City of Stoughton, 381 E Main Street, Stoughton WI 53589

RESOLUTION OF THE COMMON COUNCIL

Resolution Authorizing and Directing the proper city official(s) to acknowledge receipt of the 2017 City of Stoughton Audit

Committee Action: Finance Committee meets May 22, 2018

File Number:	R- -2018	**Date Introduced:**	May 22, 2018

WHEREAS, Baker Tilly Virchow Krause LLP has prepared the City of Stoughton Audit Report for 2017, and

WHEREAS, your Finance Committee met on May 22, 2018 to consider, approve and recommend the approval of the 2017 City of Stoughton Audit and the adoption of the corresponding resolution, now therefore

BE IT RESOLVED by the Common Council of the City of Stoughton that the proper city official(s) be hereby authorized and directed to acknowledge receipt of the 2017 City of Stoughton Audit.

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

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

_____

Tim Swadley, Mayor Date

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

CITY OF STOUGHTON

REPORT TO THE CITY COUNCIL

May 22, 2018

Presented By:

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

Vasvi R. Joshi, Manager

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

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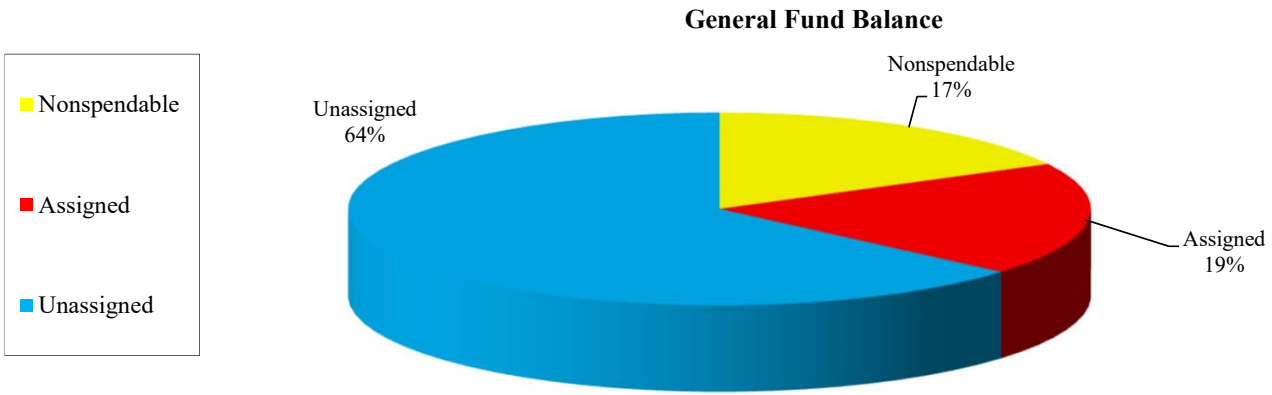
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

DETAILS OF GENERAL FUND BALANCE

	2017
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.	$1,016,502
Assigned	
includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed.	1,119,700
Unassigned	
includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.	3,743,097
Total General Fund Balance	$ 5,879,299



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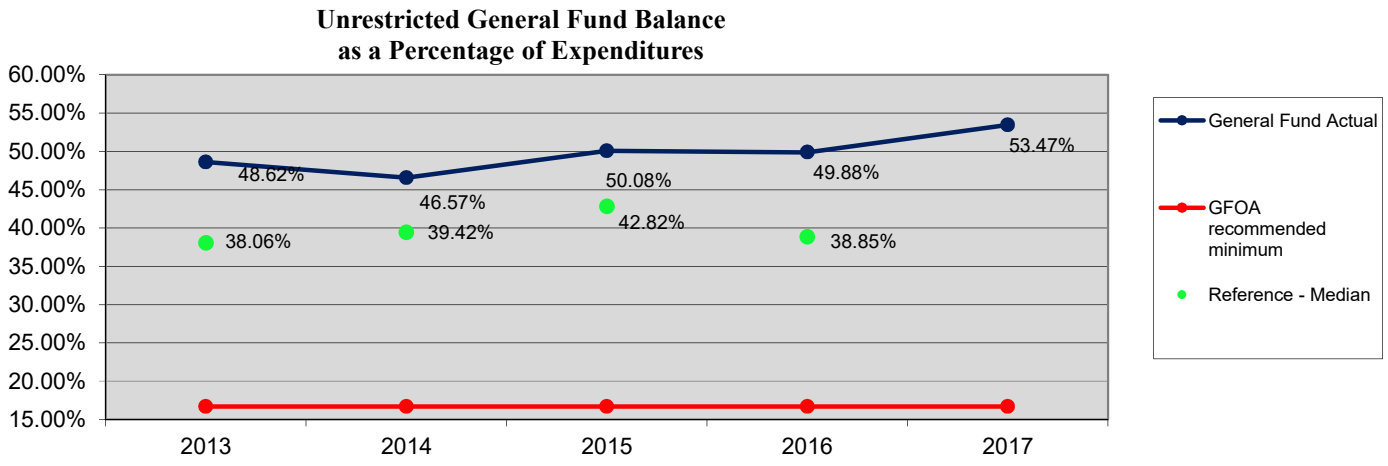
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

ANALYSIS OF GENERAL FUND BALANCE

	2013	2014	2015	2016	2017
Unrestricted Fund Balance	3,875,337	3,947,569	4,269,500	4,434,514	4,862,797
Expenditures	7,969,898	8,477,043	8,525,735	8,890,260	9,095,032
% of expenditures	48.62%	46.57%	50.08%	49.88%	53.47%



GFOA recommended range for % of expenditures: no less than 2 months of regular GF operating expenditures

Reference values for the population range: 10,000 to 17,500 generated from 2013-2016 Baker Tilly municipal client data for Wisconsin.
The City's policy is to maintain 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 $3,743,097 or 28.9% of general fund budgeted expenditures.

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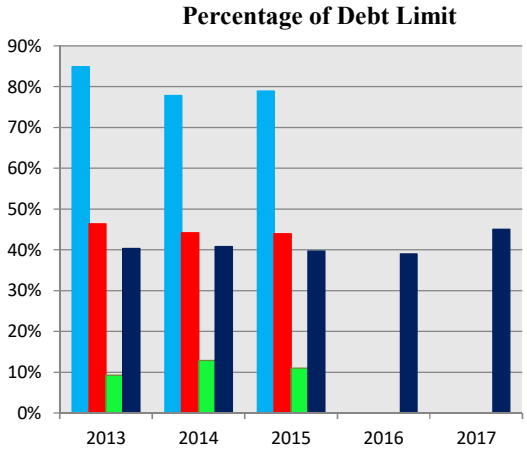
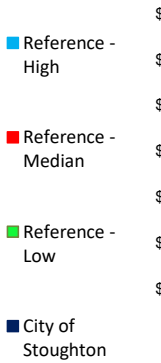
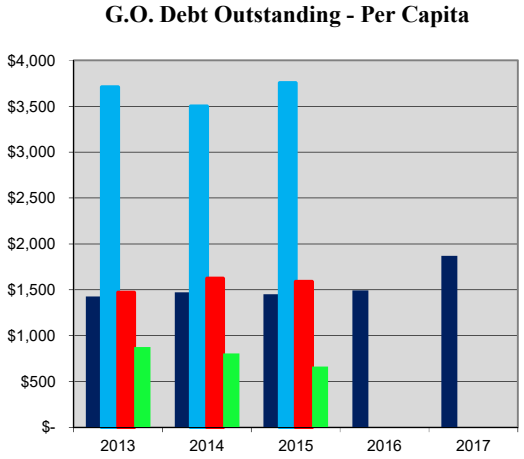
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

GENERAL OBLIGATION DEBT OUTSTANDING

	2013	2014	2015	2016	2017
Total General Obligation (G.O) Debt (net)					
City	$ 16,704,563	$ 17,285,084	$ 16,545,527	$ 20,681,106	$ 21,992,572
Utilities	1,436,547	1,560,601	2,553,436	2,240,027	2,490,351
Less: Funds available for debt	(100,064)	(216,537)	(169,228)	(3,427,418)	(480,476)
TOTAL	$ 18,041,046	$ 18,629,148	$ 18,929,735	$ 19,493,715	$ 24,002,447
Population	12,646	12,646	13,039	13,067	12,834
G.O. Debt Capacity	$ 44,706,275	$ 45,654,025	$ 47,713,100	$ 50,039,825	$ 53,277,055
G.O. debt per capita	$ 1,427	$ 1,473	$ 1,452	$ 1,492	$ 1,870
% of debt limit	40%	41%	40%	39%	45%







2013-2015 Reference values for the population range: 10,000 to 17,500 taken from *MunicpalFacts17* publication by the Wisconsin Taxpayers Alliance, 2017.

