	<b>\$ 15,527,527</b>
Beginning balance	\$ 7,181,876	\$ 621,554	\$ 2,965,344	\$ 5,368,649	\$ 16,137,423
Ending fund balance	6,964,995	927,117	3,637,559	3,997,856	15,527,527
Increase (decrease)	\$ (216,881)	\$ 305,563	\$ 672,215	\$(1,370,793)	\$ (609,896)



# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

**General Fund** - The City's General Fund is the chief operating fund of the city. The fund balance decreased by \$216,881 or 3.0% primarily due to large retirement payouts of sick leave totaling \$135,380. The increased investment earnings offset departmental deficits. See the following General Fund Budgetary Highlights section for further details.

**Debt Service Fund** – The City's Debt Service Fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The fund balance increase by 305,563 which was a 49.2% increase. The fund balance is restricted for debt service payments as per the authorizing resolutions.

**Construction Capital Projects Fund** – The City's construction capital projects fund accounts for the funds accumulated for the purpose of obtaining capital assets or for capital projects and other expenditures that are unique and are not normal operating or maintenance type expenditures reportable within the General Fund or other governmental funds. The actual fund balance increased by \$0.7 million or 22.7%. The fund balance of \$3.6 million is comprised of \$1.0 million in unspent bond proceeds and \$2.6 million for various capital projects.

**Nonmajor Governmental Funds** - Fund balance of all other governmental funds decreased by \$1.4 million or 25.5% from the prior year. There are 32 different non-major governmental funds, each with a different purpose. The largest component of the decrease was the \$0.9 million transfer from a non-major special revenue fund to the Firefighters Irrevocable Pension Trust, which is a fiduciary fund.

### Proprietary Funds

The City of Stoughton's proprietary fund financial statements provide the same type of information found in the government-wide financial statements but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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The General Fund adopted budget had appropriations for \$10.8 million and projected revenues of \$9.7 million with a net planned usage of fund balance for \$458,662 (i.e., planned deficit). The budget was amended to reflect an actual deficit of \$569,050. The actual deficit was \$216,881 with \$124,126 in sick leave payouts as the largest component of the deficit.

- Revenues were \$0.4 million or 0.4% above budgeted amounts with investment earnings the biggest revenue source.
- Expenditures were \$0.06 million or 0.5% under budgeted amounts.

A number of departments in the General Fund exceeded their appropriations during the year and/or had deficits. The Common Council amended the 2023 budget to ensure that the departments no longer exceeded their budgetary appropriations.

The departments that required their 2023 budget to be amended for this purpose is listed below.

- City Clerk – Deficit of \$12,296 – The primary cause was that no Reserve Class 3 liquor licenses were issued during 2023.
- Finance – Deficit of \$19,709 – Audit fees were higher than anticipated.
- Fire – Deficit of \$81,807 - There was a transfer from General Revenues and the related budget amendment in the amount of \$71,509 but additional expenditures of \$10,298 occurred after the budget was amended.
  - A prior year correction for Wisconsin Retirement System wages was accrued for \$50,400.
  - Equipment maintenance was \$38,500 over budgeted amounts.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

- The expenditure deficits were offset by the sale of a vehicle to EMS for \$14,000.
- Human Resources/Risk Management – Deficit of \$20,771 – Insurance policy premiums exceeded budgeted amounts.
- Mayor – Deficit of \$2,814 – Economic development professional services were \$12,800 higher than anticipated. This was offset by fireworks expenditures \$6,800 under budget and \$6,000 surplus for fireworks donations.
- Municipal Court – Deficit of \$17,083 – Fines and forfeitures were only 81% of the amount budgeted.
- Planning and Development – Deficit of \$3,038
  - Expenditure accounts, excluding developer related expenses, were \$16,509 over budgeted amounts. This was offset by permit revenue coming in at 125% of budgeted amounts.
  - Developer charges were previously run through the balance sheet. Beginning in 2023, this activity was run through revenue and expenditure accounts. The budget was amended for \$129,000 in expenditures which was offset by public charges for services.
  - Police – Deficit of \$94,332 -- The unbudgeted capital outlay for the basement remodeling (\$79,300) was approved by management based upon anticipated wage/benefit savings in the department. However, wages/benefits were actually \$42,700 over budgeted amounts primarily due to overtime for both dispatchers and sworn officers.
  - Public Works - Expenditures exceeded budgetary amounts by \$20,871 or 1.0%.
  - Recreation Programs – Deficit of \$49,956 – Public charges were 10% below budgeted amounts. Wages/benefits were 10% above budgeted amounts.
  - Senior Center – Deficit of \$37,378
    - Replacement of a water heater was not anticipated (\$7,300).
    - The adopted budget related to Bryant Foundation donations was less than related expenditures.

In looking at revenues by category, the following gives a high-level overview of various categories.

- Payments in Lieu of Taxes (PILTs) were \$158,425 or 16.5% less than budgeted primarily for PILTs from the electric and water utilities.
- Room taxes were \$29,501 or 245.8% more than budgeted. The room tax rate changed from 6.0% to 8.0% on June 1, 2024 as well as increasing the allocation the percentage that the City retained.
- Investment income was \$419,921 or 524.9% more than very conservatively amount budgeted due to the increase in interest rates.
- Licenses and permits were \$40,681 or 13.8% more than budgeted primarily due to the number of permits issued by the Planning & Development Department.
- Fines and forfeitures were \$10,046 or 8.0% less than budgeted primarily in Municipal Courts.
- Donations were \$13,208 or 5.4 % less than budgeted.

Further details can be found in the budget to actual section of this report and the City's year-end budget to actual report.

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## CAPITAL ASSETS

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At the end of 2023, the City had invested a total of \$131.6 million in capital assets (net of depreciation), which was an increase of \$6.8 million or 5.4% over the prior year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

For the governmental activities, capital assets net of depreciation increased \$4.9 million or 8.4% as compared to the prior year. The largest increase was in the Streets category, whether in new streets or resurfacing of existing streets.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2023

For business-type activities, the capital assets net of depreciation increased by \$1.9 million or 2.8%. Comments regarding each fund is below.

- Water Utility – Net capital assets increased by \$0.4 million or 2.0% with the majority in Transmission and Distribution assets.
- Wastewater Utility – Net capital assets decreased by \$0.07 million or 0.4% with the majority in Collection Systems and related depreciation.
- Electric Utility – Net capital assets increased by \$1.0 million or 5.2% with the majority in Distribution.
- Stormwater Utility – Net capital assets increased by \$0.4 million or 6.4% due to increased storm sewer infrastructure.
- Emergency Medical Services (EMS) – Net capital assets increased by \$0.09 million or 8.1% with the majority being a deposit on an ambulance chassis being paid out.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2023

**Table Five  
Capital Assets**

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	
<b><u>Governmental activities</u></b>				
Land and other assets, not being depreciated	\$ 13,854,379	\$ 11,679,880	\$ 2,174,499	18.6%
Buildings & improvements	28,733,629	26,947,661	1,785,968	6.6%
Machinery & equipment	12,372,038	11,536,664	835,374	7.2%
Streets	27,370,815	25,723,441	1,647,374	6.4%
Sidewalks	6,709,954	6,388,805	321,149	5.0%
Street lighting	227,551	227,551	-	0.0%
Bridges	1,262,814	845,989	416,825	49.3%
Storm sewers	4,884,578	4,900,225	(15,647)	-0.3%
Traffic signals	411,974	411,974	-	0.0%
Dams	706,792	592,997	113,795	19.2%
Total Capital Assets	96,534,524	89,255,187	7,279,337	8.2%
Less: Accumulated depreciation	(33,967,612)	(31,560,100)	(2,407,512)	7.6%
<b>Governmental activities net capital assets</b>	<b>\$ 62,566,912</b>	<b>\$ 57,695,087</b>	<b>\$ 4,871,825</b>	<b>8.4%</b>
<b><u>Business-type activities</u></b>				
Land and other assets, not being depreciated	\$ 2,200,304	\$ 2,133,388	\$ 66,916	3.1%
Administration and general assets	5,877,469	5,683,094	194,375	3.4%
Buildings and Improvements	1,240,308	1,240,308	-	0.0%
Collection system	16,829,618	15,708,646	1,120,972	7.1%
Collection system pumping	784,572	756,008	28,564	3.8%
Distribution	35,682,044	33,658,380	2,023,664	6.0%
Equipment	1,001,090	973,260	27,830	2.9%
General	1,044,399	1,010,091	34,308	3.4%
Lease assets	171,000	180,000	(9,000)	-5.0%
Pumping	1,570,112	1,598,744	(28,632)	-1.8%
Sources of supply	595,730	595,730	-	0.0%
Storm sewer	7,713,437	7,357,178	356,259	4.8%
Transmission and distribution	26,164,047	25,154,140	1,009,907	4.0%
Treatment	90,795	90,795	-	0.0%
Treatment and disposal	15,709,033	15,702,551	6,482	0.0%
Vehicles	14,000	-	14,000	100.0%
Total Capital Assets	116,687,958	111,842,313	4,845,645	4.3%
Less: Accumulated depreciation	(47,642,239)	(44,678,097)	(2,964,142)	6.6%
<b>Business-type activities net capital assets</b>	<b>\$ 69,045,719</b>	<b>\$ 67,164,216</b>	<b>\$ 1,881,503</b>	<b>2.8%</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 131,612,631</b>	<b>\$ 124,859,303</b>	<b>\$ 6,753,328</b>	<b>5.4%</b>

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2023

### LONG-TERM DEBT

**Table Five  
Long Term Debt**

	<u>2023</u>	<u>2022</u>	<b>Increase (Decrease)</b>	<b>Increase (Decrease)</b>
<b><u>Governmental activities</u></b>				
General obligation (GO) debt	\$ 35,239,147	\$ 33,870,743	\$ 1,368,404	4.0%
GO debt, direct placement	643,323	681,910	(38,587)	-5.7%
Land contract payable	120,000	-	120,000	100.0%
Unamortized premiums on debt	581,661	664,290	(82,629)	-12.4%
Total governmental activities	<u>36,584,131</u>	<u>35,216,943</u>	<u>1,367,188</u>	<u>3.9%</u>
<b><u>Business -type activities</u></b>				
General obligation (GO) debt	2,740,853	2,114,257	626,596	29.6%
Revenue bonds	5,139,420	6,316,622	(1,177,202)	-18.6%
Revenue debt, direct placement	2,641,710	3,033,250	(391,540)	-12.9%
Unamortized premiums on debt	68,499	81,930	(13,431)	-16.4%
Total business-type activities	<u>10,590,482</u>	<u>11,546,059</u>	<u>(955,577)</u>	<u>-8.3%</u>
 Total debt	<u>\$ 47,174,613</u>	<u>\$ 46,763,002</u>	<u>\$ 411,611</u>	<u>0.9%</u>
 Governmental - GO debt	 \$ 35,239,147	Total equalized value		 \$ 1,787,763,800
Governmental - Direct GO debt	643,323	GO Debt as a percentage		
Business-type - GO debt	2,740,853	of equalized value		2.16%
Total general obligation debt	<u>\$ 38,623,323</u>			
		GO Debt limit	\$ 89,388,190	
		Current GO debt	38,623,323	
		Amount available	<u>\$ 50,764,867</u>	

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5.0% of the equalized value of taxable property within the city's jurisdiction. The City's general obligation debt is \$41.7 million below that statutory limit.

The City has a debt policy to maintain total outstanding general obligation debt at 4.0% or less of the equalized value. The City's outstanding general obligation debt is at 2.16%, which is well below the self-imposed limit.

# **CITY OF STOUGHTON**

## **MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)**

As of and For the Year Ended December 31, 2023

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### **CURRENTLY KNOWN FACTS / ECONOMIC CONDITIONS**

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The City has received \$686,312 in American Rescue Plan Act (ARPA) funds in both calendar years 2021 and 2022. As of the drafting of this document, the Council still has not authorized the use of the remaining funds of \$425,505. The Common Council must appropriate the remaining funds by December 31, 2024.

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### **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Stoughton Director of Finance/Comptroller at 207 S. Forrest St, Stoughton, WI 53589.

# City of Stoughton

## Statement of Net Position

December 31, 2023

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 16,385,399	\$ 13,014,404	\$ 29,399,803
Receivables (net)	15,133,643	2,493,780	17,627,423
Due from other governmental units	33,684	6,661	40,345
Internal balances	1,191,167	(1,191,167)	-
Inventories and prepaid items	192,889	1,117,603	1,310,492
Investment in mutual insurance company	257,805	-	257,805
Restricted cash and investments	-	2,582,023	2,582,023
Other assets	-	553,015	553,015
Land held for resale	1,051,224	-	1,051,224
Capital assets:			
Capital assets not being depreciated	13,854,379	2,200,304	16,054,683
Capital assets net of depreciation	<u>48,712,533</u>	<u>66,845,415</u>	<u>115,557,948</u>
Total assets	<u>96,812,723</u>	<u>87,622,038</u>	<u>184,434,761</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	7,884,247	2,383,986	10,268,233
OPEB related amounts	<u>320,401</u>	<u>84,866</u>	<u>405,267</u>
Total deferred outflows of resources	<u>8,204,648</u>	<u>2,468,852</u>	<u>10,673,500</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	1,218,541	1,204,347	2,422,888
Accrued liabilities and deposits	999,211	313,817	1,313,028
Other liabilities	-	21,014	21,014
Unearned revenues	1,339,515	-	1,339,515
Liabilities payable from restricted assets:			
Current portion of revenue bonds	-	714,999	714,999
Accrued interest	-	44,317	44,317
Noncurrent liabilities:			
Due within one year	4,594,976	399,900	4,994,876
Due in more than one year	32,907,270	10,529,417	43,436,687
Net pension liability	2,217,429	618,940	2,836,369
Other post-employment benefits	<u>1,193,082</u>	<u>264,401</u>	<u>1,457,483</u>
Total liabilities	<u>44,470,024</u>	<u>14,111,152</u>	<u>58,581,176</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenue	13,493,747	-	13,493,747
Pension related amounts	4,568,018	1,334,687	5,902,705
OPEB related amounts	<u>591,446</u>	<u>146,513</u>	<u>737,959</u>
Total deferred inflows of resources	<u>18,653,211</u>	<u>1,481,200</u>	<u>20,134,411</u>

See notes to financial statements

# City of Stoughton

Statement of Net Position  
December 31, 2023

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 29,069,760	\$ 59,120,060	\$ 88,128,660
Restricted for:			
Debt service	596,033	1,371,748	1,967,781
Equipment replacement	-	1,165,954	1,165,954
TID activities	572,552	-	572,552
Library	378,126	-	378,126
Impact fees	751,262	-	751,262
Affordable housing	266,480	-	266,480
Grants and donations	181,990	-	181,990
Revolving loan	321,564	-	321,564
Unrestricted	<u>9,756,369</u>	<u>12,840,776</u>	<u>22,658,305</u>
Total net position	<u>\$ 41,894,136</u>	<u>\$ 74,498,538</u>	<u>\$ 116,392,674</u>

See notes to financial statements



# City of Stoughton

## Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,593,495	\$ 227,608	\$ 5,475	\$ -	\$ (2,360,412)	\$ -	\$ (2,360,412)
Public safety	6,079,277	990,263	88,668	14,000	(4,986,346)	-	(4,986,346)
Public works	5,612,894	1,479,173	1,671,011	1,638,896	(823,814)	-	(823,814)
Health and human services	-	19,735	27,117	-	46,852	-	46,852
Culture, recreation and education	5,148,123	1,352,404	467,884	34,414	(3,293,421)	-	(3,293,421)
Conservation and development	590,547	349,416	-	39,040	(202,091)	-	(202,091)
Interest and fiscal charges	886,559	-	-	-	(886,559)	-	(886,559)
Total governmental activities	<u>20,910,895</u>	<u>4,418,599</u>	<u>2,260,155</u>	<u>1,726,350</u>	<u>(12,505,791)</u>	<u>-</u>	<u>(12,505,791)</u>
Business-type activities:							
Water	1,846,472	2,594,657	-	778,155	-	1,526,340	1,526,340
Wastewater	2,176,554	2,260,950	-	488,447	-	572,843	572,843
Electric	15,113,666	15,776,223	-	613,219	-	1,275,776	1,275,776
EMS	732,336	735,201	32,040	115,270	-	150,175	150,175
Storm sewer	671,667	850,037	-	161,984	-	340,354	340,354
Total business-type activities	<u>20,540,695</u>	<u>22,217,068</u>	<u>32,040</u>	<u>2,157,075</u>	<u>-</u>	<u>3,865,488</u>	<u>3,865,488</u>
Total	<u>\$ 41,451,590</u>	<u>\$ 26,635,667</u>	<u>\$ 2,292,195</u>	<u>\$ 3,883,425</u>	<u>(12,505,791)</u>	<u>3,865,488</u>	<u>(8,640,303)</u>
<b>General Revenues</b>							
Taxes:							
Property taxes, levied for general purposes					6,526,385	-	6,526,385
Property taxes, levied for debt service					3,978,674	-	3,978,674
Property taxes, levied for TIF districts					1,233,037	-	1,233,037
Other taxes					755,447	-	755,447
Intergovernmental revenues not restricted to specific programs					1,506,807	-	1,506,807
Investment income					956,349	421,164	1,377,513
Gain on sale of assets					-	39,857	39,857
Miscellaneous					303,243	15,215	318,458
Total general revenues					<u>15,259,942</u>	<u>476,236</u>	<u>15,736,178</u>
<b>Transfers</b>					<u>745,028</u>	<u>(745,028)</u>	<u>-</u>
Change in net position					3,499,179	3,596,696	7,095,875
<b>Net Position, Beginning</b>					<u>38,394,957</u>	<u>70,901,842</u>	<u>109,296,799</u>
<b>Net Position, Ending</b>					<u>\$ 41,894,136</u>	<u>\$ 74,498,538</u>	<u>\$ 116,392,674</u>

See notes to financial statements

# City of Stoughton

Balance Sheet -  
Governmental Funds  
December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Construction</u>
<b>Assets</b>			
Cash and investments	\$ 5,276,438	\$ 682,217	\$ 3,664,461
Receivables (net):			
Taxes	5,644,669	4,464,043	-
Delinquent personal property taxes	5,205	-	-
Accounts	323,835	-	-
Special assessments	-	-	-
Delinquent special assessments	3,066	-	-
Loans	-	-	-
Due from other governments	23,271	-	-
Due from other funds	876,107	-	94,017
Advances to other funds	1,013,838	245,325	-
Other investments	257,805	-	-
Inventories and prepayments	187,809	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 13,612,043</u>	<u>\$ 5,391,585</u>	<u>\$ 3,758,478</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 281,701	\$ 425	\$ 99,527
Accrued liabilities	542,955	-	21,392
Deposits	98,490	-	-
Due to other funds	2,608	-	-
Due to other governments	31,038	-	-
Unearned revenues	2,516	-	-
Advances from other funds	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>959,308</u>	<u>425</u>	<u>120,919</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenues	5,640,405	4,464,043	-
Unavailable revenues	47,335	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>5,687,740</u>	<u>4,464,043</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable	1,467,723	-	-
Restricted	126,990	927,117	1,004,841
Committed	-	-	-
Assigned	1,057,089	-	2,632,718
Unassigned (deficit)	4,313,193	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>6,964,995</u>	<u>927,117</u>	<u>3,637,559</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u>\$ 13,612,043</u>	<u>\$ 5,391,585</u>	<u>\$ 3,758,478</u>

See notes to financial statements

<b>Nonmajor Governmental Funds</b>	<b>Total</b>
\$ 6,762,283	\$ 16,385,399
3,501,130	13,609,842
-	5,205
661,007	984,842
391,575	391,575
-	3,066
139,113	139,113
10,413	33,684
-	970,124
-	1,259,163
-	257,805
<u>5,080</u>	<u>192,889</u>
<u>\$ 11,470,601</u>	<u>\$ 34,232,707</u>

\$ 836,888	\$ 1,218,541
34,540	598,887
-	98,490
21,674	24,282
-	31,038
1,336,999	1,339,515
<u>1,013,838</u>	<u>1,013,838</u>
<u>3,243,939</u>	<u>4,324,591</u>

3,389,299	13,493,747
<u>839,507</u>	<u>886,842</u>
<u>4,228,806</u>	<u>14,380,589</u>

5,080	1,472,803
2,665,019	4,723,967
1,844,670	1,844,670
448,138	4,137,945
<u>(965,051)</u>	<u>3,348,142</u>
<u>3,997,856</u>	<u>15,527,527</u>
<u>\$ 11,470,601</u>	<u>\$ 34,232,707</u>