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CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

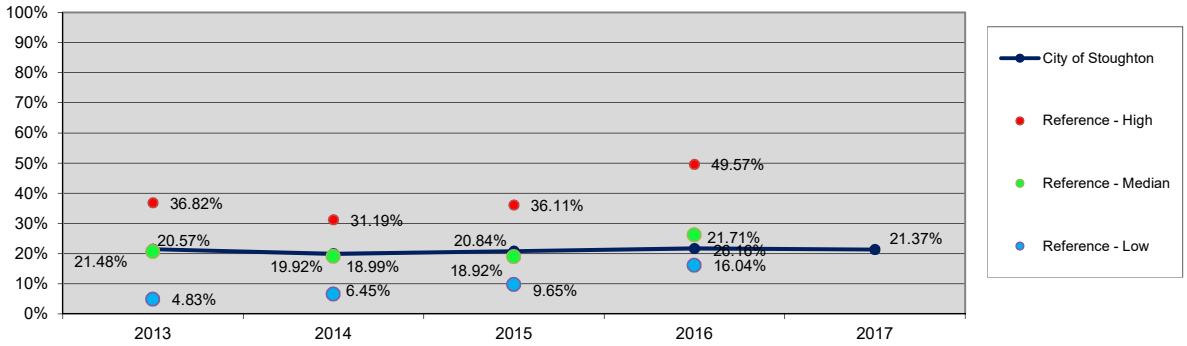
ANALYSIS OF DEBT SERVICE - GOVERNMENTAL FUNDS

	2013	2014	2015	2016	2017
Total Debt Service					
Principal*	$ 2,196,937	$ 2,174,479	$ 2,284,557	$ 2,544,421	$ 2,593,534
Interest	493,184	449,980	486,630	554,501	478,487
TOTAL	$ 2,690,121	$ 2,624,459	$ 2,771,187	$ 3,098,922	$ 3,072,021
Total Non-Capital Expenditures					
Total governmental funds expenditures*	$ 15,207,325	$ 16,828,266	$ 16,853,121	$ 22,034,495	$ 19,370,890
Less: capital outlay	(2,685,674)	(3,654,793)	(3,555,740)	(7,760,873)	(4,994,448)
TOTAL NON-CAPITAL EXPENDITURES	$ 12,521,651	$ 13,173,473	$ 13,297,381	$ 14,273,622	$ 14,376,442

* excludes refunded principal

% of debt service to non-capital expenditures	21.48%	19.92%	20.84%	21.71%	21.37%

Debt Service to Non-Capital Expenditures



Bond rating agencies recommended % 20.00%

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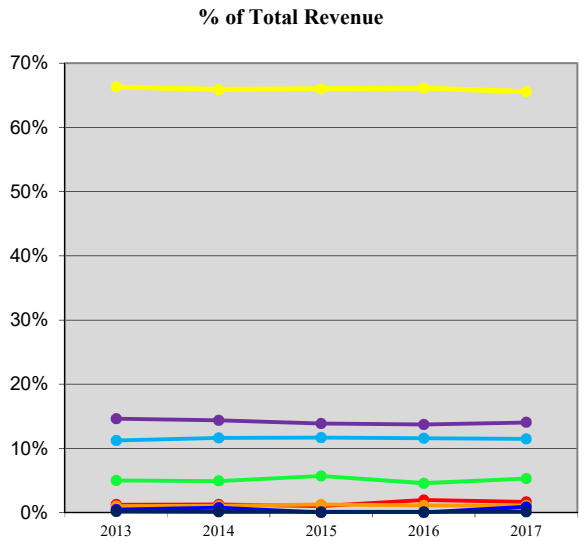
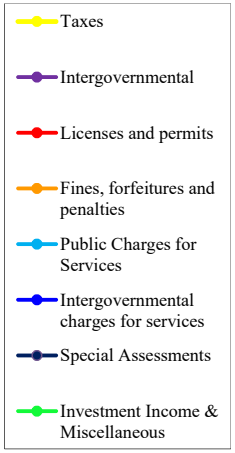
CITY OF STOUGHTON

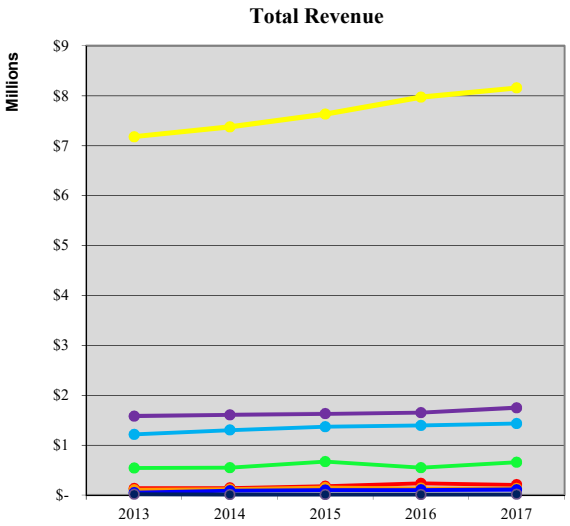
2017 FINANCIAL STATEMENT HIGHLIGHTS

GENERAL & DEBT SERVICE FUND REVENUES

	2013	%	2014	%	2015	%	2016	%	2017	%
Total Revenues										
Taxes	$ 7,179,236	66%	$ 7,374,779	66%	$ 7,630,400	66%	$ 7,968,616	66%	$ 8,154,172	66%
Intergovernmental	1,583,146	15%	1,606,752	14%	1,629,581	14%	1,651,832	14%	1,749,196	14%
Licenses and permits	134,056	1%	141,759	1%	176,140	1%	233,079	2%	206,157	2%
Fines, forfeitures and penalties	107,798	1%	118,039	1%	148,205	1%	135,588	1%	134,649	1%
Public charges for services	1,215,710	11%	1,302,212	12%	1,371,253	12%	1,393,649	12%	1,431,359	11%
Intergovernmental charges for services	48,783	0%	86,031	1%	99,630	0%	104,319	0%	109,174	1%
Special assessments	17,148	0%	11,711	0%	12,875	0%	12,855	0%	13,600	0%
Investment income & miscellaneous	542,027	5%	551,150	5%	669,147	6%	549,511	5%	657,326	5%
TOTAL	$ 10,827,904	100%	$ 11,192,433	100%	$ 11,737,231	100%	$ 12,049,449	100%	$ 12,455,633	100%







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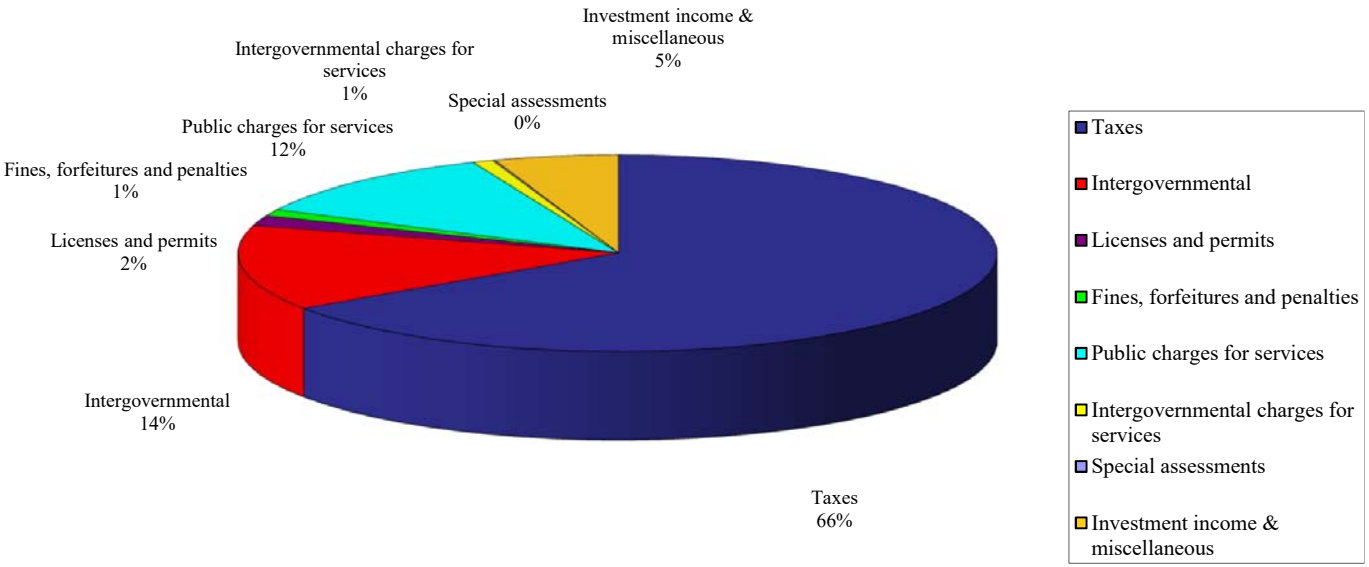
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

2017 GENERAL & DEBT SERVICE FUND REVENUES

Total Revenues: $12,455,633



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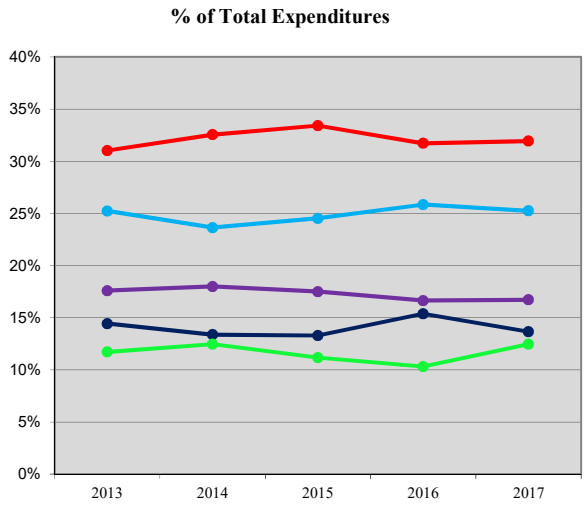
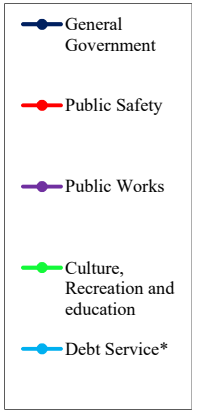
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

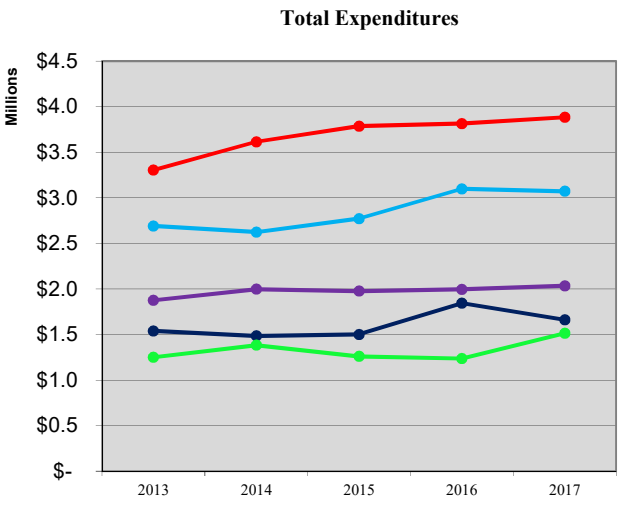
GENERAL & DEBT SERVICE FUND EXPENDITURES

	2013	%	2014	%	2015	%	2016	%	2017	%
Total Expenditures										
General Government	$ 1,539,173	14%	$ 1,483,909	13%	$ 1,501,376	13%	$ 1,843,239	15%	$ 1,660,722	14%
Public Safety	3,305,741	31%	3,613,383	33%	3,786,470	33%	3,814,855	32%	3,884,807	32%
Public Works	1,875,905	18%	1,997,518	18%	1,977,034	18%	1,995,483	17%	2,034,622	17%
Culture, recreation and education	1,249,079	12%	1,382,233	12%	1,260,855	11%	1,236,683	10%	1,514,881	12%
Debt Service*	2,690,121	25%	2,624,459	24%	2,771,187	25%	3,098,922	26%	3,072,021	25%
TOTAL	$ 10,660,019	100%	$ 11,101,502	100%	$ 11,296,922	100%	$ 11,989,182	100%	$ 12,167,053	100%

*Excludes debt refunding of $1,000,000 in 2012.







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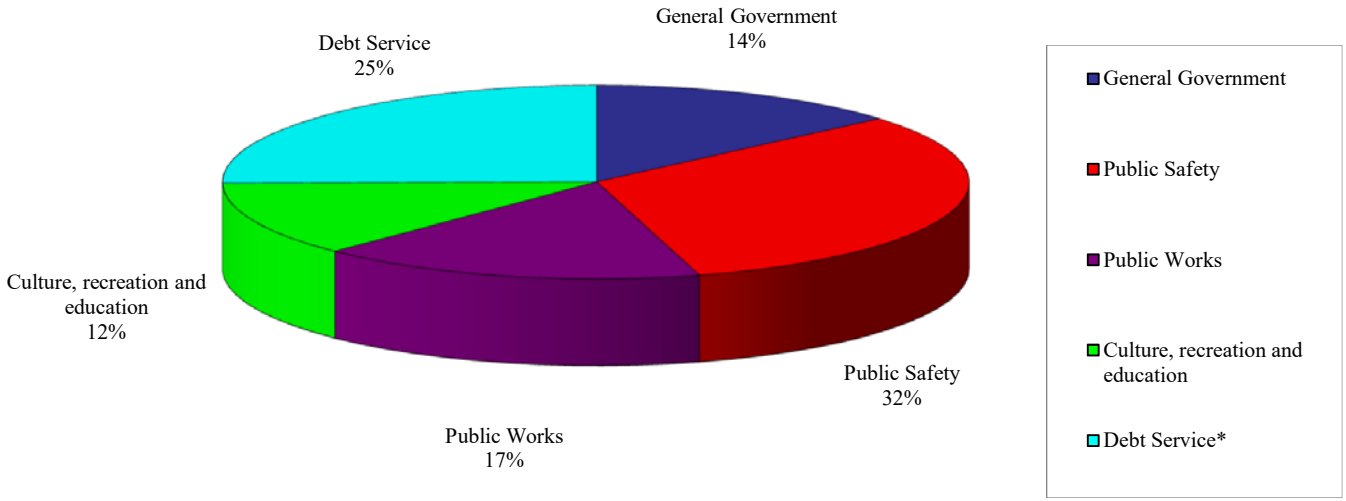
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

2017 GENERAL & DEBT SERVICE FUND EXPENDITURES

Total Expenditures: $12,167,053



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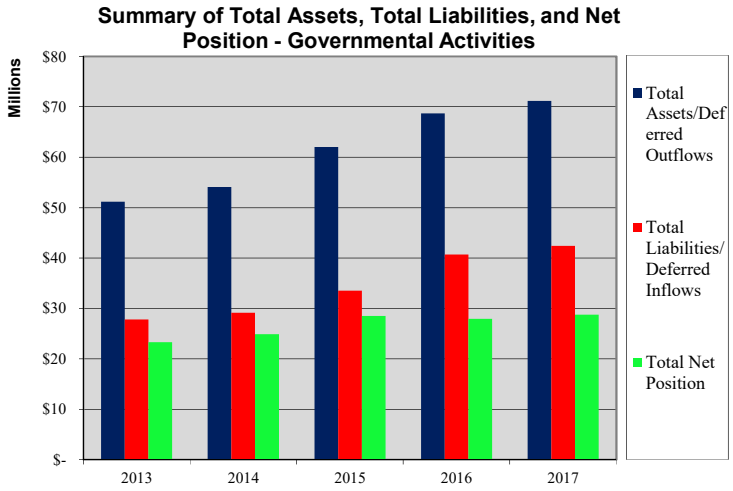
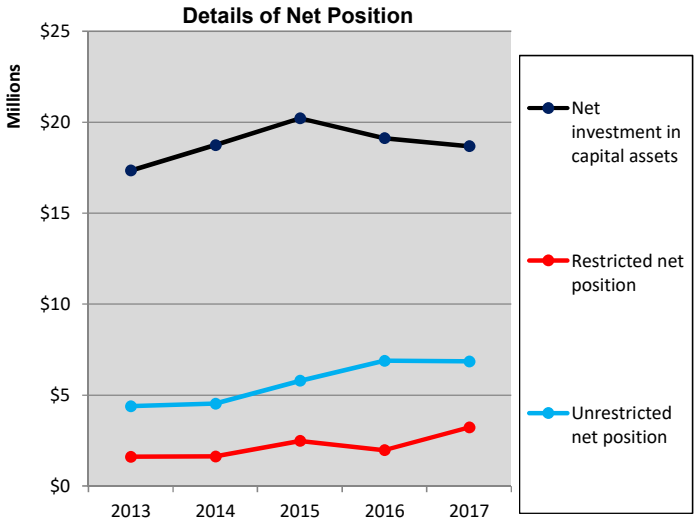
CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