See notes to financial statements

## City of Stoughton

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2023

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**Total Fund Balances, Governmental Funds** \$ 15,527,527

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note 2.	62,566,912
Land held for resale is considered an allowable expenditure per Tax Incremental District project plans and is not reported as an asset in the funds.	1,051,224
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	886,842
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(2,217,429)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	7,884,247
Deferred outflows of resources related to other post employment liabilities do not relate to current financial resources and are not reported in the governmental funds.	320,401
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(4,568,018)
Deferred inflows of resources related to other post employment liabilities do not relate to current financial resources and are not reported in the governmental funds.	(591,446)
The OPEB liabilities do not relate to current financial resources and are not reported in the governmental funds.	(1,193,082)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2.	<u>(37,773,042)</u>

**Net Position of Governmental Activities** \$ 41,894,136

# City of Stoughton

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 Year Ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Construction</u>
<b>Revenues</b>			
Taxes	\$ 5,627,231	\$ 3,978,674	\$ -
Intergovernmental	2,477,623	-	-
Licenses and permits	335,457	-	-
Fines, forfeitures and penalties	103,798	-	-
Public charges for services	648,326	-	24,289
Intergovernmental charges for services	345,566	77,156	-
Special assessments	11,795	-	-
Investment income	499,922	10,607	151,640
Miscellaneous revenues	433,676	-	-
	<u>10,483,394</u>	<u>4,066,437</u>	<u>175,929</u>
<b>Expenditures</b>			
Current:			
General government	2,269,911	425	-
Public safety	5,666,080	-	150
Public works	1,686,723	-	-
Culture, recreation and education	1,694,976	-	-
Conservation and development	24,246	-	87,002
Capital outlay	-	-	3,104,854
Debt service:			
Principal	-	3,915,183	-
Interest and fiscal charges	-	1,115,638	-
	<u>11,341,936</u>	<u>5,031,246</u>	<u>3,192,006</u>
Total expenditures	<u>11,341,936</u>	<u>5,031,246</u>	<u>3,192,006</u>
Excess (deficiency) of revenues over expenditures	<u>(858,542)</u>	<u>(964,809)</u>	<u>(3,016,077)</u>
<b>Other Financing Sources (Uses)</b>			
Debt issued	-	60,288	3,343,307
Premium on debt	-	62,979	-
Sales of fixed assets	16,042	-	-
Transfers in	766,664	1,147,105	344,985
Transfers out	(141,045)	-	-
	<u>641,661</u>	<u>1,270,372</u>	<u>3,688,292</u>
Total other financing sources (uses)	<u>641,661</u>	<u>1,270,372</u>	<u>3,688,292</u>
Net change in fund balances	(216,881)	305,563	672,215
<b>Fund Balances, Beginning</b>	<u>7,181,876</u>	<u>621,554</u>	<u>2,965,344</u>
<b>Fund Balances, Ending</b>	<u>\$ 6,964,995</u>	<u>\$ 927,117</u>	<u>\$ 3,637,559</u>

See notes to financial statements

<b>Nonmajor Governmental Funds</b>		<b>Total</b>
\$ 2,487,986	\$ 12,093,891	
1,550,843	4,028,466	
-	335,457	
-	103,798	
2,321,265	2,993,880	
31,285	454,007	
167,543	179,338	
294,180	956,349	
562,053	995,729	
<u>7,415,155</u>	<u>22,140,915</u>	
173,260	2,443,596	
956,535	6,622,765	
971,359	2,658,082	
3,213,661	4,908,637	
687,667	798,915	
3,372,571	6,477,425	
30,000	3,945,183	
119	1,115,757	
<u>9,405,172</u>	<u>28,970,360</u>	
<u>(1,990,017)</u>	<u>(6,829,445)</u>	
1,991,405	5,395,000	
-	62,979	
500	16,542	
951,419	3,210,173	
<u>(2,324,100)</u>	<u>(2,465,145)</u>	
<u>619,224</u>	<u>6,219,549</u>	
(1,370,793)	(609,896)	
<u>5,368,649</u>	<u>16,137,423</u>	
<u>\$ 3,997,856</u>	<u>\$ 15,527,527</u>	

See notes to financial statements

## City of Stoughton

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2023

**Net Change in Fund Balances, Total Governmental Funds** \$ (609,896)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	6,477,425
Some items reported as capital outlay were not capitalized	(350,865)
Depreciation is reported in the government-wide financial statements	(2,727,520)
Net book value of assets retired	(16,111)

Capital assets contributed by developers	1,638,896
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(131,848)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(5,395,000)
Principal repaid	3,945,183

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization	82,629
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	94,134
Accrued interest on debt	83,590
Net pension asset/liability	(4,077,458)
Net other post-employment benefits liability	187,223
Deferred outflows of resources related to pensions	1,611,683
Deferred inflows of resources related to pensions	3,013,315
Deferred outflows of resources related to other post-employment benefits	93,644
Deferred inflows of resources related to other post-employment benefits	(419,845)

**Change in Net Position of Governmental Activities** \$ 3,499,179

# City of Stoughton

Statement of Net Position -  
Proprietary Funds  
December 31, 2023

## Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 2,190,326	\$ 1,693,402	\$ 6,014,787
Other receivables (net)	281,412	235,556	1,705,270
Due from other funds	2,183	1,898	14,098
Due from other governments	-	-	-
Inventories	61,717	-	1,052,614
Prepaid items	-	-	1,000
Restricted assets:			
Redemption account	248,337	182,702	100,311
Total current assets	<u>2,783,975</u>	<u>2,113,558</u>	<u>8,888,080</u>
Noncurrent assets:			
Restricted assets:			
Reserve account	340,710	-	460,722
Depreciation account	25,000	33,283	25,000
Equipment replacement	-	1,165,954	-
Construction account	4	-	-
Capital assets:			
Land and land rights	24,841	100	344,364
Construction in progress	72,133	85,205	801,040
Plant in service	29,450,064	34,896,240	40,172,515
Property held for future use	-	-	229,097
Less Accumulated depreciation	(9,587,221)	(15,123,141)	(20,327,167)
Other assets:			
Other prepaid asset	-	5,941	-
Plant and maintenance reserve account	209,859	-	560,503
Sick leave reserve account	70,840	74,406	99,716
Investment in ATC	-	-	546,396
Nonutility property (net of amortization)	678	-	-
Total noncurrent assets	<u>20,606,908</u>	<u>21,137,988</u>	<u>22,912,186</u>
Total assets	<u>23,390,883</u>	<u>23,251,546</u>	<u>31,800,266</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	399,231	442,698	1,177,656
OPEB related amounts	17,484	27	46,160
Total deferred outflows of resources	<u>416,715</u>	<u>442,725</u>	<u>1,223,816</u>

See notes to financial statements



<b>Business-Type Activities - Enterprise Funds</b>		
<b>Storm Sewer</b>	<b>Nonmajor Enterprise Funds - EMS</b>	<b>Total</b>
\$ 1,389,502	\$ 711,063	\$ 11,999,080
440	271,102	2,493,780
127,384	-	145,563
-	6,661	6,661
-	-	1,114,331
-	2,272	3,272
-	-	531,350
<u>1,517,326</u>	<u>991,098</u>	<u>16,294,037</u>
-	-	801,432
-	-	83,283
-	-	1,165,954
-	-	4
153,489	-	522,794
374,765	115,270	1,448,413
7,713,437	2,255,398	114,487,654
-	-	229,097
(1,397,430)	(1,207,280)	(47,642,239)
-	-	5,941
-	-	770,362
-	-	244,962
-	-	546,396
-	-	678
<u>6,844,261</u>	<u>1,163,388</u>	<u>72,664,731</u>
<u>8,361,587</u>	<u>2,154,486</u>	<u>88,958,768</u>
213,567	150,834	2,383,986
16,012	5,183	84,866
<u>229,579</u>	<u>156,017</u>	<u>2,468,852</u>

See notes to financial statements

# City of Stoughton

Statement of Net Position -  
Proprietary Funds  
December 31, 2023

## Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 40,733	\$ 56,027	\$ 1,029,063
Accrued liabilities	16,243	19,833	53,798
Public benefits	-	-	21,014
Deposits	513	-	104,213
Due to other funds	418,024	102,601	570,780
Current portion of general obligation debt	54,000	36,000	-
Current portion of advance	-	-	-
Liabilities payable from restricted assets:			
Current portion of revenue bonds	347,024	257,975	110,000
Accrued interest	16,401	11,485	16,431
	<u>892,938</u>	<u>483,921</u>	<u>1,905,299</u>
Total current liabilities			
Noncurrent liabilities:			
Long-term debt:			
Revenue bonds payable	3,300,867	2,170,264	1,595,000
Unamortized debt premium	32,243	-	36,256
General obligation debt payable	57,000	38,000	-
Customer advances for construction	20,000	-	722,468
Compensated absences	70,839	74,406	99,716
Other post-employment benefits	59,254	69,752	88,689
Net pension liability	113,578	116,794	306,392
Advances from other funds	-	-	-
	<u>3,653,781</u>	<u>2,469,216</u>	<u>2,848,521</u>
Total noncurrent liabilities			
	<u>4,546,719</u>	<u>2,953,137</u>	<u>4,753,820</u>
Total liabilities			
<b>Deferred Inflows of Resources</b>			
Pension related amounts	237,628	254,195	680,176
OPEB related amounts	31,430	32,463	55,225
	<u>269,058</u>	<u>286,658</u>	<u>735,401</u>
Total deferred inflows of resources			
<b>Net Position</b>			
Net investment in capital assets	16,168,687	17,356,165	19,478,593
Restricted for:			
Debt service	597,646	204,500	569,602
Equipment replacement	-	1,165,954	-
Unrestricted	<u>2,225,488</u>	<u>1,727,857</u>	<u>7,486,666</u>
Total net position	<u>\$ 18,991,821</u>	<u>\$ 20,454,476</u>	<u>\$ 27,534,861</u>

See notes to financial statements

<b>Business-Type Activities - Enterprise Funds</b>		
<b>Storm Sewer</b>	<b>Nonmajor Enterprise Funds - EMS</b>	<b>Total</b>
\$ 11,366	\$ 67,158	\$ 1,204,347
43,618	75,599	209,091
-	-	21,014
-	-	104,726
-	-	1,091,405
309,900	-	399,900
-	30,000	30,000
-	-	714,999
-	-	44,317
<u>364,884</u>	<u>172,757</u>	<u>3,819,799</u>
-	-	7,066,131
-	-	68,499
2,245,953	-	2,340,953
-	-	742,468
29,662	36,743	311,366
19,709	26,997	264,401
46,511	35,665	618,940
-	215,325	215,325
<u>2,341,835</u>	<u>314,730</u>	<u>11,628,083</u>
<u>2,706,719</u>	<u>487,487</u>	<u>15,447,882</u>
89,061	73,627	1,334,687
13,825	13,570	146,513
<u>102,886</u>	<u>87,197</u>	<u>1,481,200</u>
4,953,227	1,163,388	59,120,060
-	-	1,371,748
-	-	1,165,954
<u>828,334</u>	<u>572,431</u>	<u>12,840,776</u>
<u>\$ 5,781,561</u>	<u>\$ 1,735,819</u>	<u>\$ 74,498,538</u>

See notes to financial statements

## City of Stoughton

Statement of Revenues, Expenses and Changes in Net Position -  
Proprietary Funds  
Year Ended December 31, 2023

### Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>Operating Revenues</b>	<u>\$ 2,594,657</u>	<u>\$ 2,260,950</u>	<u>\$ 15,776,223</u>
<b>Operating Expenses</b>			
Operation and maintenance	1,230,509	1,318,601	13,678,827
Depreciation	<u>528,947</u>	<u>787,957</u>	<u>1,374,584</u>
Total operating expenses	<u>1,759,456</u>	<u>2,106,558</u>	<u>15,053,411</u>
Operating income	<u>835,201</u>	<u>154,392</u>	<u>722,812</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	79,370	76,083	209,183
Interest and fiscal charges	(95,032)	(69,996)	(60,105)
Miscellaneous expenses	-	-	(5,565)
Intergovernmental	-	-	-
Amortization of premium	8,016	-	5,415
Miscellaneous revenue	200	-	651
Gain on sale of assets	<u>-</u>	<u>3,400</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(7,446)</u>	<u>9,487</u>	<u>149,579</u>
Income before contributions and transfers	<u>827,755</u>	<u>163,879</u>	<u>872,391</u>
<b>Contributions and Transfers</b>			
Contributions in aid of construction	778,155	488,447	613,219
Transfers out	<u>(368,530)</u>	<u>-</u>	<u>(376,498)</u>
Total contributions and transfers	<u>409,625</u>	<u>488,447</u>	<u>236,721</u>
Change in net position	1,237,380	652,326	1,109,112
<b>Net Position, Beginning</b>	<u>17,754,441</u>	<u>19,802,150</u>	<u>26,425,749</u>
<b>Net Position, Ending</b>	<u>\$ 18,991,821</u>	<u>\$ 20,454,476</u>	<u>\$ 27,534,861</u>

See notes to financial statements

<b>Business-Type Activities - Enterprise Funds</b>		
<b>Storm Sewer</b>	<b>Nonmajor Enterprise Funds - EMS</b>	<b>Total</b>
<u>\$ 850,037</u>	<u>\$ 735,201</u>	<u>\$ 22,217,068</u>
338,959	646,305	17,213,201
<u>270,915</u>	<u>70,334</u>	<u>3,032,737</u>
<u>609,874</u>	<u>716,639</u>	<u>20,245,938</u>
<u>240,163</u>	<u>18,562</u>	<u>1,971,130</u>
20,260	36,268	421,164
(69,268)	(15,697)	(310,098)
-	-	(5,565)
-	32,040	32,040
7,475	-	20,906
11,807	2,557	15,215
<u>32,500</u>	<u>3,957</u>	<u>39,857</u>
<u>2,774</u>	<u>59,125</u>	<u>213,519</u>
<u>242,937</u>	<u>77,687</u>	<u>2,184,649</u>
161,984	115,270	2,157,075
-	-	(745,028)
<u>161,984</u>	<u>115,270</u>	<u>1,412,047</u>
404,921	192,957	3,596,696
<u>5,376,640</u>	<u>1,542,862</u>	<u>70,901,842</u>
<u>\$ 5,781,561</u>	<u>\$ 1,735,819</u>	<u>\$ 74,498,538</u>

See notes to financial statements

## City of Stoughton

Statement of Cash Flows -  
Proprietary Funds  
Year Ended December 31, 2023

### Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>Cash Flows From Operating Activities</b>			
Received from customers	\$ 2,622,658	\$ 2,337,955	\$ 15,913,687
Received for street lighting	-	-	96,897
Paid to suppliers for goods and services	(903,681)	(693,239)	(12,448,733)
Paid to employees for services	<u>(366,211)</u>	<u>(557,238)</u>	<u>(1,182,260)</u>
Net cash flows from operating activities	<u>1,352,766</u>	<u>1,087,478</u>	<u>2,379,591</u>
<b>Cash Flows From Investing Activities</b>			
Investments sold and matured	200,000	-	560,137
Investment income	79,426	74,075	145,229
Investments purchased	(200,000)	-	(564,442)
Dividends from ATC	<u>-</u>	<u>-</u>	<u>9,704</u>
Net cash flows from investing activities	<u>79,426</u>	<u>74,075</u>	<u>150,628</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Paid to municipality for tax equivalent	(392,891)	-	(380,252)
Payment on advance from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>(392,891)</u>	<u>-</u>	<u>(380,252)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Debt issued	-	-	-
Debt retired	(573,616)	(395,126)	(690,000)
Interest paid	(94,689)	(69,838)	(55,046)
Special assessments received	116,103	-	-
Acquisition and construction of capital assets	(951,660)	(708,257)	(2,564,855)
Capital contributions received	798,155	488,447	252,089
Received from the sale of capital assets	-	-	-
Customer advances for construction received	<u>-</u>	<u>-</u>	<u>166,765</u>
Net cash flows from capital and related financing activities	<u>(705,707)</u>	<u>(684,774)</u>	<u>(2,891,047)</u>
Net change in cash and cash equivalents	333,594	476,779	(741,080)
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,351,406</u>	<u>2,472,674</u>	<u>6,879,482</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 2,685,000</u>	<u>\$ 2,949,453</u>	<u>\$ 6,138,402</u>

See notes to financial statements

<b>Business-Type Activities - Enterprise Funds</b>		
<b>Storm Sewer</b>	<b>Nonmajor Enterprise Funds - EMS</b>	<b>Total</b>
\$ 810,604	\$ 674,499	\$ 22,359,403
-	-	96,897
(162,877)	(165,060)	(14,373,590)
<u>(236,238)</u>	<u>(404,542)</u>	<u>(2,746,489)</u>
411,489	104,897	5,336,221
-	-	760,137
20,260	36,268	355,258
-	-	(764,442)
-	-	9,704
<u>20,260</u>	<u>36,268</u>	<u>360,657</u>
-	-	(773,143)
-	<u>(30,000)</u>	<u>(30,000)</u>
-	<u>(30,000)</u>	<u>(803,143)</u>
980,000	-	980,000
(263,404)	-	(1,922,146)
(70,952)	(15,697)	(306,222)
-	-	116,103
(520,340)	(157,100)	(4,902,212)
-	57,635	1,596,326
32,500	3,957	36,457
-	-	166,765
<u>157,804</u>	<u>(111,205)</u>	<u>(4,234,929)</u>
589,553	(40)	658,806
<u>799,949</u>	<u>711,103</u>	<u>13,214,614</u>
<u>\$ 1,389,502</u>	<u>\$ 711,063</u>	<u>\$ 13,873,420</u>

See notes to financial statements

# City of Stoughton

Statement of Cash Flows -  
Proprietary Funds  
Year Ended December 31, 2023

## Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>			
Operating income	\$ 835,201	\$ 154,392	\$ 722,812
Nonoperating revenue (expense)	-	-	(4,914)
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	528,947	787,957	1,374,584
Depreciation charged to other funds	32,027	-	81,938
Changes in assets, deferred outflows of resources and liabilities and deferred inflows of resources:			
Customer accounts receivable	(19,269)	(2,722)	170,490
Other accounts receivable	9,638	2,389	74,821
Due from other funds	5,139	-	(4,377)
Due to other funds	-	105,734	81,057
Inventories	(2,967)	-	(65,223)
Prepaid items	-	17,799	-
Accounts payable	10,687	(5,941)	22,101
Accrued wages	-	(222)	-
Compensated absences	(49,771)	(26,717)	(22,223)
Customer deposits	-	-	(1,659)
Other current liabilities	(6,855)	(3,863)	(57,846)
Commitment to community	-	-	(17,193)
Pension related deferrals and liabilities	104,425	97,251	81,845
OPEB related deferrals and liabilities	(94,436)	(38,579)	(56,622)
Net cash flows from operating activities	<u>\$ 1,352,766</u>	<u>\$ 1,087,478</u>	<u>\$ 2,379,591</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds</b>			
Cash and investments	\$ 2,190,326	\$ 1,693,402	\$ 6,014,787
Restricted cash and investments:			
Redemption account	248,337	182,702	100,311
Reserve account	340,710	-	460,722
Depreciation account	25,000	33,283	25,000
Construction account	4	-	-
Replacement account	-	1,165,954	-
Plant and maintenance reserve account	209,859	-	560,503
Sick leave reserve account	70,840	74,406	99,716
Total cash and investments	3,085,076	3,149,747	7,261,039
Less noncash equivalents	<u>(400,076)</u>	<u>(200,294)</u>	<u>(1,122,637)</u>
Cash and cash equivalents	<u>\$ 2,685,000</u>	<u>\$ 2,949,453</u>	<u>\$ 6,138,402</u>
<b>Noncash Capital and Related Financing Activities</b>			
Unrealized gain (loss) on investments	<u>\$ (56)</u>	<u>\$ 2,008</u>	<u>\$ 675</u>
Contributed capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ATC earnings allocated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,250</u>