ANALYSIS OF NET POSITION - GOVERNMENTAL ACTIVITIES

	2013	%	2014	%	2015	%	2016	%	2017	%
Total Assets/Deferred Outflows	$ 51,176,991		$ 54,087,531		$ 62,052,502		$ 68,723,740		$ 71,169,015	
Total Liabilities/Deferred Inflows	27,843,075		29,182,985		33,557,185		40,676,462		42,404,086	
Net investment in capital assets	17,339,852	74%	18,744,830	75%	20,218,136	71%	19,120,712	68%	18,683,527	65%
Restricted net position	1,605,607	7%	1,626,071	7%	2,484,622	9%	1,969,261	7%	3,226,847	11%
Unrestricted net position	4,388,457	19%	4,533,645	18%	5,792,559	20%	6,887,305	25%	6,854,555	24%
Total Net Position	$ 23,333,916	100%	$ 24,904,546	100%	$ 28,495,317	100%	$ 27,977,278	100%	$ 28,764,929	100%
Net Position as a % of Total Assets	46%		46%		46%		41%		40%	





Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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CITY OF STOUGHTON
2017 FINANCIAL STATEMENT HIGHLIGHTS

HISTORICAL SUMMARY OF TAX INCREMENTAL FINANCING DISTRICTS
FROM DATE OF CREATION THROUGH DECEMBER 31, 2017

	TIF District No. 3	%	TIF District No. 4	%	TIF District No. 5	%	TIF District No. 6	%	TIF District No. 7	%
Sources of funds										
TIF increment	$ 4,738,190	35%	$ 2,284,969	31%	$ 30,147	2%	$ -	0%	$ 242,013	5%
Intergovernmental	22,935	0%	139,237	2%	281,328	15%	-	0%	-	0%
Developer guarantees	48,586	0%	-	0%	109,795	6%	-	0%	-	0%
Public charges for services	12,942	0%	-	0%	-	0%	-	0%	-	0%
Contribution from other district	742,340	5%	1,405,024	20%	-	0%	-	0%	-	0%
Transfers from other funds	181,304	1%	-	0%	100,000	6%	-	0%	-	0%
Investment income	56,694	0%	121,851	2%	1,404	0%	-	0%	19,394	0%
Land sales	1,383,920	10%	-	0%	116,616	7%	-	0%	-	0%
Miscellaneous revenues	148,244	1%	48,691	1%	1,000	0%	21,945	4%	-	0%
Premium on long term debt	-	0%	-	0%	-	0%	-	0%	9,120	0%
Long-term debt issued	6,257,496	46%	3,160,750	44%	1,150,000	64%	505,000	96%	4,775,000	95%
TOTAL	$ 13,592,651	100%	$ 7,160,522	100%	$ 1,790,290	100%	$ 526,945	100%	$ 5,045,527	100%
Uses of Funds										
Capital expenditures	$ 5,571,359	43%	$ 2,309,568	38%	$ 2,049,110	94%	$ 556,831	94%	$ 3,764,763	95%
Revolving loan fund	-	0%	51,500	1%	-	0%	-	0%	-	0%
Administration (in house)	-	0%	-	0%	-	0%	-	0%	23,678	1%
Professional services	140,946	1%	81,303	1%	46,833	2%	28,123	5%	5,452	0%
Contribution to other district	1,106,252	8%	-	0%	-	0%	-	0%	-	0%
Debt issuance costs	20,162	0%	26,075	0%	-	0%	3,374	1%	45,926	1%
Interest on long-term debt	1,369,290	10%	788,798	13%	96,965	4%	-	0%	116,059	3%
Principal on long-term debt	5,004,573	38%	2,865,750	47%	-	0%	-	0%	-	0%
										0%
TOTAL	$ 13,212,582	100%	$ 6,122,994	100%	$ 2,192,908	100%	$ 588,328	100%	$ 3,955,878	100%
TIF Fund Balance (Deficit) - December 31, 2017	$ 380,069		$ 1,037,528		$ (402,618)		$ (61,383)		$ 1,089,649	
Calculation of Net Cost Recoverable through TIF Increments										
Long term debt outstanding	1,252,923		295,000		1,150,000		505,000		4,775,000	
Less/Add: TIF Fund Balance (Deficit) - December 31, 2017	(380,069)		(1,037,528)		402,618		61,383		(1,089,649)	
Net cost recoverable (recovered) through TIF increments - December 31, 2017	$ 872,854		$ (742,528)		$ 1,552,618		$ 566,383		$ 3,685,351	
Creation date:	January 1, 1993		January 1, 1999		January 1, 2010		January 1, 2015		January 1, 2015	
Last date to incur project costs:	November 24, 2014		March 23, 2021		March 12, 2032		September 29, 2030		November 11, 2029	
Last year to collect increment:	2020		2026		2037		2036		2035	

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CITY OF STOUGHTON

Stoughton, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2017

CITY OF STOUGHTON

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

To the City Council
City of Stoughton
Stoughton, Wisconsin

In planning and performing our audit of the financial statements of the City of Stoughton as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

A separate report on Internal Control was issued to the Utility Commission. The information contained in that report is not included with this report.

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

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

> Internal Control Over Financial Reporting

> Internal Control Environment

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 16, 2018

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

> There is adequate staffing to prepare financial reports throughout and at the end of the year.

> Material misstatements are identified and corrected during the normal course of duties.

> Complete and accurate financial statements, including footnotes, are prepared.

> Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the city's internal controls relating to financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year-end audit entries and financial statements.

INTERNAL CONTROL ENVIRONMENT

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

At this time, due to staffing and financial limitations, the city does not have proper internal controls in place to achieve adequate segregation of duties. As a result, errors or irregularities could occur as part of the financial process that may not be discovered by the city. Therefore, we are reporting a material weakness related to the city's internal control environment.

There are also certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

CONTROLS OVER ACCOUNTS PAYABLE/DISBURSEMENTS

There should be controls in place surrounding the identification, recording, and review of retainages and encumbrances at year end.

CONTROLS OVER PROPERTY TAXES

Bank reconciliations should be performed by someone independent of the tax collection process.

CONTROLS OVER FINANCIAL REPORTING

Account reconciliations should be performed by someone independent of the processing of transactions in the account.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost/benefit analysis.

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REFARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

   - Identify types of potential misstatements.
   - Consider factors that affect the risks of material misstatement.
   - Design tests of controls, when applicable, and substantive procedures.

   We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

d. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of American, which we also audit.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the city council has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.

c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.

d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

e. Have you had any significant communications with regulators or grantor agencies?

f. Are there other matters that you believe are relevant to the audit of the financial statements?

TWO WAY COMMUNICATION REFARDING YOUR AUDIT (cont.)

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

a. The city's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?

b. The detection or the possibility of fraud?

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

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary audit work during the months of October-December, and sometimes early January. Our final fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

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

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

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

PRIOR YEAR POINTS

COLLATERAL FOR BANK DEPOSITS (PER 12/31/08 LETTER)

Governmental Accounting Standards Board (GASB) Statement No. 40 requires disclosures about various risks associated with the city's deposits and investments. These disclosures can be found in Note IV.A of the financial statements.

One of the required disclosures is custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned. To address this risk, the city has collateral agreements with its primary bank to cover deposits in excess of the FDIC limits. However, a portion of the city's deposits and investments was exposed to custodial credit risk because the collateral was insufficient to cover all city deposits. In addition, the current collateral agreement in place with the city's primary bank allows for the collateral to be held in the trust department of this bank. GASB No. 40 states that this type of custodial arrangement exposes the city to greater risk than if the collateral was held by an independent third party custodian.

We recommend that the city evaluate its current collateral situation to determine if adjustments are desired.

Status (12/31/17)

A total of $8,089,533 of deposits and investments were exposed to some level of custodial credit risk as of December 31, 2017.

INFORMATIONAL POINTS

DECENTRALIZED CASH COLLECTIONS

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the city. This is in keeping with our goal to provide an audit opinion which states that the financial statements of the city are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the city are supported by smaller systems which are decentralized, and reside within a department or outside location. Specifically for the City of Stoughton, there are departments that collect cash and periodically remit those collections to city hall. Examples include the recreation department and senior center, among others.

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it is usually very difficult to provide for proper segregation of duties. Therefore, with one person being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. We believe it is appropriate to make sure that you are informed about the risks that can occur with decentralized cash collections.

INFORMATIONAL POINTS (cont.)

CONTROLS OVER INFORMATION TECHNOLOGY

As part of our audit, we evaluated the information technology controls as they relate to financially significant applications. Our procedures primarily focused on documenting and evaluating general computer controls, including:

- Logical access to data and applications
- Change and incident management
- Systems development and deployment
- Data backup and recovery

The following points contain suggestions for strengthening internal controls in these areas.

- Passwords should be changed every 90 days, require a minimum of 6 characters, require strong (complex) passwords, and password history should be remembered so users can't reuse recent (3-6) previous passwords. Additionally, users should lock after 3-5 failed login attempts.
- The operating system, database, and applications should be monitored to identify any security violations. The company should proactively monitor both internal access on the network and financial application as well as external access. In addition there should be a procedure to resolve or escalate any security violations.
- Back-ups should be stored offsite or in a fire proof location.

We recommend that a designated employee review the risks and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

CYBER SECURITY

Cybersecurity continues to be a top concern and is critical for governments of all sizes and types. Information demands from the board and directors, citizens/customers, investors and analysts, and industry regulators continue to increase which makes it critical to ensure key data is protected. Potential business impacts on security incidents can include:

- Lost IP
- Business interruption
- Regulatory fines and penalties
- Legal and PR fees
- Remediation costs
- Reputation

AICPA has recently developed a cybersecurity risk management reporting framework that includes a new System and Organization Controls (SOC) for Cybersecurity engagement, through which the enterprise-wide cybersecurity risk management program is reviewed. Although not required for governments, this new standard can be used to help the city begin to put in place a cybersecurity program.

We recommend reviewing this new standard and performing an initial cyber-risk assessment to identify the types and location of data on your system as well as considering the sensitivity or potential regulations associated with your data. Once this is done the cybersecurity program objectives can be further defined so informed decisions can be made.

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

INFORMATIONAL POINTS (cont.)

GOVERNMENT FRAUD PREVENTION AND DETECTION: VENDOR FRAUD

Vendor fraud poses a unique threat to governments. Due to the public and transparent nature of operations, government entities have an increased susceptibility for this type of criminal activity. Since governments publish a significant amount of information online — for example, meeting minutes, which often contain vendor names, contract amounts and project status — it is easier for fraudsters to create falsified documents.

Fraud specialists have noted recent fraud cases where criminals falsified vendor change requests for legitimate vendors, including company addresses and bank account information for Electronic Fund Transfers (EFT). When governments unwittingly process these fraudulent changes, the perpetrators can collect payments on legitimate and approved vendor invoices — while legitimate vendors go unpaid. Preventing vendor fraud completely may be impossible; however, governments can go a long way towards protecting themselves by taking appropriate safety and control measures.

Help ensure your vendor transactions are secure and authentic by:

> Performing a risk assessment that focuses on vendor accounts payable activities.

> Periodically revisiting your control activities.

> Educate your employees on potential fraud schemes.

> Identify which vendors may be high-risk targets.

Our fraud experts are also available to assist with your fraud risk questions, assessments, and programs.

INTERPRETING YOUR FINANCIAL STATEMENTS POST-GASB NO. 73

Now that your financial statements reflect the new pension requirements of GASB Statement No. 73, what has changed and how do you interpret this new information? In summary, GASB Statement No. 73 required governmental entities that provide defined benefits through a non-trusted pension plan to report the total pension liability in their full accrual financial statements. The standard is intended to parallel GASB Statements No. 67 and 68 for pensions provided through trusts, which together provide for more overall consistency and comprehensive guidance for pensions.

Previously, your government only reported a net pension liability (or asset) to the extent that annual contributions fell short of (or exceeded) the actuarially estimated annual pension cost. Now, your government is required to report the total pension liability; there are also pension-related deferred outflows or inflows due to the timing of benefit payments and to allow for smoothing of activity.

As of the December 31, 2016 measurement date used for your financial statements, the actuarially determined total pension liability for your firemen's pension plan is $1,268,731 and is reported as a noncurrent liability.

Pension activity under GASB Statement No. 73 is reported in the government-wide financial statements, similar to long-term debt. The implementation of this new standard does not affect how you pay for or fund your pension benefits.

The accounting and reporting of pensions has become more complex with the implementation of GASB Statement No. 73. We are available to answer questions on how this new accounting standard affects your financial statements.

RE-EVALUATING OTHER POST-EMPLOYMENT BENEFITS

Recently GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* replacing the requirements of GASB No. 45 which was issued in 2004. While GASB No. 75 provides for several significant changes from GASB No. 45, the implications for local government employers providing health insurance through community rated plans, such as the State of Wisconsin Public Employers Group Health Insurance program, result in the need to re-evaluate if an "other post-employment benefit" exists.

GASB defines other post-employment benefits, or OPEBs, to include implicit rate subsidies. This concept is based on the fact that age adjusted premiums for retirees are typically higher than for younger or active employees. As such, if retirees are allowed to remain on the government's health insurance plan at their own cost but paying the same premium as active employees, the government is paying a higher premium for those active employees than they otherwise would and thus providing a benefit to the retirees through this implicit rate subsidy. GASB No. 45 had incorporated an option for certain multiple employer health care plans to be classified as community rated plans meaning that the pool of participants was large enough to assume that the unadjusted premium was equal to the age adjusted premium, or there was no implicit rate subsidy.

Changes in the actuarial standards of practice (ASOP) have eliminated the broad application of the community rated plan exception and under GASB No. 75 it is no longer provided. **This means that governments providing benefits to current employees through such plans and allowing retirees to purchase coverage at the blended or unadjusted premium now need to evaluate the magnitude of their OPEB liability to determine if it needs to be recognized, reported and disclosed under the new standards.**

As the city currently participates in such a plan, management needs to engage an actuary to perform an actuarial valuation. This valuation will be necessary for management's determination as to whether the city has a material OPEB liability. Because of the time needed for management to gather the required data for the actuary and the actuary to complete the calculations and report incorporating all of the information required by GASB we recommend that management start this process early to ensure compliance within the city's December 31, 2018 audited financial statements.

UPCOMING LEASE STANDARD

In June 2017, the Governmental Accounting Standards Board (GASB) issued new guidance to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard is effective for fiscal years ending on or after December 31, 2020. Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognize as inflows of resources or outflow of resources based on the payment provisions of the contract.

Under the new standard a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Control is defined by 1) the right to obtain the present service capacity from the use of the underlying asset and 2) the right to determine the nature and manner of use of the underlying asset. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this statement. Leases include contracts that, although not explicitly identified as leases, meet the above definition of a lease.

UPCOMING LEASE STANDARD (cont.)