See notes to financial statements



<b>Business-Type Activities - Enterprise Funds</b>		
<b>Storm Sewer</b>	<b>Nonmajor Enterprise Funds - EMS</b>	<b>Total</b>
\$ 240,163	\$ 18,562	\$ 1,971,130
19,282	34,597	48,965
270,915	70,334	3,032,737
-	-	113,965
487	(104,139)	44,847
716	-	87,564
(65,194)	-	(64,432)
-	-	186,791
-	(2,272)	(70,462)
-	-	17,799
(1,639)	50,191	75,399
-	-	(222)
(7,539)	772	(105,478)
-	-	(1,659)
18,794	45,222	(4,548)
-	-	(17,193)
(38,916)	(7,896)	236,709
(25,580)	(474)	(215,691)
<u>\$ 411,489</u>	<u>\$ 104,897</u>	<u>\$ 5,336,221</u>
\$ 1,389,502	\$ 711,063	\$ 11,999,080
-	-	531,350
-	-	801,432
-	-	83,283
-	-	4
-	-	1,165,954
-	-	770,362
-	-	244,962
1,389,502	711,063	15,596,427
-	-	(1,723,007)
<u>\$ 1,389,502</u>	<u>\$ 711,063</u>	<u>\$ 13,873,420</u>
<u>\$ -</u>	<u>\$ -</u>	
<u>\$ 161,984</u>	<u>\$ -</u>	
<u>\$ -</u>	<u>\$ -</u>	

See notes to financial statements

# City of Stoughton

Statement of Fiduciary Net Position -  
Fiduciary Funds  
December 31, 2023

	<u>Pension Trust</u>	<u>Custodial Funds</u>
<b>Assets</b>		
Cash and investments	\$ 955,855	\$ 10,403,632
Receivables:		
Receivables	5,255	-
Tax roll	<u>-</u>	<u>7,137,083</u>
Total assets	<u>961,110</u>	<u>17,540,715</u>
<b>Liabilities</b>		
Due to other taxing units	<u>-</u>	<u>17,540,715</u>
Total liabilities	<u>-</u>	<u>17,540,715</u>
<b>Net Position</b>		
Held in trust for pension benefits	<u>961,110</u>	<u>-</u>
Total net position	<u>\$ 961,110</u>	<u>\$ -</u>

## City of Stoughton

Statement of Changes in Fiduciary Net Position -  
Fiduciary Funds  
Year Ended December 31, 2023

	<b>Pension Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions</b>		
Contributions:		
Fire insurance tax	\$ 43,600	\$ -
Employee pension contributions	678	-
Employer contributions	905,504	-
Total contributions	<u>949,782</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	6,048	-
Interest and dividends	45,109	-
Total investment income	<u>51,157</u>	<u>-</u>
Property taxes collected for other governments	-	12,187,396
Registration fees	-	123,918
Court penalties and costs	-	40,940
Total additions	<u>1,000,939</u>	<u>12,352,254</u>
<b>Deductions</b>		
Administrative expense	3,847	-
Beneficiary payments to individuals	35,982	-
Property taxes distributed to other governments	-	12,187,396
Distributions of fines, forfeitures and penalties	-	40,940
Distribution of registration fees	-	123,918
Total deductions	<u>39,829</u>	<u>12,352,254</u>
Change in fiduciary net position	961,110	-
<b>Net Position, Beginning</b>	<u>-</u>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ 961,110</u></u>	<u><u>\$ -</u></u>

See notes to financial statements

# City of Stoughton

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December 31, 2023

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# City of Stoughton

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Notes to Financial Statements  
December 31, 2023

## 1. Summary of Significant Accounting Policies

The accounting policies of the City of Stoughton, Wisconsin (the City) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

### Blended Component Unit

The Stoughton Redevelopment Authority (RDA) serves all the citizens of the government and is governed by a board of seven Commissioners. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The RDA is reported as a special revenue fund. The RDA does not issue separate financial statements.

## Government-Wide and Fund Financial Statements

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This standard was implemented January 1, 2023.

### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

### Fund Financial Statements

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

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The City reports the following major governmental funds:

## General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

## Debt Service Fund

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

## Capital Projects Fund

Construction Capital Project Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

## Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Wastewater Utility accounts for operations of the wastewater system

Electric Utility accounts for operations of the electric system

Storm Sewer Fund storm sewer system

The City reports the following nonmajor governmental and enterprise funds:

## Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library	ARPA Fund
Opera House	Redevelopment Authority
Township Outreach	Special Assessments
Tourism	K9 Unit
Seniors in Need	Tree Commission
Food Pantry	Cemetery
Landmark Commission	Firemen's Pension
Fire Department	Refuse Fund
Senior Center Wood Shop	Affordable Housing
Senior Center Special	Shared Ride Services

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

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## Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Park Acquisition	TIF District No. 9
TIF District No. 4	TIF District No. 10
TIF District No. 5	TIF District No. 11
TIF District No. 6	Equipment Replacement
TIF District No. 7	Building Maintenance
TIF District No. 8	Outlay

## Enterprise Fund

Enterprise Funds are used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

EMS

In addition, the City reports the following fund types:

## Pension Trust Fund

Pension Trust Fund is used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plan.

## Custodial Funds

Custodial Funds are used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Fiduciary Property Taxes  
Registration Fee Trust  
Municipal Courts

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

### Government-Wide Financial Statements

The government-wide statement of net position and statement of activities 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. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, wastewater, and electric utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



## **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

## **Proprietary and Fiduciary Funds**

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, storm sewer, electric utility funds and EMS fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

## **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/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 or Equity**

### **Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy. That policy follows the state statute for allowable investments, and does not address the risks disclosed in Note 4.

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 4. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2023, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in WISC are valued at WISC's share price, the price for which the investments could be sold. At December 31, 2023 the City's share of the WISC's assets was substantially equal to the amount reported in these statements.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

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See Note 4 for further information.

## Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the county government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale - 2023 delinquent real estate taxes	October 2026

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater, stormwater and electric utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

It is the City's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

## Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

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## 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

## Capital Assets

### Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	15-75 Years
Land improvements	15-30 Years
Machinery and equipment	3-25 Years
Utility system	5-100 Years
Infrastructure	30-75 Years

Lease assets are typically amortized over the lease term.

### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

### Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition and site improvement.

## City of Stoughton

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Notes to Financial Statements  
December 31, 2023

### Other Assets

These accounts include costs related to the Utility's investment in American Transmission Company (ATC) and nonutility property.

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 asset is valued at net asset value per share which is equal to original cost plus additional contributions and reinvested dividends and approximates fair value.

The water and electric utilities have plant and maintenance reserve accounts. Monthly deposits are made into this account and made available for routine capital projects and other large operating expenses.

The water, wastewater and electric utilities have sick leave reserve accounts. Upon retirement, these funds are used for insurance coverage for utility employees.

### Deferred Outflows of Resources

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

### Compensated Absences

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.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave balances at December 31, 2023 are determined on the basis of current salary rates and include salary related payments.

The City provides postemployment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to postemployment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the City. Funding for those costs is provided out of the general fund. Total expenditures for premiums during the year were \$124,126. Four participants were eligible during 2023 to receive benefits. There is no amount outstanding at year-end to be paid in the future.

### Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The City has a debt policy to maintain total outstanding general obligation debt of 4% or less of the equalized value of taxable property within the City's jurisdiction. The City's total outstanding general obligation debt was 2.16% of equalized value at year end.

## Leases

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund 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 assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## Equity Classifications

### Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets" and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 29,069,760	\$ 59,120,060	\$ (61,160)	\$ 88,128,660
Unrestricted	9,756,369	12,840,776	61,160	22,658,305

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

## Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the finance director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year-end was \$4,313,193 or 39.8% of 2023 general fund budgeted expenditures and other financing uses.

See Note 4 for further information.

## Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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 total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the City health insurance OPEB Plan has been determined on the same basis as they are reported by the City health insurance OPEB Plan. For this purpose, the City health insurance OPEB Plan 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 following:

- Net OPEB Liability;
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; and
- OPEB Expense (Revenue).

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.

## Basis for Existing Rates

Current water rates were approved by the PSCW effective March 1, 2022.

Current electric rates were approved by the PSCW on July 1, 2020.

Current wastewater rates were approved by the utilities committee effective July 1, 2022.



# City of Stoughton

Notes to Financial Statements  
December 31, 2023

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## 2. Reconciliation of Government-Wide and Fund Financial Statements

### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance, total governmental funds and net position, governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets not being depreciated	\$ 13,854,379
Capital assets, net of depreciation	<u>48,712,533</u>
Combined adjustment for capital assets	<u>\$ 62,566,912</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$ 35,882,470
Compensated absences	918,115
Land contract payable	120,000
Accrued interest	270,796
Unamortized premium on debt	<u>581,661</u>
Combined adjustment for long-term liabilities	<u>\$ 37,773,042</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

### 3. Stewardship, Compliance and Accountability

#### Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures and Other Financing Uses Over Budget</u>
Opera House	\$ 1,057,859	\$ 1,276,226	\$ 218,367
TIF District No. 7	1,309,641	1,315,842	6,201
TIF District No. 11	30,809	30,848	39

The City controls expenditures at the object level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

#### Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2023, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital projects, TIF District No. 5	\$ 609,249	Expenditures in excess of revenues
Capital projects, TIF District No. 6	203,590	Expenditures in excess of revenues
Capital projects, TIF District No. 8	124,496	Expenditures in excess of revenues
Capital projects, TIF District No. 9	24,487	Expenditures in excess of revenues
Capital projects, TIF District No. 10	3,229	Expenditures in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

#### Limitations on the City's Tax Levy

Wisconsin law limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## 4. Detailed Notes on All Funds

### Deposits and Investments

The City's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 10,787,224	\$ 10,557,983	Custodial credit Credit, custodial credit, concentration of credit, interest rate
U.S. agencies, implicitly guaranteed	38,755	38,755	Credit
LGIP	1,155,353	1,155,353	Custodial credit
Certificates of deposit, nonnegotiable	533,882	533,882	Credit
Wisconsin Investment Series Cooperative	25,085,740	22,376,152	N/A
Mutual funds, other than bonds	50,329	50,329	Credit, custodial credit, concentration of credit, interest rate
Certificates of deposit, negotiable	3,312,048	3,305,420	N/A
Cash on hand	2,376,182	-	N/A
Petty cash	<u>1,800</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 43,341,313</u>	<u>\$ 38,017,874</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 29,399,803		
Restricted cash and investments	2,582,023		
Per statement of net position, fiduciary funds:			
Custodial fund	10,403,632		
Pension Trust	<u>955,855</u>		
Total deposits and investments	<u>\$ 43,341,313</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 the credit union 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.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$500,000 of the City's investments are covered by SIPC.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

The City 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 fair value measurements are as follows:

- Market approach

Investment Type	December 31, 2023			
	Level 1	Level 2	Level 3	Total
U.S. agencies, implicitly guaranteed	\$ -	\$ 38,755	\$ -	\$ 38,755
Certificates of deposit, negotiable	-	3,305,420	-	3,305,420
Mutual funds, other than bonds	-	50,329	-	50,329
Total	<u>\$ -</u>	<u>\$ 3,394,504</u>	<u>\$ -</u>	<u>\$ 3,394,504</u>

## Custodial Credit Risk

### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

### Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

#### U.S. Agencies, Implicitly Guaranteed

Neither insured nor registered and held by counterparty \$ 38,755

#### Certificates of Deposit - Negotiable

Neither insured nor registered and held by counterparty \$ 1,146,370

## Credit Risk

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

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

As of December 31, 2023, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. Agencies implicitly guaranteed	AAA	Aaa
Certificates of deposit, negotiable	AAA-A+	Aa1
Wisconsin Investment Series Cooperative	AAAm	N/A

The City also held investments in the following external pool which is not rated:

Local Government Investment Pool

There are also negotiable certificates of deposit in the amount of \$2,159,050 that are not rated.

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2023, the City's investments were as follows:

Investment Type	Fair Value	Maturity (in Years)		
		Less Than 1	1-3	3 or More
U.S. agencies implicitly guaranteed	\$ 38,755	\$ -	\$ -	\$ 38,755
Certificates of deposit, negotiable	<u>3,305,420</u>	<u>2,559,420</u>	<u>746,000</u>	<u>-</u>
Total	<u>\$ 3,344,175</u>	<u>\$ 2,559,420</u>	<u>\$ 746,000</u>	<u>\$ 38,755</u>

See Note 1 for further information on deposit and investment policies.

## Receivables

All receivables, except \$8,271 in general fund and \$530,688 in nonmajor funds are expected to be collected within one year.

Revenues of the EMS fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to ambulance receivables (nonmajor enterprise fund, EMS)	<u>\$ 324,698</u>
Total uncollectibles of the current fiscal year	<u>\$ 324,698</u>

## City of Stoughton

Notes to Financial Statements  
December 31, 2023

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 13,469,229	\$ -
Special assessments not yet due	-	391,575
Guaranteed increment receivable	24,518	407,565
Miscellaneous revenues received after 60 days	-	77,289
Grants received prior to meeting all eligibility requirements	1,339,515	-
Capital grants accrued	-	10,413
	<u>                    </u>	<u>                    </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 14,833,262</u>	<u>\$ 886,842</u>
Unearned revenue included in liabilities	\$ 1,339,515	
Unearned revenue included in deferred inflows	<u>13,493,747</u>	
Total unearned revenue for governmental funds	<u>\$ 14,833,262</u>	

### Restricted Assets

The following represent the balances of the restricted assets:

#### Long-Term Debt Accounts

**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 proceeds of revenue bond issuances that are restricted for use in construction.

#### Equipment Replacement Account

The Wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

Following is a list of restricted assets at December 31, 2023:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 531,350	\$ 44,317	\$ 487,033
Bond reserve account	801,432	-	801,432
Bond depreciation account	83,283	-	83,283
Construction account	4	-	n/a
Equipment replacement account	1,165,954	-	1,165,954
Total	<u>\$ 2,582,023</u>	<u>\$ 44,317</u>	<u>\$ 2,537,702</u>

## Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 9,121,607	\$ 236,101	\$ -	\$ 9,357,708
Construction in progress	1,103,380	3,041,778	1,103,380	3,041,778
Inexhaustible portion of streets	1,454,893	-	-	1,454,893
Total capital assets not being depreciated	<u>11,679,880</u>	<u>3,277,879</u>	<u>1,103,380</u>	<u>13,854,379</u>
Capital assets being depreciated:				
Buildings and improvements	26,947,661	1,785,968	-	28,733,629
Machinery and equipment	11,536,664	1,041,051	205,677	12,372,038
Streets	25,723,441	1,734,486	87,112	27,370,815
Sidewalks	6,388,805	348,832	27,683	6,709,954
Street lighting	227,551	-	-	227,551
Bridges	845,989	416,825	-	1,262,814
Storm sewers	4,900,225	-	15,647	4,884,578
Traffic signals	411,974	-	-	411,974
Dams	592,997	113,795	-	706,792
Total capital assets being depreciated	<u>77,575,307</u>	<u>5,440,957</u>	<u>336,119</u>	<u>82,680,145</u>
Total capital assets	<u>89,255,187</u>	<u>8,718,836</u>	<u>1,439,499</u>	<u>96,534,524</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,868,234)	(646,007)	-	(9,514,241)
Machinery and equipment	(6,828,878)	(835,971)	189,566	(7,475,283)
Streets	(8,977,338)	(911,448)	87,112	(9,801,674)
Sidewalks	(3,264,211)	(134,199)	27,683	(3,370,727)
Street lighting	(62,397)	(3,034)	-	(65,431)
Bridges	(267,006)	(16,837)	-	(283,843)
Storm sewers	(2,978,344)	(162,656)	15,647	(3,125,353)
Traffic signals	(230,672)	(10,300)	-	(240,972)
Dams	(83,020)	(7,068)	-	(90,088)
Total accumulated depreciation	<u>(31,560,100)</u>	<u>(2,727,520)</u>	<u>320,008</u>	<u>(33,967,612)</u>
Net capital assets being depreciated	<u>46,015,207</u>	<u>2,713,437</u>	<u>16,111</u>	<u>48,712,533</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 57,695,087</u>	<u>\$ 5,991,316</u>	<u>\$ 1,119,491</u>	<u>\$ 62,566,912</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

Depreciation expense was charged to functions as follows:

## Governmental Activities

General government	\$ 150,272
Public safety	538,767
Public works, which includes the depreciation of infrastructure	1,625,543
Culture, recreation and education	<u>412,938</u>
Total governmental activities depreciation expense	<u>\$ 2,727,520</u>

## Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Water</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 24,841	\$ -	\$ -	\$ 24,841
Construction in progress	<u>251,862</u>	<u>98,779</u>	<u>278,508</u>	<u>72,133</u>
Total capital assets not being depreciated	<u>276,703</u>	<u>98,779</u>	<u>278,508</u>	<u>96,974</u>
Capital assets being depreciated:				
Source of supply	595,730	-	-	595,730
Pumping	1,598,744	14,500	43,132	1,570,112
Treatment	90,795	-	-	90,795
Transmission and distribution	25,139,121	1,078,652	68,745	26,149,028
General	<u>1,010,091</u>	<u>37,529</u>	<u>3,221</u>	<u>1,044,399</u>
Total capital assets being Completed construction not classified	<u>28,434,481</u>	<u>1,130,681</u>	<u>115,098</u>	<u>29,450,064</u>
Total capital assets	<u>28,711,184</u>	<u>1,229,460</u>	<u>393,606</u>	<u>29,547,038</u>
Less accumulated for:				
General	(874,067)	(30,760)	3,221	(901,606)
Pumping	(473,369)	(17,276)	-	(490,645)
Pumping	(1,514,834)	(20,628)	43,132	(1,492,330)
Treatment	(90,795)	-	-	(90,795)
Transmission and distribution	<u>(6,184,926)</u>	<u>(495,664)</u>	<u>68,745</u>	<u>(6,611,845)</u>
Total accumulated General	<u>(9,137,991)</u>	<u>(564,328)</u>	<u>115,098</u>	<u>(9,587,221)</u>
Net capital assets being Depreciated	<u>19,296,490</u>	<u>566,353</u>	<u>-</u>	<u>19,862,843</u>
Net water capital assets	<u>\$ 19,573,193</u>	<u>\$ 665,132</u>	<u>\$ 278,508</u>	<u>\$ 19,959,817</u>