The following are contract exclusions and exceptions from applying lease accounting:

- Intangible assets (mineral rights, patents, software, copyrights)
- Biological assets (including timber, living plants, and living animals)
- Service concession arrangements (See GASB Statement 60)
- Assets financed with outstanding conduit debt unless both the asset and conduit debt are reported by lessor
- Supply contracts (such as power purchase agreements that do not convey control of the right to use the underlying power generating facility)
- Inventory
- Short-term leases - max possible term 12 mo or less
- Leases that transfer ownership and do not contain termination options
- Leases of assets that are investments
- Certain regulated leases (e.g., airport-airline agreements)

We recommend the city review this standard and start planning how this will affect your financial reporting. An inventory of all contracts that might meet the definition of a lease should be started. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the city should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

To the City Council
City of Stoughton
Stoughton, Wisconsin

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the City of Stoughton for the year ended December 31, 2017 and have issued our report thereon dated May 16, 2018. This letter presents communications required by our professional standards.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

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

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

Other Information in Documents Containing Audited Financial Statements

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our management letter about planning matters dated June 21, 2017, and our meeting with the finance committee and council on June 27, 2017.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Stoughton are described in Note I to the financial statements. As described in Note I to the financial statements, the City of Stoughton changed accounting policies related to defined benefit firemen's pension plan by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The accounting change has been applied to the current year. No retrospective application was necessary. We noted no transactions entered into by the City of Stoughton during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimate of the allowance for uncollectible EMS receivables is based on historical collections.
2. Management's estimate of the net pension liability and related deferred outflows and inflows of resources is based on technical information obtained from the Wisconsin Retirement System.
3. Management's estimate of useful lives of capital assets.
4. Management's estimate of the firemen's pension liability and related deferred outflows and inflows is based on an actuarial study.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

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

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

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

CORRECTED AND UNCORRECTED MISSTATEMENTS

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

CORRECTED AND UNCORRECTED MISSTATEMENTS (cont.)

A summary of uncorrected financial statement misstatements follows this required communication.

Management has determined that their effects are immaterial to the financial statements taken as a whole. The following is a summary of material financial statement misstatements (audit adjustments):

	Amount
Record prior year entries not posted by city	$ 1,417,660
Record adjustments to special assessments	670,648
Record debt payment for crossover refunding	3,207,367
Record EMS and storm sewer fund debt activity	559,904
Record retirement fund activity	387,953
Record capital assets activity for storm	1,177,779
Adjustment related to proceeds and issuance costs	4,628,606
Adjustments to prepaids and payables	764,091
Record repayment of advance	360,802
Adjust transfers and expenses	485,422

In addition, we prepare GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

DISAGREEMENTS WITH MANAGEMENT

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

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

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

MANAGEMENT REPRESENTATIONS

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

INDEPENDENCE

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

INDEPENDENCE (cont.)

Relating to our audit of the financial statements of the City of Stoughton for the year ended December 31, 2017, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the city in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the city other audit services provided in connection with the audit of the current year's financial statements and nonaudit services which in our judgment do not impair our independence:

- Financial Statement Preparation
- Adjusting Journal Entries
- Compiled TIF Financial Statements
- Compiled Regulatory Reports
- Maintenance of capital asset records
- Accounting assistance

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

OTHER AUDIT FINDINGS OR ISSUES

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

OTHER MATTERS

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

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

RESTRICTION ON USE

This information is intended solely for the use of the city council and management and is not intended to be, and should not be, used by anyone other than these specified parties. We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for the opportunity to work with you.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 16, 2018

SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

CITY OF STOUGHTON

SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS
December 31, 2017

	Financial Statements Effect - Debit (Credit) to Financial Statement Total									
	Current Assets	Noncurrent Assets	Total Assets/ Deferred Outflows	Current Liabilities	Noncurrent Liabilities	Total Liabilities/ Deferred Inflows	Total Net Position/ Fund Balances	Total Revenues	Total Expenses/ Expenditures	Change in Net Position/ Fund Balances
Governmental Activities	$ -	$ -	$ -	$ -	$ -	$ -	$ 554,280	$ -	$ 554,280	$ 554,280
TIF District No. 7	-	-	-	-	-	(74,684)	(75,684)	-	-	-
General Fund	-	-	-	-	-	35,200	35,200	-	35,200	35,200
Remaining Funds	-	-	-	-	-	-	-	-	(22,092)	(22,092)

MANAGEMENT REPRESENTATIONS

CITY OF STOUGHTON
FINANCE DEPARTMENT
381 East Main Street, Stoughton, WI. 53589

(608) 873-6677 www.ci.stoughton.wi.us

May 16, 2018

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

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of Stoughton as of December 31, 2017 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 of Stoughton and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

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

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.

2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

8. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.

9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

Information Provided

10. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data , documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management,
    b. Employees who have significant roles in internal control, or
    c. Others where the fraud could have a material effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

14. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

15. There are no known related parties or related party relationships and transactions of which we are aware.

Other

16. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

17. We have a process to track the status of audit findings and recommendations.

18. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

19. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

20. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

21. There are no:

    a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

    b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

    c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.

    d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

    e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

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

    a. Financial statement preparation
    b. Adjusting journal entries
    c. Compiled TIF financial statements
    d. Compiled regulatory reports
    e. Maintenance of capital asset records
    f. Accounting assistance

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

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

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

25. There are no component units that should be disclosed in the financial statements. There are no joint ventures with an equity interest, and we have properly disclosed all other joint ventures and other related organizations.

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

40. We agree with the restatement presented in the current year's financial statements.

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

42. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement.* In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

Sincerely,

City of Stoughton

Signed: Tammy LaBorde

Signed: Tim Swadley

CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

CITY OF STOUGHTON

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BAKER TILLY

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Stoughton
Stoughton, Wisconsin

Report on the Financial Statements

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, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Stoughton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Stoughton's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Stoughton's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2017 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.

Emphasis of Matter

As discussed in Note I, the City of Stoughton adopted the provisions of GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* effective January 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 of Stoughton'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 Virchow Krause, LLP

Madison, Wisconsin
May 16, 2018

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

As of and For the Year Ended December 31, 2017

As management of the City of Stoughton, we offer readers of the City of Stoughton's financial statements this narrative overview and analysis of the financial activities of the City of Stoughton for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the city's operating results and the net position, as measured in the Statement of Net Position, as one way to measure the city's financial health, or financial position. Over time, increases and decreases in the city's net position, as measured by the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the city's goal is to provide services that improve the quality of life of our residents, not to generate profits as companies do. For this reason, you will need to consider many other nonfinancial factors, such as the condition of our roads, or the quality of our services, in assessing the overall health of our city.

- The assets and deferred outflows of the City of Stoughton exceeded its liabilities and deferred inflows by $82,588,336 (net position). Of this amount, $18,768,479 is considered unrestricted net position, $6,377,093 is restricted for specific purposes (restricted net position), and $57,442,764 is net investment in capital assets.

- The city's total net position increased by $2,366,095 Governmental activities net position decreased by $52,928 while business-type net position increased by $2,419,023.

- On December 31, 2017, the city's governmental funds reported combined fund balances of $16,446,494 at year-end.

- The City of Stoughton's total debt increased by $215,717 (0.5%) during 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis 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 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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, and deferred inflows of resources. 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 nonfinancial factors such as changes in the city's property tax base and the condition of the city's roads.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The city maintains thirty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and construction fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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.

Proprietary Funds – The city maintains five different proprietary funds, 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.

Internal Service Fund – The internal service fund is used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, on a cost-reimbursement basis.

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. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 related information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the city's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the city's net position and changes therein. It should be noted that the financial position could also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

A summary of the city's Statement of Net Position is presented below.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 28,870,637	$ 27,148,573	$ 16,865,979	$ 18,735,100	$ 45,736,616	$ 45,883,673
Capital assets	39,997,596	38,471,938	54,404,271	51,017,100	94,401,867	89,489,038
Total Assets	68,868,233	65,620,511	71,270,250	69,752,200	140,138,483	135,372,711
Pension related amounts	2,300,782	3,103,229	733,202	1,066,540	3,033,984	4,169,769
Total Deferred Outflows of Resources	2,300,782	3,103,229	733,202	1,066,540	3,033,984	4,169,769
Long-term liabilities	29,774,727	27,238,629	14,845,278	17,387,561	44,620,005	44,626,190
Other liabilities	1,304,824	2,493,603	3,024,711	1,617,810	4,329,535	4,111,413
Total Liabilities	31,079,551	29,732,232	17,869,989	19,005,371	48,949,540	48,737,603
Unearned revenue	10,338,371	10,944,230	-	408,985	10,338,371	11,353,215
Pension related amounts	986,164	-	310,056	-	1,296,220	-
Total Deferred Inflows of Resources	11,324,535	10,944,230	310,056	408,985	11,634,591	11,353,215
Net investment in capital assets	18,683,527	19,190,712	39,343,187	36,484,386	57,442,764	55,009,388
Restricted	3,226,847	1,969,261	3,150,246	3,091,634	6,377,093	5,060,895
Unrestricted	6,854,555	6,887,305	11,329,974	11,828,364	18,768,479	19,381,379
Total Net Position	$ 28,764,929	$ 28,047,278	$ 53,823,407	$ 51,404,384	$ 82,588,336	$ 79,451,662

The largest portion of the city's net position (69.6%) 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 is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net position (7.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (22.7%) may be used to meet the government's ongoing obligation to citizens and creditors.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

A summary of the city's Statement of Activities is presented below.

Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues						
Charges for services	$ 3,153,669	$ 2,883,638	$ 20,698,407	$ 20,328,506	$ 23,852,076	$ 23,212,144
Operating grants and contributions	1,970,337	1,728,580	39,527	36,747	2,009,864	1,765,327
Capital grants and contributions	871,798	55,913	826,708	1,741,957	1,698,506	1,797,870
General Revenues						
Property taxes	9,035,500	8,662,381	-	-	9,035,500	8,662,381
Other taxes	138,899	134,647	-	-	138,899	134,647
Intergovernmental	952,028	856,350	-	-	952,028	856,350
Other	696,717	590,062	159,538	122,793	856,255	712,855
Total Revenues	16,818,948	14,911,571	21,724,180	22,230,003	38,543,128	37,141,574
EXPENSES						
General government	1,707,389	2,092,522	-	-	1,707,389	2,092,522
Public safety	5,985,472	4,101,812	-	-	5,985,472	4,101,812
Public works	2,949,608	3,227,449	-	-	2,949,608	3,227,449
Culture, education and recreation	4,840,325	3,793,485	-	-	4,840,325	3,793,485
Conservation and development	1,045,047	1,725,503	-	-	1,045,047	1,725,503
Water	-	-	1,547,915	1,559,150	1,547,915	1,559,150
Wastewater	-	-	1,958,873	1,964,246	1,958,873	1,964,246
Electric	-	-	14,392,196	14,577,775	14,392,196	14,577,775
EMS	-	-	466,301	665,127	466,301	665,127
Storm sewer	-	-	692,035	469,033	692,035	469,033
Interest and fiscal charges	591,872	493,337	-	-	591,872	493,337
Total Expenses	17,119,713	15,434,108	19,057,320	19,235,331	36,177,033	34,669,439
Income Before Transfers	(300,765)	(522,537)	2,666,860	2,994,672	2,366,095	2,472,135
Transfers	247,837	74,498	(247,837)	(74,498)	-	-
Change in Net Position	(52,928)	(448,039)	2,419,023	2,920,174	2,366,095	2,472,135
Beginning Net Position (as restated)	28,817,857	28,495,317	51,404,384	48,484,210	80,222,241	76,979,527
ENDING NET POSITION	$ 28,764,929	$ 28,047,278	$ 53,823,407	$ 51,404,384	$ 82,588,336	$ 79,451,662

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

As previously noted, the Statement of Net Position shows the change in financial position of net position. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown above in Table 2.

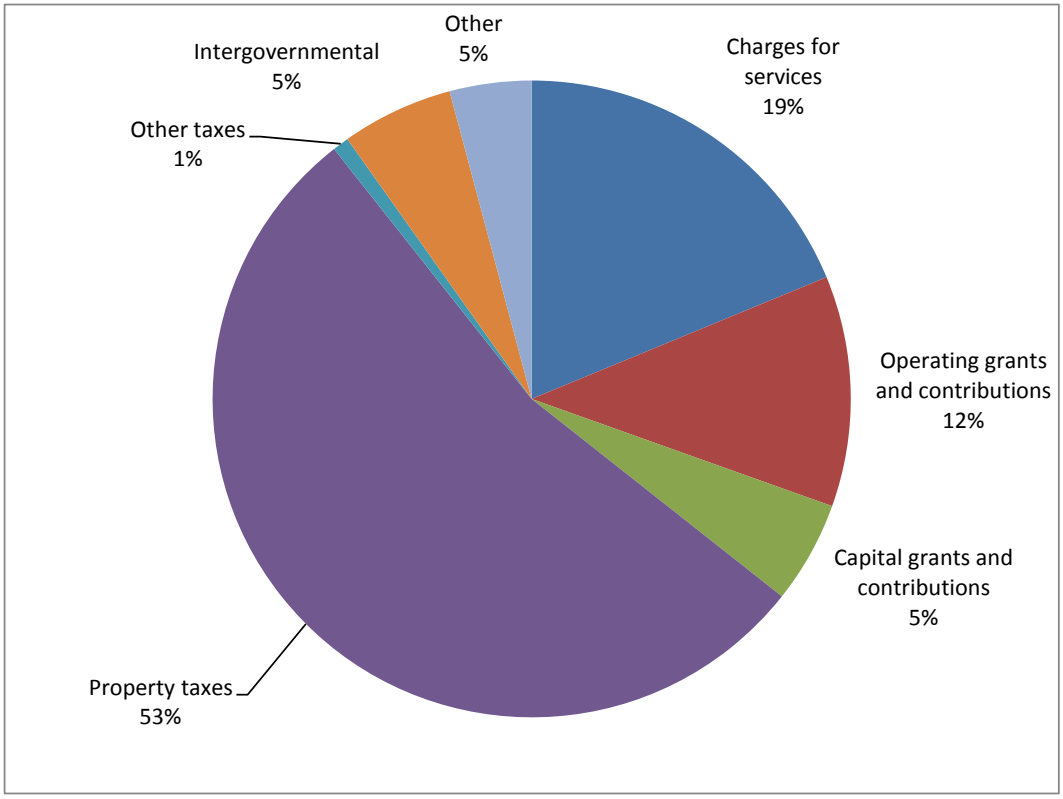
Governmental Activities – Revenues

Governmental activities decreased the city's net position by $52,928. This decrease is primarily a result of an increase in public safety and culture and recreation expenditures.

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. General revenues include state aids and investment income. 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 and recycling programs. Capital grants fluctuate annually and are received to assist the city in capital asset purchases.

Property taxes are the largest revenue source for the governmental activities accounting for 53% of total revenues.