# City of Stoughton

Notes to Financial Statements  
December 31, 2023

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Wastewater</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 100	\$ -	\$ -	\$ 100
Construction in progress	632,415	125,653	672,863	85,205
Total capital assets not being depreciated	<u>632,515</u>	<u>125,653</u>	<u>672,863</u>	<u>85,305</u>
Capital assets being depreciated:				
Collection system	15,708,646	1,121,891	919	16,829,618
Collection system pumping	756,008	28,564	-	784,572
Treatment and disposal	15,702,551	22,049	15,567	15,709,033
Administrative and general assets	1,503,867	83,924	14,774	1,573,017
Total capital assets being depreciated	<u>33,671,072</u>	<u>1,256,428</u>	<u>31,260</u>	<u>34,896,240</u>
Total capital assets	<u>34,303,587</u>	<u>1,382,081</u>	<u>704,123</u>	<u>34,981,545</u>
Less accumulated depreciation for:				
Wastewater	<u>(14,370,326)</u>	<u>(784,075)</u>	<u>31,260</u>	<u>(15,123,141)</u>
Total accumulated depreciation	<u>(14,370,326)</u>	<u>(784,075)</u>	<u>31,260</u>	<u>(15,123,141)</u>
Net capital assets being depreciated	<u>19,300,746</u>	<u>472,353</u>	<u>-</u>	<u>19,773,099</u>
Net wastewater capital assets	<u>\$ 19,933,261</u>	<u>\$ 598,006</u>	<u>\$ 672,863</u>	<u>\$ 19,858,404</u>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Electric</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 344,364	\$ -	\$ -	\$ 344,364
Construction in progress	448,520	1,719,413	1,366,893	801,040
Property held for future use	229,097	-	-	229,097
Total capital assets not being depreciated / amortized	<u>1,021,981</u>	<u>1,719,413</u>	<u>1,366,893</u>	<u>1,374,501</u>
Capital assets being depreciated:				
Transmission	15,019	-	-	15,019
Distribution	33,658,380	2,073,694	50,030	35,682,044
Administrative and general assets	4,179,227	134,648	9,423	4,304,452
Lease assets	180,000	-	9,000	171,000
Total capital assets being depreciated / amortized	<u>38,032,626</u>	<u>2,208,342</u>	<u>68,453</u>	<u>40,172,515</u>
Total capital assets	<u>39,054,607</u>	<u>3,927,755</u>	<u>1,435,346</u>	<u>41,547,016</u>
Less accumulated depreciation for:				
Transmission	(19,366)	-	-	(19,366)
Distribution	(16,024,849)	(1,250,286)	26,251	(17,248,884)
Administrative and general assets	(2,862,104)	(206,236)	9,423	(3,058,917)
Total accumulated depreciation / amortization	<u>(18,906,319)</u>	<u>(1,456,522)</u>	<u>35,674</u>	<u>(20,327,167)</u>
Net capital assets being depreciated / amortized	<u>19,126,307</u>	<u>751,820</u>	<u>32,779</u>	<u>19,845,348</u>
Net electric capital assets	<u>\$ 20,148,288</u>	<u>\$ 2,471,233</u>	<u>\$ 1,399,672</u>	<u>\$ 21,219,849</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Stormwater</b>				
Capital assets not being depreciated:				
Land	\$ 153,489	\$ -	\$ -	\$ 153,489
Construction in progress	<u>48,700</u>	<u>374,765</u>	<u>48,700</u>	<u>374,765</u>
Total capital assets not being depreciated	<u>202,189</u>	<u>374,765</u>	<u>48,700</u>	<u>528,254</u>
Capital assets being depreciated:				
Storm Sewer	<u>7,357,178</u>	<u>356,259</u>	<u>-</u>	<u>7,713,437</u>
Total capital assets being depreciated	<u>7,357,178</u>	<u>356,259</u>	<u>-</u>	<u>7,713,437</u>
Total capital assets	<u>7,559,367</u>	<u>731,024</u>	<u>48,700</u>	<u>8,241,691</u>
Less accumulated depreciation for:				
Storm Sewer	<u>(1,126,515)</u>	<u>(270,915)</u>	<u>-</u>	<u>(1,397,430)</u>
Total accumulated depreciation	<u>(1,126,515)</u>	<u>(270,915)</u>	<u>-</u>	<u>(1,397,430)</u>
Net capital assets being depreciated	<u>6,230,663</u>	<u>85,344</u>	<u>-</u>	<u>6,316,007</u>
Net stormwater capital assets	<u>\$ 6,432,852</u>	<u>\$ 460,109</u>	<u>\$ 48,700</u>	<u>\$ 6,844,261</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Other Enterprise</b>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 115,270	\$ -	\$ 115,270
Total capital assets not being depreciated	<u>-</u>	<u>115,270</u>	<u>-</u>	<u>115,270</u>
Capital assets being depreciated:				
Buildings and improvements	1,240,308	-	-	1,240,308
Equipment	973,260	27,830	-	1,001,090
Vehicles	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Total capital assets being depreciated	<u>2,213,568</u>	<u>41,830</u>	<u>-</u>	<u>2,255,398</u>
Total capital assets	<u>2,213,568</u>	<u>157,100</u>	<u>-</u>	<u>2,370,668</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>(429,044)</u>	<u>(21,346)</u>	<u>-</u>	<u>(450,390)</u>
Equipment	<u>(707,902)</u>	<u>(48,988)</u>	<u>-</u>	<u>(756,890)</u>
Total accumulated depreciation	<u>(1,136,946)</u>	<u>(70,334)</u>	<u>-</u>	<u>(1,207,280)</u>
Net capital assets being depreciated	<u>1,076,622</u>	<u>(28,504)</u>	<u>-</u>	<u>1,048,118</u>
Net other enterprise capital assets	<u>\$ 1,076,622</u>	<u>\$ 86,766</u>	<u>\$ -</u>	<u>\$ 1,163,388</u>
Business-type activities capital assets, net as reported in the statement of net position	<u>\$ 67,164,216</u>	<u>\$ 4,281,246</u>	<u>\$ 2,399,743</u>	<u>\$ 69,045,719</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

Depreciation expense was charged to functions as follows:

## Business-Type Activities

Water	\$ 528,947
Wastewater	787,957
Electric	1,374,584
Storm sewer	270,915
EMS	<u>70,334</u>

Total business-type activities , net as reported in the statement of net position expense	<u>\$ 3,032,737</u>
--	---------------------

Depreciation expense may be different from business-type activity capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or cost associated with the disposal of assets.

## Interfund Receivables/Payables, Advances and Transfers

### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water Utility	\$ 395,041
General	Electric Utility	443,208
General	Wastewater Utility	31,755
General	Tourism	6,103
Construction	Electric Utility	188
Construction	Water Utility	22,983
Construction	Wastewater Utility	70,846
Storm Sewer Utility	Electric Utility	127,384
Water Utility	General	522
Water Utility	Special Assessments	1,661
Wastewater Utility	General	652
Wastewater Utility	Special Assessments	1,246
Electric Utility	General	1,434
Electric Utility	Special Assessments	<u>12,664</u>
Total, fund financial statements		1,115,687
Less fund eliminations		(133,487)
Less government-wide eliminations		(36,358)
Add interfund advances		<u>245,325</u>
Total internal balances, government-wide statement of net position		<u>\$ 1,191,167</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 1,209,346
Business-type activities	Governmental activities	<u>(18,179)</u>
Total government-wide financial statements		<u>\$ 1,191,167</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

All amounts are due within one year.

The principal purpose of these interfunds is to fund ongoing operations. All remaining balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

## Advances

The general fund is advancing funds to the TIF District Nos. 5, 6, 8, 9, 10, and 11 capital project funds. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No interest is being charged and a repayment schedule has not been established.

The debt service fund is advancing funds to EMS enterprise fund for the purpose of funding deficiency of cash. No interest is being charged and a repayment schedule has been established to pay \$30,000 every year.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	TIF District No. 5	\$ 644,409	\$ 644,409
General Fund	TIF District No. 6	201,813	201,813
General Fund	TIF District No. 8	121,004	121,004
General Fund	TIF District No. 9	24,599	24,599
General Fund	TIF District No. 10	10,361	10,361
General Fund	TIF District No. 11	11,652	11,652
Debt Service Fund	EMS	<u>245,325</u>	215,325
Total, fund financial statements		1,259,163	
Less fund eliminations		<u>(1,013,838)</u>	
Total, interfund advances		<u>\$ 245,325</u>	

For the statement of net position, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Electric utility	\$ 376,498	Payment in lieu of taxes and dividend
General	Water utility	368,530	Payment in lieu of taxes and dividend
General	Special assessment	19,000	Fund capital projects
General	Landmark Commission	2,636	Fund closure
Debt service	TIF District No. 5	154,200	Debt service
Debt service	TIF District No. 6	418,454	Debt service
Debt service	TIF District No. 7	397,722	Debt service
Debt service	TIF District No. 8	176,729	Debt service
Construction	Special assessment	344,985	Fund capital projects
Library	General	19,480	Retiree sick leave payout
Opera House	General	93,717	Fund deficit
Shared ride services	General	5,158	Fund deficit
Outlay	General	22,690	Fund capital projects
Outlay	Building maintenance	440,419	Fund closure
Outlay	Equipment replacement	<u>369,955</u>	Fund closure
Total, fund financial statements		3,210,173	
Less fund eliminations		<u>(2,465,145)</u>	
Total transfers, government-wide statement of activities		<u>\$ 745,028</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 745,028
Business-type activities	Governmental activities	<u>-</u>
Total government-wide financial statements		<u>\$ 745,028</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 33,870,743	\$ 5,245,000	\$ 3,876,596	\$ 35,239,147	\$ 4,525,100
General obligation debt from direct borrowings and direct placements	681,910	-	38,587	643,323	39,876
Land contract payable	-	150,000	30,000	120,000	30,000
Premiums	664,290	-	82,629	581,661	-
Total bonds and notes payable	<u>35,216,943</u>	<u>5,395,000</u>	<u>4,027,812</u>	<u>36,584,131</u>	<u>4,594,976</u>
Other liabilities:					
Compensated absences	1,012,249	835,856	929,990	918,115	-
Total other liabilities	<u>1,012,249</u>	<u>835,856</u>	<u>929,990</u>	<u>918,115</u>	<u>-</u>
Total governmental activities long-term liabilities, excluding lease liabilities	<u>\$ 36,229,192</u>	<u>\$ 6,230,856</u>	<u>\$ 4,957,802</u>	<u>\$ 37,502,246</u>	<u>\$ 4,594,976</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 2,114,257	\$ 980,000	\$ 353,404	\$ 2,740,853	\$ 399,900
Revenue bonds	6,316,622	-	1,177,202	5,139,420	423,746
Revenue debt from direct borrowings and direct placements	3,033,250	-	391,540	2,641,710	291,253
Premiums	81,930	-	13,431	68,499	-
Total bonds and notes payable	<u>11,546,059</u>	<u>980,000</u>	<u>1,935,577</u>	<u>10,590,482</u>	<u>1,114,899</u>
Other liabilities:					
Vested compensated absences	416,844	89,672	195,150	311,366	-
Customer advances for construction	916,833	166,765	361,130	722,468	-
Total other liabilities	<u>1,333,677</u>	<u>256,437</u>	<u>556,280</u>	<u>1,033,834</u>	<u>-</u>
Total business-type activities long-term liabilities, excluding lease liabilities	<u>\$ 12,879,736</u>	<u>\$ 1,236,437</u>	<u>\$ 2,491,857</u>	<u>\$ 11,624,316</u>	<u>\$ 1,114,899</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2023, was \$89,388,190. Total general obligation debt outstanding at year end was \$38,623,323.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2023</u>
2014 General Obligation Notes	06/01/14	04/01/24	2.00-2.25%	\$ 2,755,000	\$ 220,000
2015 General Obligation Notes	07/09/15	04/01/25	2.00-2.25	1,545,000	365,000
2016 General Obligation Notes	05/26/16	04/01/26	3.25-3.75	5,830,000	2,265,000
2016 State Trust Fund Loan*	12/28/16	03/15/36	3.5	850,000	643,323
2017 General Obligation Notes	06/08/17	04/01/27	2.00-3.00	7,085,000	3,775,000
2018 General Obligation Bonds	04/26/18	04/01/38	2.00-4.00	12,585,000	10,155,000
2018 General Obligation Notes	04/26/18	04/01/28	3.20-4.00	775,000	570,000
2019 General Obligation Notes	04/24/19	04/01/29	2.13-4.00	6,980,000	4,884,147
2020 General Obligation Notes	06/18/20	04/01/30	2.00-3.00	2,005,000	1,525,000
2021 General Obligation Notes	06/23/21	05/01/31	1.10-2.00	2,175,000	1,590,000
2022 General Obligation Bonds	06/09/22	04/01/42	3.00-4.00	4,885,000	4,645,000
2023 General Obligation Bonds	11/13/23	04/01/43	4.00-5.00	5,245,000	<u>5,245,000</u>
Total governmental activities, general obligation debt					<u>\$ 35,882,470</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Business-Type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
2014 General Obligation Notes	06/01/14	04/01/24	2.00-2.25%	\$ 280,000	\$ 30,000
2015 General Obligation Notes	07/09/15	04/01/25	2.00-2.25	1,180,000	255,000
2017 General Obligation Notes	06/08/17	04/01/27	2.00-3.00	575,000	245,000
2019 General Obligation Notes	04/24/19	04/01/29	2.13-4.00	450,000	290,853
2020 General Obligation Notes	06/18/20	04/01/30	2.00-3.00	410,000	365,000
2021 General Obligation Notes	06/23/21	05/01/31	1.10-2.00	150,000	120,000
2022 General Obligation Bonds	06/09/22	04/01/31	3.00-4.00	515,000	455,000
2023 General Obligation Bonds	11/13/23	04/01/43	4.00-5.00	980,000	<u>980,000</u>
Total business-type activities, general obligation debt					<u>\$ 2,740,853</u>

\* - Direct borrowing or direct placement

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,525,100	\$ 1,037,233	\$ 399,900	\$ 76,535
2025	4,043,603	913,801	381,397	71,425
2026	4,072,106	801,719	267,894	62,394
2027	3,815,610	692,606	219,390	55,653
2028	2,819,612	597,726	230,388	49,710
2029-2033	8,323,116	2,027,775	641,884	170,066
2034-2038	5,485,000	932,466	270,000	102,259
2039-2043	<u>2,155,000</u>	<u>212,359</u>	<u>330,000</u>	<u>38,053</u>
Total	<u>\$ 35,239,147</u>	<u>\$ 7,215,685</u>	<u>\$ 2,740,853</u>	<u>\$ 626,095</u>

<u>Years</u>	<u>Governmental Activities Notes from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 39,876	\$ 22,578
2025	41,333	21,121
2026	42,780	19,674
2027	44,277	18,177
2028	45,781	16,673
2029-2033	254,308	93,654
2034-2036	<u>174,968</u>	<u>12,392</u>
Total	<u>\$ 643,323</u>	<u>\$ 204,269</u>



# City of Stoughton

Notes to Financial Statements  
December 31, 2023

The City's outstanding debt from direct borrowing and placements related to governmental activities of \$643,323 contain a provision that in an event of default, any delinquent payment amount is subject to a penalty of one percent per month.

## Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water, wastewater and electric utilities.

The Utilities has pledged future electric, water and wastewater revenues to repay revenue bonds issued in between 2003-2022. Proceeds from the bonds provided financing for the Utility construction, improvements, and additions. The bonds are payable solely from Utility revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require 1%, 14% and 11% of gross revenues for electric, water and wastewater utilities respectively. The total principal and interest remaining to be paid on the bonds is \$9,034,095. Principal and interest paid for the current year and total customer gross revenues were \$1,783,437 and \$20,996,466, respectively.

Revenue debt payable at December 31, 2023, consists of the following:

### Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
<b>Water Utility</b>					
2010 Water Utility Revenue Bonds*	01/27/10	05/01/29	2.67%	\$ 575,018	\$ 213,471
2016 Water Utility Revenue Bonds	05/26/16	05/01/26	1.00-2.75	2,520,000	420,000
2019 Water Utility Revenue Bonds	11/14/19	05/01/34	2.00-3.00	1,825,000	1,425,000
2022 Water Utility Revenue Bonds	11/01/22	05/01/42	2.145	1,656,622	<u>1,589,420</u>
				Total Water Utility	<u>3,647,891</u>
<b>Wastewater Utility</b>					
2007 Wastewater Utility Clean Water Fund Loan*	06/27/07	05/01/27	2.475	1,539,762	401,082
2014 Wastewater Utility Clean Water Fund Loan*	11/01/14	05/01/34	2.625	3,305,713	<u>2,027,157</u>
				Total Wastewater Utility	<u>2,428,239</u>
<b>Electric Utility</b>					
2016 Electric Utility Revenue Bonds	05/26/16	04/01/36	2.00-3.00	4,005,000	<u>1,705,000</u>
				Total Electric Utility	<u>1,705,000</u>
Total business-type activities, revenue debt					<u>\$ 7,781,130</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Business-Type Activities Revenue Debt</b>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 423,746	\$ 122,513
2025	435,221	112,366
2026	446,727	101,250
2027	318,266	91,751
2028	329,837	83,912
2029-2033	1,751,591	291,595
2034-2038	1,043,629	88,489
2039-2042	390,403	16,970
Total	<u>\$ 5,139,420</u>	<u>\$ 908,846</u>

<u>Years</u>	<b>Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements</b>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 291,253	\$ 65,077
2025	298,768	57,466
2026	306,477	49,657
2027	314,385	41,648
2028	215,946	34,749
2029-2033	802,078	84,616
2029	412,803	10,906
Total	<u>\$ 2,641,710</u>	<u>\$ 344,119</u>

## Land Contract Payable

Land contract is for purchase of land within Tax Incremental District No. 8 (TID) and will be paid out using increment revenue from this TID.

Land Contract Payable at December 31, 2023 consists of the following:

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
Land contract	11/29/2012	11/29/2027	N/A	\$ 150,000	<u>\$ 120,000</u>
Total governmental activities land contract payable					<u>\$ 120,000</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Land Contract Payable Principal</u>
2024	\$ 30,000
2025	30,000
2026	30,000
2027	<u>30,000</u>
Total	<u>\$ 120,000</u>

## Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

The water and electric mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenues. The City was in compliance with funding requirements in all material respects at December 31, 2023.

## Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2023, includes the following:

### Governmental Activities

Net investment in capital assets:	
Land	\$ 9,357,708
Construction in progress	3,041,778
Inexhaustible portion of streets	1,454,893
Other capital assets, net of accumulated depreciation	48,712,533
Less capital related long-term debt outstanding	(35,882,470)
Plus capital related debt proceeds	1,419,563
Plus outstanding balances of non-capital debt	1,547,416
Less unamortized debt premium	<u>(581,661)</u>
Total net investment in capital assets	<u>\$ 29,069,760</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2023, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 187,809	\$ -	\$ -	\$ 5,080	\$ 192,889
Delinquent items	8,271	-	-	-	8,271
Noncurrent interfunds	1,013,838	-	-	-	1,013,838
CVMIC equity	257,805	-	-	-	257,805
Subtotal	<u>1,467,723</u>	<u>-</u>	<u>-</u>	<u>5,080</u>	<u>1,472,803</u>
<b>Restricted for:</b>					
Library	-	-	-	373,794	373,794
ARPA	-	-	-	55,000	55,000
Redevelopment	-	-	-	321,451	321,451
Debt service	-	927,117	-	165,274	1,092,391
Capital projects	-	-	1,004,841	-	1,004,841
Affordable housing	-	-	-	266,480	266,480
Park acquisition	-	-	-	751,262	751,262
TID activities	-	-	-	731,758	731,758
Police donations	7,857	-	-	-	7,857
Council	8,242	-	-	-	8,242
Senior Center donation	110,891	-	-	-	110,891
Subtotal	<u>126,990</u>	<u>927,117</u>	<u>1,004,841</u>	<u>2,665,019</u>	<u>4,723,967</u>
<b>Committed to:</b>					
Seniors in need	-	-	-	60,481	60,481
Senior center wood shop	-	-	-	15,160	15,160
Food pantry	-	-	-	393,579	393,579
K9 unit	-	-	-	21,094	21,094
Tree commission	-	-	-	6,035	6,035
Cemetery	-	-	-	23,980	23,980
Refuse	-	-	-	45,561	45,561
Fire department special	-	-	-	48,552	48,552
Township outreach	-	-	-	15,813	15,813
Shared ride services	-	-	-	5,158	5,158
ARPA	-	-	-	64,675	64,675
Senior center special	-	-	-	705,088	705,088
Capital projects	-	-	-	439,494	439,494
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,844,670</u>	<u>1,844,670</u>
<b>Assigned to:</b>					
Retirement	895,798	-	-	-	895,798
Capital projects	-	-	2,632,718	-	2,632,718
Outlay	-	-	-	448,138	448,138
Subsequent years budget	161,291	-	-	-	161,291
Subtotal	<u>1,057,089</u>	<u>-</u>	<u>2,632,718</u>	<u>448,138</u>	<u>4,137,945</u>
<b>Unassigned (Deficit):</b>					
	<u>4,313,193</u>	<u>-</u>	<u>-</u>	<u>(965,051)</u>	<u>3,348,142</u>
Total fund balances	<u>\$ 6,964,995</u>	<u>\$ 927,117</u>	<u>\$ 3,637,559</u>	<u>\$ 3,997,856</u>	<u>\$ 15,527,527</u>

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Business-Type Activities

Net investment in capital assets:	
Land	\$ 522,794
Construction in progress	1,448,413
Property held for future use	229,097
Other capital assets, net of depreciation	66,845,415
Less capital related long-term debt outstanding (excluding unspent capital related debt proceeds)	(9,857,160)
Less unamortized debt premium	<u>(68,499)</u>
Total net investment in capital assets	<u>\$ 59,120,060</u>

## 5. Other Information

### Employees' Retirement System

#### 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.

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

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also 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 executive service retirement 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 annual 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.

## City of Stoughton

Notes to Financial Statements  
December 31, 2023

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Vested participants may retire at age 55 (50 for protective occupations) 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.

### Postretirement 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>
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
2022	7.4	15.0

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## 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, Executives and Elected Officials. Starting on 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.

During the reporting period, the WRS recognized \$602,278 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

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

At December 31, 2023, the City reported a liability of \$2,650,778 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.05003637%, which was an increase of 0.00018739% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized pension expense (revenue) of \$1,148,476.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 4,221,869	\$ 5,546,588
Changes in assumptions	521,252	-
Net differences between projected and actual earnings on pension plan investments	4,503,061	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,322	3,998
Employer contributions subsequent to the measurement date	<u>802,916</u>	<u>-</u>
Total	<u>\$ 10,058,420</u>	<u>\$ 5,550,586</u>

## City of Stoughton

Notes to Financial Statements  
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\$802,916 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. 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>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2024	\$ 153,747
2025	767,243
2026	788,113
2027	1,995,815

### Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

\* *No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.



## City of Stoughton

Notes to Financial Statements  
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### Long-Term Expected Return on Plan Assets

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

<b>Asset Allocation Targets and Expected Returns* as of December 31, 2022</b>			
<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %**</b>
Public Equity	48	7.6	5
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
<b>Variable Fund Asset</b>			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

\*\* *New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%*

\*\*\* *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%.*

# City of Stoughton

Notes to Financial Statements  
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## Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
City's proportionate share of the net pension liability (asset)	\$ 8,797,847	\$ 2,650,778	\$ (1,577,877)

## Pension Plan Fiduciary Net Position

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

At December 31, 2023, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

## Risk Management

The City is 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. The City participates in a public entity risk pool called CVMIC to provide coverage for losses from theft of, damage to, or destruction of assets and workers compensation. However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the City in the general fund.

## Public Entity Risk Pool

### **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 cities and villages 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 cities and villages 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 City'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 City 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 initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$257,805 in the general fund.

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2023.

## Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is 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 City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City has active construction projects as of December 31, 2023. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

# City of Stoughton

Notes to Financial Statements  
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## Long-Term Contracts, WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities 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 \$253 million as of December 31, 2023.

## Other Postemployment Benefits

### General Information about the OPEB Plan

#### Plan Description

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

#### Benefits Provided

RBP provides healthcare and life insurance benefits for eligible retirees and their dependents. This results in an other post-employment 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.

### Employees Covered by Benefit Terms

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	<u>99</u>
Total	<u><u>101</u></u>

## City of Stoughton

Notes to Financial Statements  
December 31, 2023

### Total OPEB Liability

The City's total OPEB liability of \$927,254 was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2023.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	3.20%
Healthcare cost trend rates	Initially 4.96% increasing to 7.31% and then decreasing to an ultimate of 5.00% after 9 years
Retirees' share of benefit-related costs	100%

The discount rate was based on the Municipal Bond Rate based on the Bond Buyer 20-Bond GO Index.

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study dated November 19, 2021.

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balances at December 31, 2022	<u>\$ 1,032,210</u>
Changes for the year:	
Service cost	61,266
Interest	37,619
Differences between expected and actual experience	(271,860)
Changes in assumptions or other inputs	109,887
Benefit payments	<u>(41,868)</u>
Net changes	<u>(104,956)</u>
Balances at December 31, 2023	<u><u>\$ 927,254</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72% to 3.26%.

# City of Stoughton

Notes to Financial Statements  
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## Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,023,149	\$ 927,254	\$ 842,576

## Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.96% increasing to 4.00%) or 1-percentage-point higher (5.96% increasing to 6.00%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 823,600	\$ 927,254	\$ 1,048,800

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$66,595. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 244,482
Changes of assumptions or other inputs	103,082	124,921
Employer contributions subsequent to the measurement date	<u>41,868</u>	<u>-</u>
Total	<u>\$ 144,950</u>	<u>\$ 369,403</u>

\$41,868 reported as deferred outflows of resources related to OPEB resulting from the ETF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2024. 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:

	<u>Amount</u>
2024	\$ (32,290)
2025	(32,290)
2026	(32,290)
2027	(32,290)
2028	(32,290)
Thereafter	<u>(104,871)</u>
Total	<u>\$ (266,321)</u>

**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 <https://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 postretirement 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, 2023 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

## City of Stoughton

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

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
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 age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$2,792 in contributions from the employer.

### OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2023, the City reported a liability of \$530,229 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the City's proportion was 0.13917400%, which was an increase of 0.00284600% from its proportion measured as of December 31, 2021.



## City of Stoughton

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For the year ended December 31, 2023, the City recognized OPEB expense (revenue) of \$54,941.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 51,891
Net differences between projected and actual earnings on plan investments	9,949	-
Changes in actuarial assumptions	190,499	312,980
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,406	3,686
Employer contributions subsequent to the measurement date	<u>19,462</u>	<u>-</u>
Total	<u>\$ 260,316</u>	<u>\$ 368,557</u>

\$19,462 reported as deferred outflows of resources related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2024	\$ (4,144)
2025	(6,761)
2026	1,803
2027	(26,101)
2028	(46,386)
Thereafter	(46,114)

## City of Stoughton

Notes to Financial Statements  
December 31, 2023

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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:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020. Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

\*Based on the Bond Buyers GO index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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.

**State OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2022**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50.00%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50.00	2.83
Inflation			2.30
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 remained unchanged from the prior year at 2.30%.

**Single Discount Rate**

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

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.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
City's proportionate share of the net OPEB liability (asset)	\$ 722,911	\$ 530,229	\$ 382,560

At December 31, 2023, the City reported a payable to the OPEB plan which represents contractually required contributions outstanding as of the end of the year.

## Subsequent Events

The Utilities approved new electric rates effective January 1, 2024.

In May 2024, the city council has authorized issuance of general obligation debt not to exceed \$12,990,000.

## Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

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

## Firemen's Pension Plan

### Plan Description

The City reports a single-employer defined benefit pension plan, a fiduciary fund for fire department employees (the Plan). Management of the Plan is vested in the Firemen's Pension Board. The Plan does not issue a standalone financial report and is not included in the report of another entity. Assets have been accumulated in a trust for payment of these benefits.

### Benefits Provided

The plan is administered by the Firemen's Pension Board and provides pension benefits to fire department employees and volunteers. The amount paid to eligible retirees each year is based on the years of service at the time of retirement and the position the retiree held while a member of the department.

# City of Stoughton

Notes to Financial Statements  
December 31, 2023

## Plan Membership

At December 31, 2023, the plan's membership consisted of:

Retirees and beneficiaries	26
Inactive, nonretired members	-
Active members	<u>32</u>
Total	<u><u>58</u></u>

The City paid \$35,982 for pension benefits as they came due during the reporting period.

## Changes in Net Pension Liability

The City's change in net pension liability for the year ended December 31, 2023 was as follows:

	<u>Net Pension Liability</u>
<b>Total Pension Liability Beginning</b>	\$ 1,239,426
Service cost	45,574
Interest on total pension liability	26,094
Differences between expected and actual experience	45,507
Changes of assumptions	(173,131)
Benefit payments	<u>(36,769)</u>
<b>Total Pension Liability Ending</b>	<u>\$ 1,146,701</u>
<b>Plan Fiduciary Net Position</b>	<u>\$ (961,110)</u>
<b>Net Pension Liability Ending</b>	<u>\$ 185,591</u>
<b>Fiduciary Net Position as a Percentage of Total Pension Liability</b>	83.82%

## Assumptions

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

Measurement Date:	December 31, 2023
Actuarial Valuation Date:	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Inflation:	2.3%
Salary Changes:	2.3%
Discount Rate:	3.0%
Long-Term Expected Rate of Return:	3.0%
Source of Discount Rate:	Bond Buyer GO 20-Year Municipal Bond Index
Source of Mortality Assumptions:	Wisconsin 2020 Mortality table
Dates of Experience Studies:	Experience study conducted using WRS experience from 2018-2020

## City of Stoughton

Notes to Financial Statements  
December 31, 2023

### Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 3.0% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage-point lower (2.0%) or 1 percentage-point higher (4.0%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 371,209	\$ 185,591	\$ 39,175

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

For the year ended December 31, 2023, the City recognized pension expense of \$7,700.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,349	\$ 117,751
Changes in assumptions	170,464	227,673
Net differences between projected and actual earnings on pension plan investments	<u>-</u>	<u>6,695</u>
Total	<u>\$ 209,813</u>	<u>\$ 352,119</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows and Deferred Inflows of Resources (Net)</u>
2024	\$ (48,989)
2025	(55,113)
2026	(10,476)
2027	6,384
2028	(10,654)
Thereafter	(23,458)

**REQUIRED SUPPLEMENTARY INFORMATION**

## City of Stoughton

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes	\$ 5,542,018	\$ 5,542,018	\$ 5,518,283	\$ (23,735)
Payments in lieu of taxes	62,089	62,089	57,447	(4,642)
Hotel/Motel	12,000	12,000	51,501	39,501
Total taxes	<u>5,616,107</u>	<u>5,616,107</u>	<u>5,627,231</u>	<u>11,124</u>
<b>Intergovernmental Revenues</b>				
Federal aid, human services	25,498	34,699	32,971	(1,728)
Other fed, operating	38,017	38,017	44,144	6,127
State shared revenues	832,182	832,182	853,770	21,588
Fire insurance tax (2% fire dues)	9,400	29,672	19,207	(10,465)
State grants	40,627	40,627	6,094	(34,533)
Exempt computer aid	61,156	61,156	61,156	-
State aid, other law enforcement	5,500	19,021	18,065	(956)
State aid, general transportation aids	1,306,307	1,306,307	1,306,477	170
State aid, connecting streets	73,690	73,690	73,690	-
State aid, other public safety	3,000	3,000	-	(3,000)
State aid, conservation and devel, operating	-	-	15,619	15,619
Other local government grants	9,000	41,000	46,430	5,430
Total intergovernmental revenues	<u>2,404,377</u>	<u>2,479,371</u>	<u>2,477,623</u>	<u>(1,748)</u>
<b>Licenses and Permits</b>				
Business and occupational licenses	53,200	40,904	40,332	(572)
Dog and cat licenses	3,400	3,400	1,224	(2,176)
Building permits	232,000	245,471	290,098	44,627
Other permits	5,000	5,000	3,803	(1,197)
Total licenses and permits	<u>293,600</u>	<u>294,775</u>	<u>335,457</u>	<u>40,682</u>
<b>Fines, Forfeitures and Penalties</b>				
Law and ordinance violations	125,000	125,000	103,547	(21,453)
Court penalties and costs	-	-	251	251
Total Fines, Forfeitures and Penalties	<u>125,000</u>	<u>125,000</u>	<u>103,798</u>	<u>(21,202)</u>

See notes to required supplementary information



# City of Stoughton

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2023

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Public Charges for Services</b>				
Law enforcement fees	\$ 7,500	\$ 7,500	\$ 6,986	\$ (514)
General government	-	74	75	1
Transportation	6,000	6,000	15,623	9,623
Other transportation	-	-	777	777
Public health services	136,191	94,990	105,389	10,399
Cemetery	10,000	10,000	15,960	5,960
Other health services	125,168	125,168	126,734	1,566
Culture, recreation and education	123,440	123,440	100,668	(22,772)
Parks	8,000	8,000	13,113	5,113
Stadium	65,000	65,000	63,150	(1,850)
Trees	31,500	52,371	71,810	19,439
Other public charges for services	-	129,000	108,626	(20,374)
Refuse and garbage collection	20,000	20,000	19,415	(585)
<b>Total public charges for services</b>	<b>532,799</b>	<b>641,543</b>	<b>648,326</b>	<b>6,783</b>
<b>Intergovernmental Charges</b>				
Local, fire services	188,448	334,904	335,566	662
Local, other services	10,000	10,000	10,000	-
<b>Total intergovernmental charges</b>	<b>198,448</b>	<b>344,904</b>	<b>345,566</b>	<b>662</b>
<b>Special Assessments</b>				
Other	14,000	14,000	11,795	(2,205)
<b>Investment Income</b>				
Investment income	80,000	80,000	499,922	419,922
<b>Miscellaneous</b>				
Rent	125,000	125,000	123,835	(1,165)
Insurance recoveries	-	-	3,784	3,784
Donations	97,500	117,445	102,242	(15,203)
Other miscellaneous	191,870	191,870	163,224	(28,646)
Insurance dividends	25,000	25,000	40,591	15,591
<b>Total miscellaneous</b>	<b>439,370</b>	<b>459,315</b>	<b>433,676</b>	<b>(25,639)</b>
<b>Total revenues</b>	<b>9,703,701</b>	<b>10,055,015</b>	<b>10,483,394</b>	<b>428,379</b>
<b>Expenditures</b>				
<b>General Government</b>				
Council/Board	57,105	79,161	68,449	10,712
Legislative support	114,354	114,354	117,035	(2,681)
Judicial	57,888	86,221	68,924	17,297
Administrator	237,136	241,867	239,258	2,609
Information technology	573,151	592,781	538,595	54,186
Treasury	656,442	693,490	696,915	(3,425)
Legal	185,000	185,000	162,769	22,231
Personnel	268,014	290,738	290,855	(117)
General buildings/plant/hall	97,223	94,069	87,097	6,972
Other general government	435,000	(50,380)	14	(50,394)
<b>Total general government</b>	<b>2,681,313</b>	<b>2,327,301</b>	<b>2,269,911</b>	<b>57,390</b>

See notes to required supplementary information

# City of Stoughton

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety</b>				
Police	\$ 3,835,738	\$ 4,082,237	\$ 4,054,750	\$ 27,487
Fire protection	571,026	691,796	702,096	(10,300)
Inspection	447,160	716,865	744,889	(28,024)
Administration	-	162,120	164,345	(2,225)
Total public safety	<u>4,853,924</u>	<u>5,653,018</u>	<u>5,666,080</u>	<u>(13,062)</u>
<b>Public Works</b>				
Highway and street maintenance and construction	128,200	63,200	52,320	10,880
Highway and street maintenance for local	1,325,607	1,293,847	1,358,827	(64,980)
Snow and ice control	72,000	72,000	72,462	(462)
Buildings and grounds operations	<u>171,244</u>	<u>199,710</u>	<u>203,114</u>	<u>(3,404)</u>
Total public works	<u>1,697,051</u>	<u>1,628,757</u>	<u>1,686,723</u>	<u>(57,966)</u>
<b>Culture, Recreation and Education</b>				
Parks	373,461	396,044	341,341	54,703
Senior center	640,995	723,432	723,426	6
Community center	206,282	206,618	202,502	4,116
Recreation	344,648	412,122	394,476	17,646
Cemetery	<u>36,000</u>	<u>36,000</u>	<u>33,231</u>	<u>2,769</u>
Total culture, recreation and education	<u>1,601,386</u>	<u>1,774,216</u>	<u>1,694,976</u>	<u>79,240</u>
<b>Conservation and Development</b>				
Economic development	<u>7,500</u>	<u>20,176</u>	<u>24,246</u>	<u>(4,070)</u>
Total expenditures	<u>10,841,174</u>	<u>11,403,468</u>	<u>11,341,936</u>	<u>61,532</u>
Excess of revenues over expenditures	<u>(1,137,473)</u>	<u>(1,348,453)</u>	<u>(858,542)</u>	<u>489,911</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	678,811	920,448	766,664	(153,784)
Transfers out	-	(141,045)	(141,045)	-
Sales of fixed assets	<u>-</u>	<u>-</u>	<u>16,042</u>	<u>16,042</u>
Total other financing sources (uses)	<u>678,811</u>	<u>779,403</u>	<u>641,661</u>	<u>(137,742)</u>
Net change in fund balance	(458,662)	(569,050)	(216,881)	352,169
<b>Fund Balance, Beginning</b>	<u>7,181,876</u>	<u>7,181,876</u>	<u>7,181,876</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 6,723,214</u>	<u>\$ 6,612,826</u>	<u>\$ 6,964,995</u>	<u>\$ 352,169</u>

See notes to required supplementary information

## City of Stoughton

### Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2023

<b>WRS Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/14	0.04486493 %	\$ (1,102,005)	\$ 5,696,627	19.34 %	102.74 %
12/31/15	0.04597674 %	747,113	6,169,077	12.11 %	98.20 %
12/31/16	0.04705035 %	387,807	6,266,372	6.23 %	99.12 %
12/31/17	0.04873732 %	(1,447,068)	6,542,867	22.12 %	102.93 %
12/31/18	0.04989755 %	1,775,198	6,864,771	25.86 %	96.45 %
12/31/19	0.05079366 %	(1,637,819)	7,034,407	23.28 %	102.96 %
12/31/20	0.05058802 %	(3,158,280)	7,015,787	45.02 %	105.26 %
12/31/21	0.04984898 %	(4,017,919)	7,128,846	56.36 %	106.02 %
12/31/22	0.05003637 %	2,650,778	7,623,481	34.77 %	95.72 %

### Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2023

<b>City Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/15	\$ 465,913	\$ 465,913	\$ -	\$ 6,169,077	7.55 %
12/31/16	461,771	461,771	-	7,032,737	6.57 %
12/31/17	511,909	511,909	-	7,308,112	7.00 %
12/31/18	533,009	533,009	-	6,864,764	7.76 %
12/31/19	533,847	533,847	-	7,034,407	7.59 %
12/31/20	529,789	529,789	-	7,015,788	7.55 %
12/31/21	542,592	542,592	-	7,128,846	7.61 %
12/31/22	602,982	602,982	-	7,623,482	7.91 %
12/31/23	802,916	802,916	-	8,698,944	9.23 %

See notes to the required supplementary information

## City of Stoughton

### Schedule of Changes in Net Pension Liability and Related Ratios -

Pension Trust Fund

Year Ended December 31, 2023

	<b>2023</b>
<b>Total Pension Liability</b>	
Service cost	\$ 45,574
Interest	26,094
Changes of benefit terms	-
Differences between expected and actual experience	45,507
Changes of assumptions	(173,131)
Benefit payments	(36,769)
	<hr/>
Net change in total pension liability	(92,725)
<b>Total Pension Liability, Beginning</b>	<hr/> 1,239,426
<b>Total Pension Liability, Ending</b>	<hr/> <b>\$ 1,146,701</b> <hr/>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 905,504
Fire insurance tax	43,600
Employee contributions	678
Net investment income (loss)	51,157
Benefit payments	(35,982)
Administration	(3,847)
	<hr/>
Net change in plan fiduciary net position	\$ 961,110
<b>Plan Fiduciary Net Position, Beginning</b>	<hr/> -
<b>Plan Fiduciary Net Position, Ending</b>	<hr/> <b>\$ 961,110</b> <hr/>
<b>Net Pension Liability, Ending</b>	<hr/> <b>\$ 185,591</b> <hr/>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	83.82%
<b>Covered-Employee Payroll</b>	N/A
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	N/A

*Changes in benefit terms:* There were no changes in benefit terms.

*Changes in assumptions:* The discount rate changed in the current year to 3 %.

#### Other Information:

The City implemented GASB Statement No. 67 in 2023 and is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented. Information prior to 2023 is not available.

**City of Stoughton**

Schedule of Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund

Year Ended December 31, 2023

<b>WRS Fiscal Year Ending</b>	<b>Proportion of the Net OPEB Liability</b>	<b>Proportionate Share of the Net OPEB Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
12/31/20	0.13045400 %	\$ 717,591	\$ 6,809,000	10.54 %	31.36 %
12/31/21	0.13632800 %	805,749	7,121,000	11.32 %	29.57 %
12/31/22	0.13917400 %	530,229	7,459,000	7.11 %	38.81 %

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2023

<b>City Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/21	\$ 16,403	\$ 16,403	\$ -	\$ 7,566,973	0.22 %
12/31/22	13,564	13,564	-	7,968,849	0.17 %
12/31/23	19,462	19,462	-	6,967,890	0.28 %

See notes to the required supplementary information

## City of Stoughton

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

Health Insurance

Year Ended December 31, 2023

	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 72,403	\$ 73,895	\$ 61,266
Interest	22,101	22,872	37,619
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	(271,860)
Changes of assumptions	6,230	(158,191)	109,887
Benefit payments	<u>(32,513)</u>	<u>(33,326)</u>	<u>(41,868)</u>
Net change in total OPEB liability	68,221	(94,750)	(104,956)
<b>Total OPEB Liability, Beginning</b>	<u>1,058,739</u>	<u>1,126,960</u>	<u>1,032,210</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 1,126,960</u>	<u>\$ 1,032,210</u>	<u>\$ 927,254</u>
<b>Covered-Employee Payroll</b>	\$ 7,566,973	\$ 7,968,850	\$ 6,967,890
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	14.89 %	12.95 %	13.31 %

#### Notes to Schedule:

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

*Changes in benefit terms:* There were no changes in benefit terms.

*Changes in assumptions:* The discount rate changed in the current year to 3.26 %.

#### Other Information:

The City implemented GASB Statement No. 75 in 2021 and is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented. Information prior to 2021 is not available.

## City of Stoughton

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Notes to Required Supplementary Information  
Year Ended December 31, 2023

### Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

Department heads submit budget requests by mid-August. The mayor and finance director produce the executive budget, which is reviewed with the finance committee in mid-September. The City Council then reviews the budget and holds a public hearing. Council adoption of the budget follows the public hearing, usually in November. Department heads have the authority to make budget transfers within their own department, except for wage accounts and capital outlay items. Council action is required for adjustments to wage and outlay accounts, and to change a department's total budget.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

### Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in assumptions.* Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

## City of Stoughton

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Notes to Required Supplementary Information  
Year Ended December 31, 2023

### Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

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

*Changes in assumptions.* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table



## **SUPPLEMENTARY INFORMATION**

# City of Stoughton

Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2023

	<b>Special Revenue Funds</b>				
	<u>Library</u>	<u>Opera House</u>	<u>Township Outreach Fund</u>	<u>Tourism Fund</u>	<u>Seniors in Need</u>
<b>Assets</b>					
Cash and investments	\$ 413,280	\$ 419,762	\$ 14,227	\$ -	\$ 60,670
Receivables (net):					
Taxes	741,585	208,846	-	-	-
Accounts	2,116	-	2,000	60,421	-
Special assessments	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	4,332	-	-	-	-
Total assets	<u>\$ 1,161,313</u>	<u>\$ 628,608</u>	<u>\$ 16,227</u>	<u>\$ 60,421</u>	<u>\$ 60,670</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 16,379	\$ 92,173	\$ -	\$ 54,318	\$ 189
Accrued liabilities	25,223	8,776	414	-	-
Due to other funds	-	-	-	6,103	-
Unearned revenues	-	318,813	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>41,602</u>	<u>419,762</u>	<u>414</u>	<u>60,421</u>	<u>189</u>
<b>Deferred Inflows of Resources</b>					
Unearned revenues	741,585	208,846	-	-	-
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>741,585</u>	<u>208,846</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit)</b>					
Nonspendable	4,332	-	-	-	-
Restricted	373,794	-	-	-	-
Committed	-	-	15,813	-	60,481
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>378,126</u>	<u>-</u>	<u>15,813</u>	<u>-</u>	<u>60,481</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,161,313</u>	<u>\$ 628,608</u>	<u>\$ 16,227</u>	<u>\$ 60,421</u>	<u>\$ 60,670</u>

**Special Revenue Funds**

<u>Food Pantry</u>	<u>Landmark Commission</u>	<u>Fire Department</u>	<u>Senior Center Wood Shop</u>	<u>Senior Center Special Fund</u>	<u>ARPA Fund</u>	<u>Redevelopment Authority</u>
\$ 400,846	\$ -	\$ 48,769	\$ 15,197	\$ 705,088	\$ 990,767	\$ 223,982
-	-	-	-	-	-	15,295
-	-	-	-	-	143	14,507
-	-	-	-	-	-	-
-	-	-	-	-	55,000	84,113
-	-	-	-	-	-	-
-	-	-	-	635	-	113
<u>\$ 400,846</u>	<u>\$ -</u>	<u>\$ 48,769</u>	<u>\$ 15,197</u>	<u>\$ 705,723</u>	<u>\$ 1,045,910</u>	<u>\$ 338,010</u>
\$ 7,267	\$ -	\$ 217	\$ 37	\$ -	\$ -	\$ 1,151
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	926,235	-
-	-	-	-	-	-	-
<u>7,267</u>	<u>-</u>	<u>217</u>	<u>37</u>	<u>-</u>	<u>926,235</u>	<u>1,151</u>
-	-	-	-	-	-	15,295
-	-	-	-	-	-	-
-	-	-	-	-	-	15,295
-	-	-	-	635	-	113
-	-	-	-	-	55,000	321,451
393,579	-	48,552	15,160	705,088	64,675	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>393,579</u>	<u>-</u>	<u>48,552</u>	<u>15,160</u>	<u>705,723</u>	<u>119,675</u>	<u>321,564</u>
<u>\$ 400,846</u>	<u>\$ -</u>	<u>\$ 48,769</u>	<u>\$ 15,197</u>	<u>\$ 705,723</u>	<u>\$ 1,045,910</u>	<u>\$ 338,010</u>

# City of Stoughton

Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2023

	<b>Special Revenue Funds</b>				
	<u>Special Assessments</u>	<u>K9 Unit</u>	<u>Tree Commission</u>	<u>Cemetery</u>	<u>Firemen's Pension</u>
<b>Assets</b>					
Cash and investments	\$ 326,758	\$ 21,139	\$ 6,035	\$ 23,980	\$ -
Receivables (net):					
Taxes	136,232	-	-	-	-
Accounts	-	-	-	-	-
Special assessments	391,575	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 854,565</u>	<u>\$ 21,139</u>	<u>\$ 6,035</u>	<u>\$ 23,980</u>	<u>\$ -</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 45	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	15,571	-	-	-	-
Unearned revenues	7,925	-	-	-	-
Advances from other funds	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>23,496</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unearned revenues	-	-	-	-	-
Unavailable revenues	391,575	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>391,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	439,494	21,094	6,035	23,980	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances (deficit)	<u>439,494</u>	<u>21,094</u>	<u>6,035</u>	<u>23,980</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 854,565</u>	<u>\$ 21,139</u>	<u>\$ 6,035</u>	<u>\$ 23,980</u>	<u>\$ -</u>

Special Revenue Funds			Capital Projects Funds			
Refuse Fund	Affordable Housing	Shared Ride Services	Park Acquisition	TIF District No. 4	TIF District No. 5	TIF District No. 6
\$ 127,166	\$ 236,480	\$ 107,795	\$ 751,030	\$ 167,431	\$ -	\$ -
971,391	-	65,300	-	200,840	89,447	99,109
-	30,000	-	886	-	443,150	2,318
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,098,557</u>	<u>\$ 266,480</u>	<u>\$ 173,095</u>	<u>\$ 751,916</u>	<u>\$ 368,271</u>	<u>\$ 532,597</u>	<u>\$ 101,427</u>
\$ 81,595	\$ -	\$ 18,611	\$ 654	\$ -	\$ 425	\$ 4,095
127	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	84,026	-	-	-	-
-	-	-	-	-	644,409	201,813
<u>81,722</u>	<u>-</u>	<u>102,637</u>	<u>654</u>	<u>-</u>	<u>644,834</u>	<u>205,908</u>
971,274	-	65,300	-	200,840	89,447	99,109
-	-	-	-	-	407,565	-
<u>971,274</u>	<u>-</u>	<u>65,300</u>	<u>-</u>	<u>200,840</u>	<u>497,012</u>	<u>99,109</u>
-	-	-	-	-	-	-
-	266,480	-	751,262	167,431	-	-
45,561	-	5,158	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(609,249)	(203,590)
<u>45,561</u>	<u>266,480</u>	<u>5,158</u>	<u>751,262</u>	<u>167,431</u>	<u>(609,249)</u>	<u>(203,590)</u>
<u>\$ 1,098,557</u>	<u>\$ 266,480</u>	<u>\$ 173,095</u>	<u>\$ 751,916</u>	<u>\$ 368,271</u>	<u>\$ 532,597</u>	<u>\$ 101,427</u>

# City of Stoughton

Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2023

	<b>Capital Projects Funds</b>				
	<b>TIF District No. 7</b>	<b>TIF District No. 8</b>	<b>TIF District No. 9</b>	<b>TIF District No. 10</b>	<b>TIF District No. 11</b>
<b>Assets</b>					
Cash and investments	\$ 559,263	\$ -	\$ -	\$ -	\$ -
Receivables (net):					
Taxes	858,319	47,218	67,548	-	-
Accounts	54,472	3,788	112	10,955	36,139
Special assessments	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	10,413	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,472,054</b>	<b>\$ 61,419</b>	<b>\$ 67,660</b>	<b>\$ 10,955</b>	<b>\$ 36,139</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,005	\$ 7,280	\$ -	\$ 3,823	\$ 18,418
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Advances from other funds	-	121,004	24,599	10,361	11,652
<b>Total liabilities</b>	<b>1,005</b>	<b>128,284</b>	<b>24,599</b>	<b>14,184</b>	<b>30,070</b>
<b>Deferred Inflows of Resources</b>					
Unearned revenues	882,837	47,218	67,548	-	-
Unavailable revenues	29,954	10,413	-	-	-
<b>Total deferred inflows of resources</b>	<b>912,791</b>	<b>57,631</b>	<b>67,548</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficit)</b>					
Nonspendable	-	-	-	-	-
Restricted	558,258	-	-	-	6,069
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	(124,496)	(24,487)	(3,229)	-
<b>Total fund balances (deficit)</b>	<b>558,258</b>	<b>(124,496)</b>	<b>(24,487)</b>	<b>(3,229)</b>	<b>6,069</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,472,054</b>	<b>\$ 61,419</b>	<b>\$ 67,660</b>	<b>\$ 10,955</b>	<b>\$ 36,139</b>

<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Outlay</u>	
\$ -	\$ -	\$ 1,142,618	\$ 6,762,283
-	-	-	3,501,130
-	-	-	661,007
-	-	-	391,575
-	-	-	139,113
-	-	-	10,413
-	-	-	5,080
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,618</u>	<u>\$ 11,470,601</u>
\$ -	\$ -	\$ 529,206	\$ 836,888
-	-	-	34,540
-	-	-	21,674
-	-	-	1,336,999
-	-	-	1,013,838
<u>-</u>	<u>-</u>	<u>529,206</u>	<u>3,243,939</u>
-	-	-	3,389,299
-	-	-	839,507
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,228,806</u>
-	-	-	5,080
-	-	165,274	2,665,019
-	-	-	1,844,670
-	-	448,138	448,138
-	-	-	(965,051)
<u>-</u>	<u>-</u>	<u>613,412</u>	<u>3,997,856</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,142,618</u>	<u>\$ 11,470,601</u>

# City of Stoughton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2023

	<b>Special Revenue Funds</b>				
	<u>Library</u>	<u>Opera House</u>	<u>Township Outreach Fund</u>	<u>Tourism Fund</u>	<u>Seniors in Need</u>
<b>Revenues</b>					
Taxes	\$ 726,880	\$ 234,876	\$ -	\$ 246,847	\$ -
Intergovernmental	265,169	-	11,332	-	5,940
Public charges for services	11,115	927,678	-	-	-
Intergovernmental charges for services	240	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	15,833	1,596	269	-	1,986
Miscellaneous revenues	141,298	18,359	-	-	22,254
<b>Total revenues</b>	<u>1,160,535</u>	<u>1,182,509</u>	<u>11,601</u>	<u>246,847</u>	<u>30,180</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture, recreation and education	1,086,395	1,265,537	10,765	222,817	34,990
Conservation and development	-	-	-	-	-
Capital outlay	-	10,689	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>1,086,395</u>	<u>1,276,226</u>	<u>10,765</u>	<u>222,817</u>	<u>34,990</u>
Excess (deficiency) of revenues over expenditures	<u>74,140</u>	<u>(93,717)</u>	<u>836</u>	<u>24,030</u>	<u>(4,810)</u>
<b>Other Financing Sources (Uses)</b>					
Debt issued	-	-	-	-	-
Sales of fixed assets	-	-	-	-	-
Transfers in	19,480	93,717	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>19,480</u>	<u>93,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	93,620	-	836	24,030	(4,810)
<b>Fund Balances (Deficit), Beginning</b>	<u>284,506</u>	<u>-</u>	<u>14,977</u>	<u>(24,030)</u>	<u>65,291</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 378,126</u>	<u>\$ -</u>	<u>\$ 15,813</u>	<u>\$ -</u>	<u>\$ 60,481</u>



**Special Revenue Funds**

<u>Food Pantry</u>	<u>Landmark Commission</u>	<u>Fire Department</u>	<u>Senior Center Wood Shop</u>	<u>Senior Center Special Fund</u>	<u>ARPA Fund</u>	<u>Redevelopment Authority</u>
\$ -	\$ 17,960	\$ -	\$ -	\$ -	\$ -	\$ 20,500
-	-	-	-	-	207,948	-
-	-	303	-	475	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,595	168	1,791	267	29,125	50,413	7,083
<u>105,710</u>	<u>-</u>	<u>10,542</u>	<u>2,313</u>	<u>61,791</u>	<u>-</u>	<u>1,234</u>
<u>125,305</u>	<u>18,128</u>	<u>12,636</u>	<u>2,580</u>	<u>91,391</u>	<u>258,361</u>	<u>28,817</u>
-	-	-	-	-	153,277	-
-	-	20,363	-	-	-	-
-	-	-	-	-	-	-
134,312	15,492	-	654	33,940	-	-
-	-	-	-	-	-	14,773
-	-	-	-	155,985	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>134,312</u>	<u>15,492</u>	<u>20,363</u>	<u>654</u>	<u>189,925</u>	<u>153,277</u>	<u>14,773</u>
<u>(9,007)</u>	<u>2,636</u>	<u>(7,727)</u>	<u>1,926</u>	<u>(98,534)</u>	<u>105,084</u>	<u>14,044</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(2,636)	-	-	-	-	-
<u>-</u>	<u>(2,636)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(9,007)</u>	<u>-</u>	<u>(7,727)</u>	<u>1,926</u>	<u>(98,534)</u>	<u>105,084</u>	<u>14,044</u>
<u>402,586</u>	<u>-</u>	<u>56,279</u>	<u>13,234</u>	<u>804,257</u>	<u>14,591</u>	<u>307,520</u>
<u>\$ 393,579</u>	<u>\$ -</u>	<u>\$ 48,552</u>	<u>\$ 15,160</u>	<u>\$ 705,723</u>	<u>\$ 119,675</u>	<u>\$ 321,564</u>

# City of Stoughton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2023

	<b>Special Revenue Funds</b>				
	<u>Special Assessments</u>	<u>K9 Unit</u>	<u>Tree Commission</u>	<u>Cemetery</u>	<u>Firemen's Pension</u>
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	14,000	500	-	-
Public charges for services	-	-	4,990	-	-
Intergovernmental charges for services	-	-	-	-	-
Special assessments	167,543	-	-	-	-
Investment income	26,849	377	153	1,199	-
Miscellaneous revenues	-	8,831	-	-	-
Total revenues	<u>194,392</u>	<u>23,208</u>	<u>5,643</u>	<u>1,199</u>	<u>-</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	19,816	-	-	905,505
Public works	-	-	-	-	-
Culture, recreation and education	-	-	-	1,074	-
Conservation and development	-	-	8,312	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>-</u>	<u>19,816</u>	<u>8,312</u>	<u>1,074</u>	<u>905,505</u>
Excess (deficiency) of revenues over expenditures	<u>194,392</u>	<u>3,392</u>	<u>(2,669)</u>	<u>125</u>	<u>(905,505)</u>
<b>Other Financing Sources (Uses)</b>					
Debt issued	-	-	-	-	-
Sales of fixed assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(363,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(363,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(169,593)	3,392	(2,669)	125	(905,505)
<b>Fund Balances (Deficit), Beginning</b>	<u>609,087</u>	<u>17,702</u>	<u>8,704</u>	<u>23,855</u>	<u>905,505</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 439,494</u>	<u>\$ 21,094</u>	<u>\$ 6,035</u>	<u>\$ 23,980</u>	<u>\$ -</u>

Special Revenue Funds			Capital Projects Funds			
Refuse Fund	Affordable Housing	Shared Ride Services	Park Acquisition	TIF District No. 4	TIF District No. 5	TIF District No. 6
\$ -	\$ -	\$ 7,886	\$ -	\$ 175,711	\$ 59,704	\$ 75,532
34,125	-	256,719	-	6,982	39,592	-
932,056	30,000	109,867	201,986	-	-	9,691
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,464	6,251	1,689	29,898	1,985	-	3,489
-	-	-	39,870	-	35,585	-
<u>970,645</u>	<u>36,251</u>	<u>376,161</u>	<u>271,754</u>	<u>184,678</u>	<u>134,881</u>	<u>88,712</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
968,278	-	-	-	-	-	3,081
-	-	376,161	14,142	-	-	-
-	33,610	-	-	1,211	3,808	56,863
-	-	-	278,652	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>968,278</u>	<u>33,610</u>	<u>376,161</u>	<u>292,794</u>	<u>1,211</u>	<u>3,808</u>	<u>59,944</u>
<u>2,367</u>	<u>2,641</u>	<u>-</u>	<u>(21,040)</u>	<u>183,467</u>	<u>131,073</u>	<u>28,768</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5,158	-	-	-	-
-	-	-	-	-	(154,200)	(418,454)
-	-	5,158	-	-	(154,200)	(418,454)
2,367	2,641	5,158	(21,040)	183,467	(23,127)	(389,686)
43,194	263,839	-	772,302	(16,036)	(586,122)	186,096
<u>\$ 45,561</u>	<u>\$ 266,480</u>	<u>\$ 5,158</u>	<u>\$ 751,262</u>	<u>\$ 167,431</u>	<u>\$ (609,249)</u>	<u>\$ (203,590)</u>

# City of Stoughton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2023

	<b>Capital Projects Funds</b>				
	<b>TIF District No. 7</b>	<b>TIF District No. 8</b>	<b>TIF District No. 9</b>	<b>TIF District No. 10</b>	<b>TIF District No. 11</b>
<b>Revenues</b>					
Taxes	\$ 900,076	\$ 22,014	\$ -	\$ -	\$ -
Intergovernmental	-	708,536	-	-	-
Public charges for services	-	3,788	41,444	10,955	36,917
Intergovernmental charges for services	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	52,640	-	272	-	-
Miscellaneous revenues	26,465	-	-	-	-
Total revenues	<u>979,181</u>	<u>734,338</u>	<u>41,716</u>	<u>10,955</u>	<u>36,917</u>
<b>Expenditures</b>					
Current:					
General government	-	-	141	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-
Conservation and development	412,546	68,964	42,548	14,184	30,848
Capital outlay	505,574	434,641	-	-	-
Debt service:					
Principal	-	30,000	-	-	-
Interest and fiscal charges	-	119	-	-	-
Total expenditures	<u>918,120</u>	<u>533,724</u>	<u>42,689</u>	<u>14,184</u>	<u>30,848</u>
Excess (deficiency) of revenues over expenditures	<u>61,061</u>	<u>200,614</u>	<u>(973)</u>	<u>(3,229)</u>	<u>6,069</u>
<b>Other Financing Sources (Uses)</b>					
Debt issued	-	150,000	-	-	-
Sales of fixed assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(397,722)	(176,729)	-	-	-
Total other financing sources (uses)	<u>(397,722)</u>	<u>(26,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(336,661)	173,885	(973)	(3,229)	6,069
<b>Fund Balances (Deficit), Beginning</b>	<u>894,919</u>	<u>(298,381)</u>	<u>(23,514)</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 558,258</u>	<u>\$ (124,496)</u>	<u>\$ (24,487)</u>	<u>\$ (3,229)</u>	<u>\$ 6,069</u>

<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Outlay</u>	
\$ -	\$ -	\$ -	\$ 2,487,986
-	-	-	1,550,843
-	-	-	2,321,265
-	-	31,045	31,285
-	-	-	167,543
-	19,854	16,934	294,180
-	87,801	-	562,053
-	107,655	47,979	7,415,155
-	6,761	13,081	173,260
-	-	10,851	956,535
-	-	-	971,359
-	-	17,382	3,213,661
-	-	-	687,667
-	57,682	1,929,348	3,372,571
-	-	-	30,000
-	-	-	119
-	64,443	1,970,662	9,405,172
-	43,212	(1,922,683)	(1,990,017)
-	-	1,841,405	1,991,405
-	-	500	500
-	-	833,064	951,419
(369,955)	(440,419)	-	(2,324,100)
(369,955)	(440,419)	2,674,969	619,224
(369,955)	(397,207)	752,286	(1,370,793)
369,955	397,207	(138,874)	5,368,649
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,412</u>	<u>\$ 3,997,856</u>

## City of Stoughton

Combining Statement of Changes in Fiduciary Net Position -  
Custodial Funds  
Year Ended December 31, 2023

	<u>Fiduciary Property Taxes</u>	<u>Municipal Courts</u>	<u>Registration Fee Trust</u>	<u>Total</u>
<b>Additions</b>				
Property taxes collected for other governments	\$ 12,187,396	\$ -	\$ -	\$ 12,187,396
Registration fees	-	-	123,918	123,918
Fines, forfeitures and penalties	-	40,940	-	40,940
	<u>12,187,396</u>	<u>40,940</u>	<u>123,918</u>	<u>12,352,254</u>
Total additions				
<b>Deductions</b>				
Property taxes distributed to other governments	12,187,396	-	-	12,187,396
Distributions of fines, forfeitures and penalties	-	40,940	-	40,940
Distribution of registration fees	-	-	123,918	123,918
	<u>12,187,396</u>	<u>40,940</u>	<u>123,918</u>	<u>12,352,254</u>
Total deductions				
Change in net position	-	-	-	-
<b>Net Position, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FORM OF LEGAL OPINION**

(See following pages)

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

April 10, 2025

Re: City of Stoughton, Wisconsin ("Issuer")  
\$1,605,000 Waterworks System Revenue Bonds, Series 2025B,  
dated April 10, 2025 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to Section 66.0621, Wisconsin Statutes, and a resolution adopted by the Common Council of the Issuer on February 25, 2025, as supplemented by the Approving Certificate, dated \_\_\_\_\_, 2025 (collectively, the "Bond Resolution"). Pursuant to the Bond Resolution, the Bonds are issued on a parity with the Issuer's outstanding Waterworks System Revenue Bonds, Series 2010, dated January 27, 2010, Waterworks System Mortgage Revenue Bonds, Series 2016C, dated May 26, 2016, Waterworks System Mortgage Revenue Bonds, Series 2019B, dated November 14, 2019 and Waterworks System Revenue Bonds, Series 2022, dated August 10, 2022 (collectively, the "Prior Bonds"). The Issuer covenanted in the Bond Resolution that revenues of the Waterworks System (the "System") of the Issuer which are deposited in the Special Redemption Fund provided by the Bond Resolution (the "Revenues") shall at all times be sufficient to pay the principal of and interest on the Prior Bonds and the Bonds as the same falls due.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on May 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2026	\$ 50,000	___%
2027	50,000	___
2028	50,000	___
2029	50,000	___
2030	90,000	___
2031	100,000	___
2032	100,000	___
2033	100,000	___
2034	100,000	___
2035	100,000	___
2036	100,000	___
2037	100,000	___



<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2038	\$100,000	___%
2039	100,000	___
2040	100,000	___
2041	100,000	___
2042	105,000	___
2043	110,000	___

Interest is payable semi-annually on May 1 and November 1 of each year commencing on November 1, 2025.

The Bonds maturing on May 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on May 1, 2034 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Issuer is duly created and validly existing under the Constitution and laws of the State of Wisconsin with the power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Bonds have been lawfully authorized and issued by the Issuer pursuant to the laws of the State of Wisconsin now in force and are valid and binding special obligations of the Issuer in accordance with their terms payable solely from the Revenues of the System. The Bonds, together with interest thereon, do not constitute an indebtedness of the Issuer nor a charge against its general credit or taxing power.
4. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied

subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

We express no opinion regarding the creation, perfection or priority of any security interest in the Revenues or other funds created by the Bond Resolution or on the sufficiency of the Revenues.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Stoughton, Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$1,605,000 Waterworks System Revenue Bonds, Series 2025B, dated April 10, 2025 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on February 25, 2025, as supplemented by an Approving Certificate, dated \_\_\_\_\_, 2025 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated March 20, 2025 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Stoughton, Dane County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Director of Finance/Comptroller of the Issuer who can be contacted at 207 South Forrest Street, Stoughton, Wisconsin 53589, phone (608) 873-6677, fax (608) 873-5519.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2024, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. THE BONDS - Description of the Waterworks System

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;



12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 10th day of April, 2025.

(SEAL)

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Timothy B. Swadley  
Mayor

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Candee J. Christen  
City Clerk

**FORM OF PARAMETERS RESOLUTION**

(See following pages)

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING THE ISSUANCE AND ESTABLISHING PARAMETERS  
FOR THE SALE OF NOT TO EXCEED \$1,605,000 WATERWORKS SYSTEM  
REVENUE BONDS, SERIES 2025B  
OF THE CITY OF STOUGHTON, DANE COUNTY, WISCONSIN,  
AND PROVIDING FOR THE PAYMENT OF THE BONDS AND  
OTHER DETAILS WITH RESPECT TO THE BONDS

WHEREAS, the City of Stoughton, Dane County, Wisconsin (the "City") owns and operates its Waterworks System (the "System") which is operated for a public purpose as a public utility; and

WHEREAS, under the provisions of Section 66.0621, Wisconsin Statutes, any municipality in the State of Wisconsin may, by action of its governing body, provide funds for extending, adding to and improving a public utility from the proceeds of bonds, which bonds are payable only from the income and revenues derived from any source by such utility and are secured by a pledge of the revenues of the utility; and

WHEREAS, pursuant to Resolution No. R-1-2010 adopted by the Common Council on January 12, 2010 (the "2010 Resolution"), the City has heretofore issued its Waterworks System Revenue Bonds, Series 2010, dated January 27, 2010 (the "2010 Bonds"); and

WHEREAS, pursuant to Resolution No. R-53-2016 adopted by the Common Council on April 26, 2016 (the "2016 Resolution"), the City has heretofore issued its Waterworks System Mortgage Revenue Bonds, Series 2016C, dated May 26, 2016 (the "2016 Bonds"); and

WHEREAS, pursuant to Resolution No. R-162-2019 adopted by the Common Council on October 22, 2019 (the "2019 Resolution"), the City has heretofore issued its Waterworks System Mortgage Revenue Bonds, Series 2019B, dated November 14, 2019 (the "2019 Bonds"); and

WHEREAS, pursuant to Resolution No. R-151-2022 adopted by the Common Council on July 26, 2022 (the "2022 Resolution"), the City has heretofore issued its Waterworks System Revenue Bonds, Series 2022, dated August 10, 2022 (the "2022 Bonds"); and

WHEREAS, the 2010 Bonds, the 2016 Bonds, the 2019 Bonds and the 2022 Bonds shall collectively be referred to as the "Prior Bonds"; and

WHEREAS, the 2010 Resolution, the 2016 Resolution, the 2019 Resolution and the 2022 Resolution shall collectively be referred to as the "Prior Resolutions"; and

WHEREAS, the Prior Resolutions permit the issuance of additional bonds payable from revenues of the System on a parity with the Prior Bonds upon compliance with certain conditions; and

WHEREAS, to the best of the Common Council's knowledge, information and belief, the City complies with such conditions; and

WHEREAS, the City has determined that certain improvements to the System (the "Project") are necessary to adequately supply the needs of the City and the residents thereof; and

WHEREAS, it is necessary, desirable and in the best interests of the City to authorize and sell revenue bonds (the "Bonds") for such purposes payable solely from the revenues of the System, which bonds are to be authorized and issued pursuant to the provisions of Section 66.0621, Wisconsin Statutes, on a parity with the Prior Bonds; and

WHEREAS, other than the Prior Bonds, the City has no bonds or obligations outstanding which are payable from the income and revenues of the System; and

WHEREAS, it is the finding of the Common Council that it is in the best interest of the City to direct Ehlers & Associates, Inc. ("Ehlers") to take the steps necessary for the City to offer and sell the Bonds at public sale and to obtain bids for the purchase of the Bonds; and

WHEREAS, in order to facilitate the sale of the Bonds in a timely manner, the Common Council hereby finds and determines that it is necessary, desirable and in the best interest of the City to delegate to the Utilities Finance Manager or Utilities Director (each an "Authorized Officer") the authority to accept on behalf of the City the bid for the Bonds that results in the lowest true interest cost for the Bonds (the "Proposal") and meets the terms and conditions provided for in this Resolution by executing a certificate in substantially the form attached hereto as Exhibit A and incorporated herein by reference (the "Approving Certificate").

NOW, THEREFORE, the Common Council of the City of Stoughton, Dane County, Wisconsin, do resolve that:

Section 1A. Authorization of Bonds; Parameters. For the purpose of paying the cost of the Project, the City shall borrow on the credit of the income and revenue of the System the principal sum of not to exceed \$1,605,000 upon the terms and subject to the conditions set forth in this Resolution. Subject to satisfaction of the conditions set forth in Section 8 of this Resolution, the Mayor and City Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the financial institution that submitted the Proposal (the "Purchaser") for, on behalf of and in the name of the City, Bonds aggregating the principal amount of not to exceed ONE MILLION SIX HUNDRED FIVE THOUSAND DOLLARS (\$1,605,000). The purchase price to be paid to the City for the Bonds shall not be less than 98.75% nor more than 110.0% of the principal amount of the Bonds.

Section 1B. Terms of the Bonds. The Bonds shall be designated "Waterworks System Revenue Bonds, Series 2025B"; shall be issued in the aggregate principal amount of up to \$1,605,000; shall be dated as of their date of issuance; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall mature or be subject to mandatory redemption in the years and in the principal amounts set forth below, provided that the principal amount of each maturity or mandatory redemption amount may be increased or decreased by up to \$45,000 per maturity or mandatory redemption amount and that the aggregate principal amount of the Bonds shall not exceed \$1,605,000. The schedule below assumes the Bonds are issued in the aggregate principal amount of \$1,605,000.

<u>Date</u>	<u>Amount</u>
05/01/2026	\$ 50,000
05/01/2027	50,000
05/01/2028	50,000
05/01/2029	50,000
05/01/2030	90,000
05/01/2031	100,000
05/01/2032	100,000
05/01/2033	100,000
05/01/2034	100,000
05/01/2035	100,000
05/01/2036	100,000
05/01/2037	100,000
05/01/2038	100,000
05/01/2039	100,000
05/01/2040	100,000
05/01/2041	100,000
05/01/2042	105,000
05/01/2043	110,000

Interest is payable semi-annually on May 1 and November 1 of each year commencing on November 1, 2025. The true interest cost on the Bonds (computed taking the Purchaser's compensation into account) will not exceed 5.25%. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

The Bonds shall be subject to optional redemption as set forth on the Approving Certificate. If the Proposal specifies that certain of the Bonds shall be subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment to the Approving Certificate labeled as Schedule MRP. Upon the optional redemption of any of the Bonds subject to mandatory redemption, the principal amount of such Bonds so redeemed shall be credited against the mandatory redemption payments established in the Approving Certificate in such manner as the City shall direct.

The schedule of maturities and mandatory redemptions established by the parameters of this Resolution is found to be such that the amount of annual debt service payments is reasonable in accordance with prudent municipal utility practices. The Authorized Officer shall confirm this finding in the Approving Certificate.

Section 1C. Security for the Bonds. The Bonds, together with interest thereon, shall not constitute an indebtedness of the City nor a charge against its general credit or taxing power. The Bonds, together with interest thereon, shall be payable only out of the Special Redemption Fund provided for in Section 4 herein, and shall be a valid claim of the registered owner or owners thereof only against the Special Redemption Fund and the Revenues of the System pledged to such fund, on a parity with the pledge granted to the owners of the Prior Bonds. Sufficient Revenues are hereby pledged to said Special Redemption Fund, and shall be used for

no other purpose than to pay the principal of, premium, if any, and interest on the Prior Bonds and the Bonds as the same becomes due.

Section 2. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit B and incorporated herein by this reference.

Section 3. Definitions. In addition to the words defined elsewhere in this Resolution, the following words shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Annual Debt Service Requirement" means the total amount of principal and interest due in any Fiscal Year on the Prior Bonds, the Bonds and Parity Bonds.

"Bond Year" means the one-year period ending on a principal payment date or mandatory redemption date for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"DTC" means The Depository Trust Company, New York, New York, or any successor securities depository for the City with respect to the Bonds.

"Fiscal Year" means the fiscal year adopted by the City for the System, which is currently the calendar year.

"Net Revenues" means the Revenues minus all Operation and Maintenance Expenses of the System.

"Operation and Maintenance Expenses" means the reasonable and necessary costs of operating, maintaining, administering and repairing the System, including salaries, wages, costs of materials and supplies, insurance and audits, but excluding depreciation, debt service, tax equivalents and capital expenditures.

"Parity Bonds" means additional bonds or obligations issued on a parity as to pledge and lien with the Bonds in accordance with the provisions of Section 7 of this Resolution.

"Reserve Requirement" means an amount, determined as of the date of issuance of the Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of the Bonds, plus the amount permitted pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on the 2016 Bonds, the 2019 Bonds and the Bonds in any Bond Year; and (c) 125% of average annual debt service on the 2016 Bonds, the 2019 Bonds and the Bonds; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding 2016 Bonds, 2019 Bonds and Bonds in any Bond Year. The 2010 Bonds and the 2022 Bonds are not secured by the Reserve Account. If Parity Bonds which are to be secured by the Reserve Account are issued, the Reserve Requirement shall mean an amount, determined as of the date of issuance of the Parity Bonds, equal to the least of (a) the amount required to be on deposit in the Reserve Account prior to the issuance of such Parity Bonds, plus the amount permitted to be



deposited therein from proceeds of the Parity Bonds pursuant to Section 148(d)(1) of the Code and Regulations; (b) the maximum annual debt service on outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued in any Bond Year; and (c) 125% of average annual debt service on the outstanding obligations secured by the Reserve Account and the Parity Bonds to be issued; provided, however, that on an ongoing basis it shall never exceed the remaining maximum annual principal and interest due on the outstanding obligations secured by the Reserve Account and Parity Bonds in any Bond Year.

"Regulations" means the Regulations of the Commissioner of Internal Revenue under the Code.

"Revenues" means the gross earnings of the System, including earnings of the System derived from waterworks charges imposed by the City, all payments to the City under any service agreements between the City and any contract users of the System, and any other monies received from any source including all rentals and fees, investments and any revenues appropriated by the Common Council to the System pursuant to Section 5 herein or otherwise.

"System" means the entire Waterworks System of the City specifically including that portion of the Project owned by the City and including all property of every nature now or hereafter owned by the City for the extraction, collection, storage, treatment, transmission, distribution, metering and discharge of industrial and potable public water, including all improvements and extensions thereto made by the City while any of the Bonds and Parity Bonds remain outstanding, including all real and personal property of every nature comprising part of or used or useful in connection with such Waterworks System and including all appurtenances, contracts, leases, franchises and other intangibles.

Section 4. Income and Revenue Funds. When the Bonds shall have been delivered in whole or in part, the Revenues shall be set aside into the Waterworks System Revenue Fund and then transferred to the following separate and special funds in the order of priority listed below, which were created and established by an ordinance adopted May 14, 1963 (the "1963 Ordinance"), continued by the Prior Resolutions and hereby further continued and shall be used and applied as described below:

- Revenues in amounts sufficient to provide for the reasonable and proper operation and maintenance of the System through the payment of Operation and Maintenance Expenses shall be set aside into the Waterworks System Operation and Maintenance Fund (the "Operation and Maintenance Fund").

- Revenues in amounts sufficient to pay the principal of and interest on the Prior Bonds, the Bonds and Parity Bonds and to meet the Reserve Requirement shall be set aside into the Waterworks System Revenue Bond and Interest Special Redemption Fund (the "Special Redemption Fund"), to be applied to the payment of the principal of and interest on the Prior Bonds, the Bonds and Parity Bonds and to meet the Reserve Requirement. The monies standing in the Special Redemption Fund are irrevocably pledged to the payment of principal of and interest on the Prior Bonds, the Bonds and Parity Bonds.

- Revenues in amounts sufficient to provide a proper and adequate depreciation account for the System shall be set aside into the Waterworks System Depreciation Fund (the "Depreciation Fund").

The Operation and Maintenance Fund and Depreciation Fund shall be deposited as received in public depositories to be selected by the Common Council in the manner required by Chapter 34, Wisconsin Statutes and may be invested in legal investments subject to the provisions of Section 66.0603(1m), Wisconsin Statutes.

Money in the Operation and Maintenance Fund shall be used to pay Operation and Maintenance Expenses as the same come due; money not immediately required for Operation and Maintenance Expenses shall be used to accumulate a reserve in the Operation and Maintenance Fund equal to estimated Operation and Maintenance Expenses for one month. Any money then available and remaining in the Operation and Maintenance Fund may be transferred to the Surplus Fund, which fund is hereby continued.

Revenues shall be deposited in the Depreciation Fund each month until such amount as the Common Council may from time to time determine to constitute an adequate and reasonable depreciation account for the System (the "Depreciation Requirement") is accumulated therein. Money in the Depreciation Fund shall be available and shall be used, whenever necessary, to restore any deficiency in the Special Redemption Fund and for the maintenance of the Reserve Account therein. When the Special Redemption Fund is sufficient for its purpose, funds in the Depreciation Fund may be expended for repairs, replacements, new construction, extensions or additions to the System. Any money on deposit in the Depreciation Fund in excess of the Depreciation Requirement which is not required during the current Fiscal Year for the purposes of the Depreciation Fund, may be transferred to the Surplus Fund.

It is the express intent and determination of the Common Council that the amount of Revenues to be set aside and paid into the Special Redemption Fund (including the Reserve Account) shall in any event be sufficient to pay principal of and interest on the Prior Bonds, the Bonds and Parity Bonds and to meet the Reserve Requirement, and the City Treasurer shall each Fiscal Year deposit at least sufficient Revenues in the Special Redemption Fund to pay promptly all principal and interest falling due on the Prior Bonds, the Bonds and Parity Bonds and to meet the Reserve Requirement.

The Revenues so set aside for payment of the principal of and interest on the Prior Bonds, the Bonds and Parity Bonds shall be set apart and shall be paid into the Special Redemption Fund not later than the 10th day of each month. The amount deposited each month shall be not less than one-sixth of the interest next coming due, plus one-twelfth of the principal next maturing.

The minimum amounts to be so deposited for debt service on the Bonds, in addition to all amounts to be deposited to pay debt service on the Prior Bonds, are set forth on the Schedule.

The Special Redemption Fund shall be used for no purpose other than the payment of interest upon and principal of the Prior Bonds, the Bonds and Parity Bonds promptly as the same become due and payable or to pay redemption premiums. All money in the Special Redemption

Fund shall be deposited in a special account and invested in legal investments subject to Section 66.0603(1m), Wisconsin Statutes, and the monthly payments required to be made to the Special Redemption Fund shall be made directly to such account.

The Reserve Account established by Section 7 of the 1963 Ordinance shall be continued to additionally secure the payment of principal of and interest on the 2016 Bonds, the 2019 Bonds and the Bonds. The City covenants and agrees that upon the issuance of the Bonds an amount sufficient to make the amount on deposit in the Reserve Account equal to the Reserve Requirement shall be deposited into the Reserve Account and shall be maintained therein. The Reserve Account is not pledged to the payment of principal of or interest on the 2010 Bonds and the 2022 Bonds, and moneys in the Reserve Account shall under no circumstances be used to pay principal of or interest on the 2010 Bonds and the 2022 Bonds.

The City covenants and agrees that at any time that the Reserve Account is drawn on and the amount in the Reserve Account shall be less than the Reserve Requirement, an amount equal to one-twelfth of the Reserve Requirement will be paid monthly into the Reserve Account from those funds in the Special Redemption Fund, the Operation and Maintenance Fund, the Depreciation Fund and the Surplus Fund which are in excess of the minimum amounts required by the preceding paragraphs to be paid therein until the Reserve Requirement will again have accumulated in the Reserve Account. No such payments need be made into the Reserve Account at such times as the monies in the Reserve Account are equal to the highest remaining annual debt service requirement on any outstanding obligations secured by the Reserve Account, the Bonds and Parity Bonds secured by the Reserve Account in any Bond Year. If at any time the amount on deposit in the Reserve Account exceeds the Reserve Requirement, the excess shall be transferred to the Special Redemption Fund and used to pay principal and interest on the Bonds. If for any reason there shall be insufficient funds on hand in the Special Redemption Fund to meet principal or interest becoming due on any outstanding obligations secured by the Reserve Account, the Bonds or Parity Bonds secured by the Reserve Account, then all sums then held in the Reserve Account shall be used to pay the portion of interest or principal on such outstanding obligations secured by the Reserve Account, Bonds or Parity Bonds becoming due as to which there would otherwise be default, and thereupon the payments required by this paragraph shall again be made into the Reserve Account until an amount equal to the Reserve Requirement is on deposit in the Reserve Account.

Funds in the Special Redemption Fund in excess of the minimum amounts required to be paid therein plus reserve requirements may be transferred to the Surplus Fund.

Money in the Surplus Fund shall first be used when necessary to meet requirements of the Operation and Maintenance Fund including the one month reserve, the Special Redemption Fund including the Reserve Account, and the Depreciation Fund. Any money then remaining in the Surplus Fund at the end of any Fiscal Year may be used only as permitted and in the order specified in Section 66.0811(2), Wisconsin Statutes. Money thereafter remaining in the Surplus Fund may be transferred to any of the funds or accounts created by this section.

Section 5. Service to the City. The reasonable cost and value of any service rendered to the City by the System by furnishing waterworks services for public purposes, including reasonable health protection charges, shall be charged against the City and shall be paid by it in

monthly installments as the service accrues, out of the current revenues of the City collected or in the process of collection, exclusive of the Revenues, and out of the tax levy of the City made by it to raise money to meet its necessary current expenses. It is hereby found and determined that the reasonable cost and value of such service to the City in each year shall be in an amount which, together with Revenues of the System, will produce Net Revenues equivalent to not less than 1.30 times the Annual Debt Service Requirement. Such compensation for such service rendered to the City shall, in the manner provided hereinabove, be paid into the separate and special funds described in Section 4 of this Resolution. However, such payment is subject to (a) annual appropriations by the Common Council therefor, (b) approval of the Wisconsin Public Service Commission, or successors to its function, if necessary, and (c) applicable levy limits, if any; and neither this Resolution nor such payment shall be construed as constituting an obligation of the City to make any such appropriation over and above the reasonable cost and value of services rendered to the City and its inhabitants or to make any subsequent payment over and above such reasonable cost and value.

Section 6. Operation of System; City Covenants. It is covenanted and agreed by the City with the owner or owners of the Bonds, and each of them, that:

(a) The City will faithfully and punctually perform all duties with reference to the System required by the Constitution and Statutes of the State of Wisconsin, including the making and collecting of reasonable and sufficient rates lawfully established for services rendered by the System, and will collect and segregate the Revenues of the System and apply them to the respective funds and accounts described hereinabove;

(b) The City will not sell, lease, or in any manner dispose of the System, including any part thereof or any additions, extensions, or improvements that may be made part thereto, except that the City shall have the right to sell, lease or otherwise dispose of any property of the System found by the Common Council to be neither necessary nor useful in the operation of the System, provided the proceeds received from such sale, lease or disposal shall be paid into the Special Redemption Fund or applied to the acquisition or construction of capital facilities for use in the normal operation of the System, and such payment shall not reduce the amounts otherwise required to be paid into the Special Redemption Fund;

(c) The City will cause the improvements to the System financed by the Bonds to be made as expeditiously as reasonably possible;

(d) The City will pay or cause to be paid all lawful taxes, assessments, governmental charges, and claims for labor, materials or supplies which if unpaid could become a lien upon the System or its Revenues or could impair the security of the Bonds;

(e) The City will maintain in reasonably good condition and operate the System, and will establish, charge and collect such lawfully established rates and charges for the service rendered by the System, so that in each Fiscal Year Net Revenues shall not be less than 130% of the Annual Debt Service Requirement, and so that the Revenues of the System herein agreed to be set aside to provide for the payment of the Prior Bonds, the Bonds and Parity Bonds and the interest thereon as the same becomes due and payable, and to meet the Reserve Requirement, will be sufficient for those purposes;

(f) The City will prepare a budget not less than sixty days prior to the end of each Fiscal Year and, in the event such budget indicates that the Net Revenues for each Fiscal Year will not exceed the Annual Debt Service Requirement for each corresponding Fiscal Year by the proportion stated hereunder, will take any and all steps permitted by law to increase rates so that the aforementioned proportion of Net Revenues to the Annual Debt Service Requirement shall be accomplished as promptly as possible;

(g) The City will keep proper books and accounts relative to the System separate from all other records of the City and will cause such books and accounts to be audited annually by a recognized independent firm of certified public accountants including a balance sheet and a profit and loss statement of the System as certified by such accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein shall include the following: (1) a statement in detail of the income and expenditures of the System for the Fiscal Year; (2) a statement of the Net Revenues of the System for such Fiscal Year; (3) a balance sheet as of the end of such Fiscal Year; (4) the accountants' comment regarding the manner in which the City has carried out the requirements of this Resolution and the accountants' recommendations for any changes or improvements in the operation of the System; (5) the number of connections to the System at the end of the Fiscal Year, for each user classification (i.e., residential, commercial, public and industrial); (6) a list of the insurance policies in force at the end of the Fiscal Year setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy; and (7) the volume of water used as the basis for computing the service charge; and

(h) So long as any of the Bonds are outstanding the City will carry for the benefit of the owners of the Bonds insurance of the kinds and in the amounts normally carried by private companies or other public bodies engaged in the operation of similar systems. All money received for loss of use and occupancy shall be considered Revenue of the System payable into the separate funds and accounts named in Section 4 of this Resolution. All money received for losses under any casualty policies shall be used in repairing the damage or in replacing the property destroyed provided that if the Common Council shall find it is inadvisable to repair such damage or replace such property and that the operation of the System has not been impaired thereby, such money shall be deposited in the Special Redemption Fund, but in that event such payments shall not reduce the amounts otherwise required to be paid into the Special Redemption Fund.

Section 7. Additional Bonds. The Bonds are issued on a parity with the Prior Bonds. No bonds or obligations payable out of the Revenues of the System may be issued in such manner as to enjoy priority over the Bonds. Additional obligations may be issued if their lien and pledge is junior and subordinate to that of the Bonds. While the Prior Bonds are outstanding, unless waived by the registered owners of the Prior Bonds, the City must also meet the additional bonds test set forth in the Prior Resolutions prior to the issuance of the Parity Bonds. Additional obligations may be issued on a parity with the Bonds as to the pledge of Revenues of the System ("Parity Bonds") only if all of the following conditions are met:

a. Either:

(1) The Net Revenues of the System for the Fiscal Year immediately preceding the issuance of such additional obligations must have been equal to at least 1.30 times the highest combined annual interest and principal requirements on all Bonds and Parity Bonds outstanding payable from Revenues of the System (other than Bonds and Parity Bonds being refunded) and on the Parity Bonds then to be issued in any Fiscal Year. Should an increase in permanent rates and charges, including those made to the City, be properly ordered and made effective during the Fiscal Year immediately prior to the issuance of such additional obligations or during that part of the Fiscal Year of issuance prior to such issuance, then Revenues for purposes of such computation shall include such additional Revenues as an independent certified public accountant, consulting professional engineer, registered municipal advisor or the Wisconsin Public Service Commission may calculate would have accrued during the prior Fiscal Year had the new rates been in effect during that entire immediately prior Fiscal Year; or

(2) An independent certified public accountant, consulting professional engineer or registered municipal advisor provides a certificate setting forth for each of the three Fiscal Years commencing with the Fiscal Year following that in which the projects financed by such additional bonds are to be completed, the projected Net Revenues and the maximum annual interest and principal requirements on all bonds outstanding payable from the Revenues of the System and on the bonds then to be issued (the "Maximum Annual Debt Service Requirement"); and demonstrating that for each such Fiscal Year the projected Net Revenues will be in an amount not less than 130% of such Maximum Annual Debt Service Requirement.

b. The payments required to be made into the funds and accounts enumerated in Section 4 of this Resolution (including the Reserve Account, but not the Surplus Fund) must have been made in full.

c. The Parity Bonds must have principal maturing on May 1 of each year in which principal falls due and interest falling due on May 1 and November 1 of each year.

d. If the Parity Bonds are to be secured by the Reserve Account, the amount on deposit in the Reserve Account must be increased to an amount equal to the Reserve Requirement applicable upon the issuance of Parity Bonds as defined in Section 3 of this Resolution.

e. The proceeds of the Parity Bonds must be used only for the purpose of providing additions, extensions or improvements to the System, or to refund obligations issued for such purpose.

Section 8. Conditions on Issuance and Sale of the Bonds. The issuance of the Bonds and the sale of the Bonds to the Purchaser are subject to approval by an Authorized Officer of the principal amount, definitive maturities, redemption provisions, interest rates and purchase price for the Bonds, which approval shall be evidenced by execution by an Authorized Officer of the Approving Certificate.

The Bonds shall not be issued, sold or delivered until the details of the Bonds are approved by an Authorized Officer through execution of the Approving Certificate as provided above. After such consent and approval, an Authorized Officer is authorized to execute the Proposal with the Purchaser providing for the sale of the Bonds to the Purchaser.

Section 9. Application of Bond Proceeds. All accrued interest received from the sale of the Bonds shall be deposited into the Special Redemption Fund. An amount of proceeds of the Bonds (if any) necessary to make the amount currently on deposit in the Reserve Account equal to the Reserve Requirement shall be deposited in the Reserve Account. The balance of the proceeds, less the expenses incurred in authorizing, issuing and delivering the Bonds, shall be deposited in a special fund designated as "Waterworks System Improvement Fund." Said special fund shall be adequately secured and used solely for the purpose of meeting costs of extending, adding to and improving the System, as described in the preamble hereof. The balance remaining in said Improvement Fund after paying said costs shall be transferred to the Special Redemption Fund for use in payment of principal of and interest on the Bonds.

Section 10. Amendment to Resolution. After the issuance of any of the Bonds, no change or alteration of any kind in the provisions of this Resolution may be made until all of the Bonds have been paid in full as to both principal and interest, or discharged as herein provided, except:

a. The City may, from time to time, amend this Resolution without the consent of any of the owners of the Bonds, but only to cure any ambiguity, administrative conflict, formal defect, or omission or procedural inconsistency of this Resolution; and

b. This Resolution may be amended, in any respect, with the written consent of the owners of not less than two-thirds of the principal amount of the Bonds then outstanding, exclusive of Bonds held by the City; provided, however, that no amendment shall permit any change in the pledge of Revenues derived from the System, or in the maturity of any Bond issued hereunder, or a reduction in the rate of interest on any Bond, or in the amount of the principal obligation thereof, or in the amount of the redemption premium payable in the case of redemption thereof, or change the terms upon which the Bonds may be redeemed or make any other modification in the terms of the payment of such principal or interest without the written consent of the owner of each such Bond to which the change is applicable.

Section 11. Defeasance. When all Bonds have been discharged, all pledges, liens, covenants and other rights granted to the owners thereof by this Resolution shall cease. The City may discharge all Bonds due on any date by depositing into a special account on or before that date a sum sufficient to pay the same in full; or if any Bonds should not be paid when due, it may nevertheless be discharged by depositing into a special account a sum sufficient to pay it in full with interest accrued from the due date to the date of such deposit. The City, at its option, may also discharge all Bonds called for redemption on any date when they are prepayable according to their terms, by depositing into a special account on or before that date a sum sufficient to pay them in full, with the required redemption premium, if any, provided that notice of redemption has been duly given as required by this Resolution. The City, at its option, may also discharge all Bonds of said issue at any time by irrevocably depositing in escrow with a suitable bank or trust company a sum of cash and/or bonds or securities issued or guaranteed as to principal and

interest of the U.S. Government, or of a commission, board or other instrumentality of the U.S. Government, maturing on the dates and bearing interest at the rates required to provide funds sufficient to pay when due the interest to accrue on each of said Bonds to its maturity or, at the City's option, if said Bond is prepayable to any prior date upon which it may be called for redemption, and to pay and redeem the principal amount of each such Bond at maturity, or at the City's option, if said Bond is prepayable, at its earliest redemption date, with the premium required for such redemption, if any, provided that notice of the redemption of all prepayable Bonds on such date has been duly given or provided for. Upon such payment or deposit, in the amount and manner provided by this Section, all liability of the City with respect to the Bonds shall cease, terminate and be completely discharged, and the owners thereof shall be entitled only to payment out of the money so deposited.

Section 12. Investments and Arbitrage. Monies accumulated in any of the funds and accounts referred to in Sections 4 and 9 hereof which are not immediately needed for the respective purposes thereof, may be invested in legal investments subject to the provisions of Sec. 66.0603(1m), Wisconsin Statutes, until needed. All income derived from such investments shall be credited to the fund or account from which the investment was made; provided, however, that at any time that the Reserve Requirement is on deposit in the Reserve Account, any income derived from investment of the Reserve Account shall be deposited into the Special Redemption Fund and used to pay principal and interest on the Bonds. A separate banking account is not required for each of the funds and accounts established under this Resolution; however, the monies in each fund or account shall be accounted for separately by the City and used only for the respective purposes thereof. The proceeds of the Bonds shall be used solely for the purposes for which they are issued but may be temporarily invested until needed in legal investments. No such investment shall be made in such a manner as would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations.

An officer of the City, charged with the responsibility for issuing the Bonds, shall, on the basis of the facts, estimates and circumstances in existence on the date of closing, make such certifications as are necessary to permit the conclusion that the Bonds are not "arbitrage bonds" under Section 148 of the Code or the Regulations.

Section 13. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the City and the owner or owners of the Bonds, and after issuance of any of the Bonds no change or alteration of any kind in the provisions of this Resolution may be made, except as provided in Section 10, until all of the Bonds have been paid in full as to both principal and interest. The owner or owners of any of the Bonds shall have the right in addition to all other rights, by mandamus or other suit or action in any court of competent jurisdiction, to enforce such owner's or owners' rights against the City, the governing body thereof, and any and all officers and agents thereof including, but without limitation, the right to require the City, its governing body and any other authorized body, to fix and collect rates and charges fully adequate to carry out all of the provisions and agreements contained in this Resolution.

Section 14. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the City agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations which the City Clerk or other authorized representative



of the City is authorized and directed to execute and deliver to DTC on behalf of the City to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the City Clerk's office.

Section 15. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by Associated Trust Company, National Association, Green Bay, Wisconsin, which is hereby appointed as the City's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The City hereby authorizes the Mayor and City Clerk or other appropriate officers of the City to enter a Fiscal Agency Agreement between the City and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Bonds.

Section 16. Persons Treated as Owners; Transfer of Bonds. The City shall cause books for the registration and for the transfer of the Bonds to be kept by the Fiscal Agent. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Bond surrendered for transfer.

The City shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

Section 17. Record Date. The fifteenth day of each calendar month next preceding each interest payment date shall be the record date for the Bonds (the "Record Date"). Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the City at the close of business on the Record Date.

Section 18. Compliance with Federal Tax Laws. (a) The City represents and covenants that the projects financed by the Bonds and the ownership, management and use of the projects will not cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. The City further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. The City further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of

the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the City charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the City certifying that the City can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The City also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Bonds provided that in meeting such requirements the City will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

The foregoing covenants shall remain in full force and effect, notwithstanding the defeasance of the Bonds, until the date on which all of the Bonds have been paid in full.

Section 19. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of the proceeds of the Bonds allocable to the payment of issuance expenses to a financial institution selected by Ehlers at Closing for further distribution as directed by Ehlers.

Section 20. Official Statement. The Common Council hereby directs an Authorized Officer to approve the Preliminary Official Statement and any addenda with respect to the Bonds and deem the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by the Authorized Officer or other officers of the City in connection with the preparation of such Preliminary Official Statement and any addenda to it are hereby ratified and approved. In connection with the Closing, the appropriate City official shall certify the Preliminary Official Statement and any addenda. The City Clerk shall cause copies of the Preliminary Official Statement and any addenda to be distributed to the Purchaser.

Section 21. Undertaking to Provide Continuing Disclosure. The City hereby covenants and agrees, for the benefit of the owners of the Bonds, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Bonds or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the City to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

To the extent required under the Rule, the Mayor and City Clerk, or other officer of the City charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the City's Undertaking.

Section 22. Record Book. The City Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds in the Record Book.

Section 23. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Bonds, the officers of the City are authorized to take all actions necessary to obtain such municipal bond insurance. The Mayor and City Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the Mayor and City Clerk including provisions regarding restrictions on investment of Bond proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, any reference required by the bond insurer to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 24. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk, authenticated, if required, by the Fiscal Agent, sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the City of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Bonds may be imprinted on the Bonds in lieu of the manual signature of the officer but, unless the City has contracted with a fiscal agent to authenticate the Bonds, at least one of the signatures appearing on each Bond shall be a manual signature. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The City hereby authorizes the officers and agents of the City to enter into, on its behalf, agreements and contracts in conjunction with the Bonds, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 25. Conflicting Ordinances or Resolutions. All prior ordinances, resolutions (other than the Prior Resolutions), rules, or orders, or parts thereof heretofore enacted, adopted or entered, in conflict with the provisions of this Resolution, are hereby repealed and this Resolution shall be in effect from and after its passage. In case of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control so long as any bonds of the Prior Bonds authorized by such resolution are outstanding.

Adopted, approved and recorded February 25, 2025.

\_\_\_\_\_  
Timothy B. Swadley  
Mayor

ATTEST:

\_\_\_\_\_  
Candee J. Christen  
City Clerk

(SEAL)

**NOTICE OF SALE**

**\$1,605,000\* WATERWORKS SYSTEM REVENUE BONDS, SERIES 2025B  
CITY OF STOUGHTON, WISCONSIN**

Bids for the purchase of \$1,605,000\* Waterworks System Revenue Bonds, Series 2025B (the "Bonds") of the City of Stoughton, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com) or **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on March 20, 2025, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on February 25, 2025 (the "Parameters Resolution"), which authorized the Utilities Finance Manager or the Utilities Director to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on March 20, 2025, neither the Utilities Finance Manager nor the Utilities Director will have the authority to accept a bid for the Bonds, and all bids will be rejected.**

**AUTHORITY; PURPOSE; SECURITY**

The Bonds are being issued pursuant to Section 66.0621, Wisconsin Statutes, by the City, to provide funds for the public purpose of financing improvements and extensions to the City's Waterworks System (the "Waterworks System"). The Bonds are not general obligations of the City but are payable only from and secured by a pledge of income and revenue to be derived from the operation of the Waterworks System. The Bonds are being issued on a parity with the City's outstanding Waterworks System Revenue Bonds, Series 2010, dated January 27, 2010 (the "2010 Bonds"), the Waterworks System Mortgage Revenue Bonds, Series 2016C, dated May 26, 2016 (the "2016C Bonds"), the Waterworks System Mortgage Revenue Bonds, Series 2019B, dated November 14, 2019 (the "2019B Bonds"), and the Waterworks System Revenue Bonds, Series 2022, dated August 10, 2022 (the "2022 Bonds").

**DATES AND MATURITIES**

The Bonds will be dated April 10, 2025, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on May 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$50,000	2032	\$100,000	2038	\$100,000
2027	50,000	2033	100,000	2039	100,000
2028	50,000	2034	100,000	2040	100,000
2029	50,000	2035	100,000	2041	100,000
2030	90,000	2036	100,000	2042	105,000
2031	100,000	2037	100,000	2043	110,000

## **ADJUSTMENT OPTION**

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, with a maximum of up to \$45,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

## **TERM BOND OPTION**

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

## **INTEREST PAYMENT DATES AND RATES**

Interest will be payable on May 1 and November 1 of each year, commencing November 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## **BOOK-ENTRY-ONLY FORMAT**

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## **PAYING AGENT**

The City has selected Associated Trust Company, National Association, Green Bay, Wisconsin, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

## **OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after May 1, 2035 shall be subject to optional redemption prior to maturity on May 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

### **DELIVERY**

On or about April 10, 2025, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

### **LEGAL OPINION**

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding special obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

### **STATEMENT REGARDING COUNSEL PARTICIPATION**

Bond Counsel has not assumed responsibility for the Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Official Statement).

### **SUBMISSION OF BIDS**

Bids must not be for less than \$1,584,937.50, nor more than \$1,765,500, plus accrued interest on the principal sum of \$1,605,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M., Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a submission.

**A good faith deposit ("Deposit") in the amount of \$32,100 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid

provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

### **AWARD**

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Bonds will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 5.25% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

### **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

### **CUSIP NUMBERS**

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

### **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.



## NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate, the form of which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date of the Bonds (the "Closing Date") has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Candee J. Christen, City Clerk  
City of Stoughton, Wisconsin

# BID FORM

March 20, 2025

City of Stoughton, Wisconsin (the "City")

RE: \$1,605,000\* Waterworks System Revenue Bonds, Series 2025B (the "Bonds")

DATED: April 10, 2025

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$1,584,937.50, nor more than \$1,765,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2032	_____ % due	2038
_____ % due	2027	_____ % due	2033	_____ % due	2039
_____ % due	2028	_____ % due	2034	_____ % due	2040
_____ % due	2029	_____ % due	2035	_____ % due	2041
_____ % due	2030	_____ % due	2036	_____ % due	2042
_____ % due	2031	_____ % due	2037	_____ % due	2043

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, with a maximum of \$45,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$32,100 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about April 10, 2025.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: \_\_\_\_ NO: \_\_\_\_.

If the competitive sale requirements are not met, we elect to use either the: \_\_\_\_ 10% test, or the \_\_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from April 10, 2025 of the above bid is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Stoughton, Wisconsin, on March 20, 2025.

By: \_\_\_\_\_  
Title: \_\_\_\_\_