Governmental Activities by Revenue Source

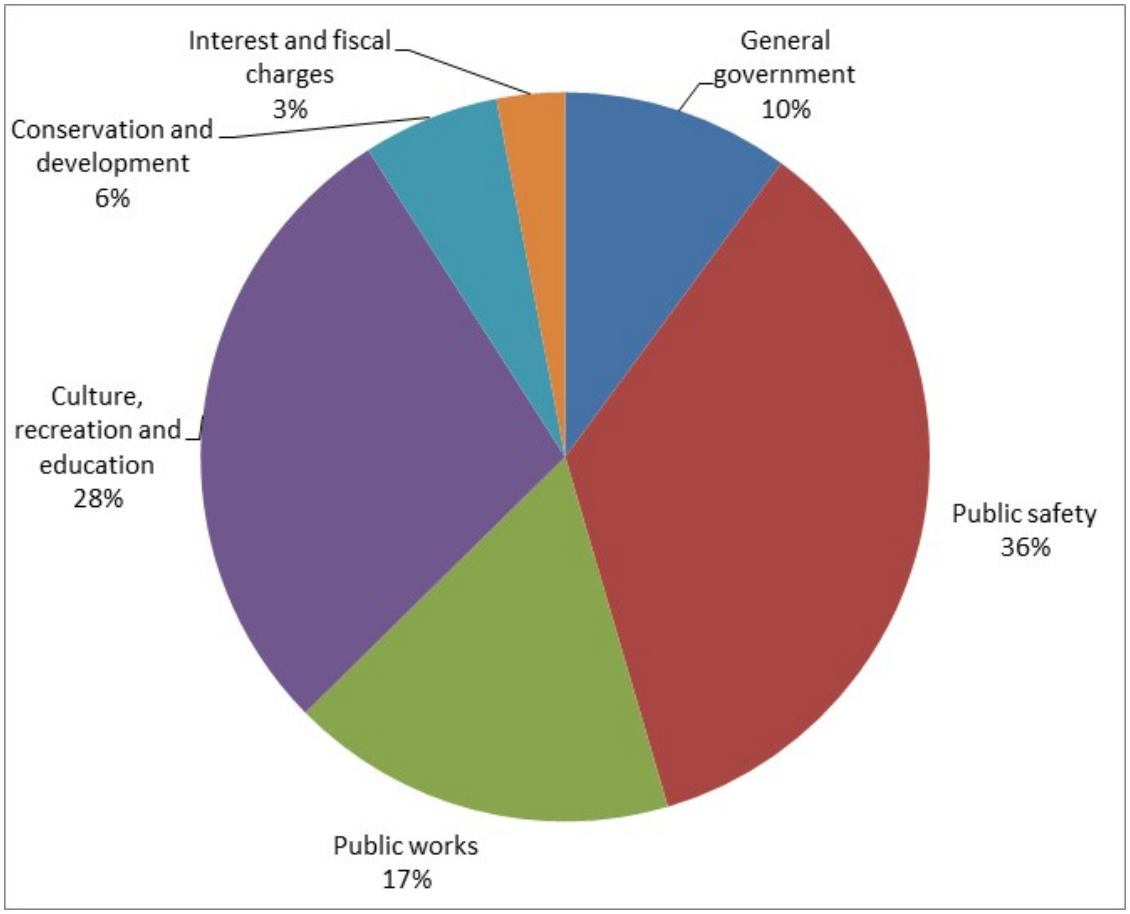


FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes administrative type costs including Council, Clerk, Finance, Legal and Assessment services. Costs associated with the city's Police Department and Fire services are shown within the public safety function. The public works function includes expenses for street and sidewalk maintenance, winter and forestry operations, and refuse and recycling efforts. Health and human services include the senior center, parks, recreation, cemetery and cable television. Conservation and development are the expenses of the planning department and TIF funds.

Governmental Activities Expenses Shown by Function



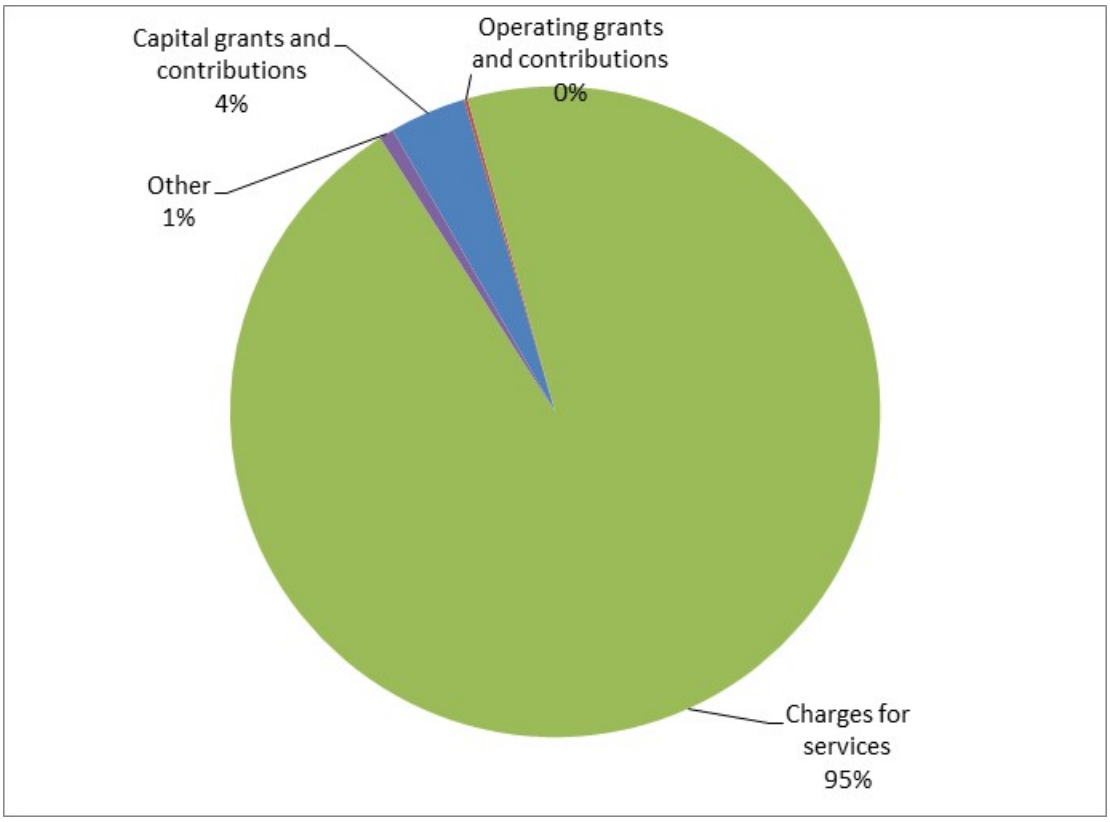
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Business Type Activities

Business-type activities increased the City of Stoughton's net position by $2,419,023. The net investment in capital assets increased by approximately 7.8% or $2,858,801. This is due primarily to the fact that each of the utilities had more capital asset additions than debt issued to acquire capital assets.

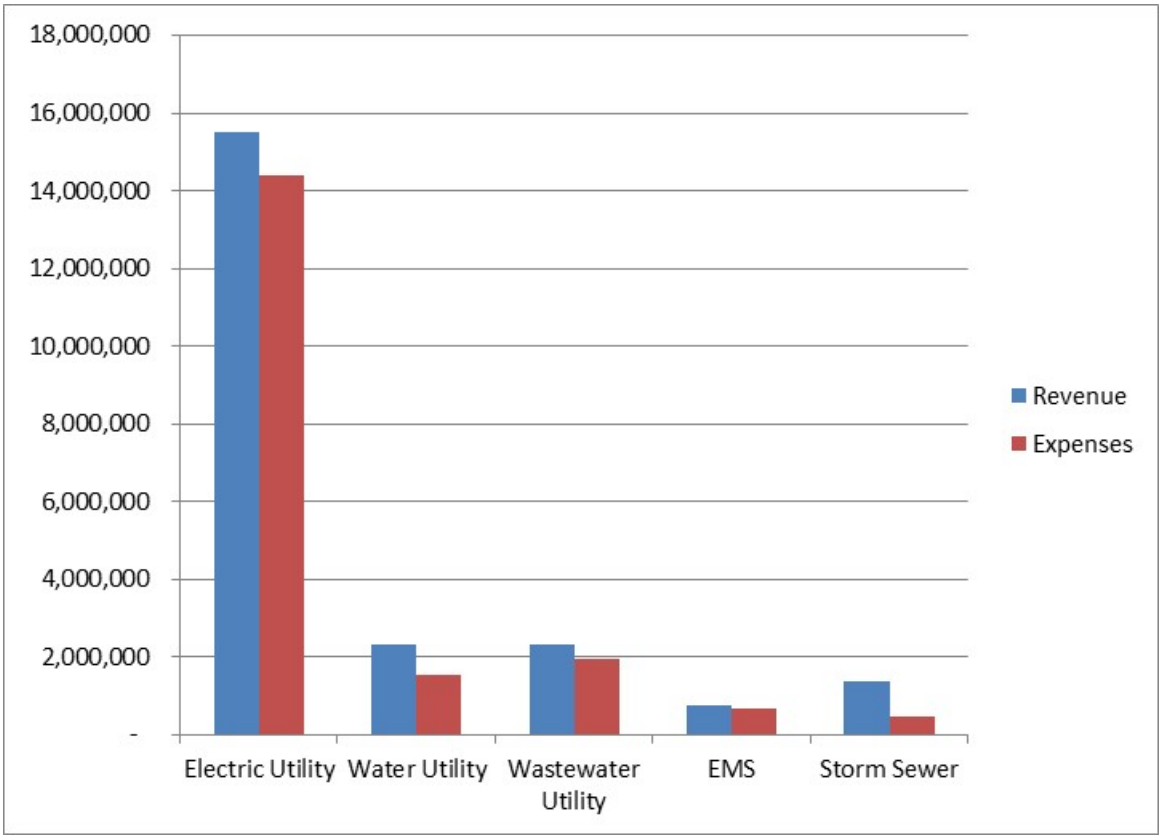
As shown on the following chart, the major source of revenues for the business-type activities is charges for services; other revenues include grants, contributions and investment income.

Revenues by Source - Business Type Activities



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Operating Expenses and Revenues - Business-type Activities



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 fiscal year.

At December 31, 2017, the city's governmental funds reported combined fund balances of $16,446,494. Approximately 17.6% of this amount, $2,895,358, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional $12,402,162 is included in the restricted, committed, or assigned category which has been designated for specific projects or expenditures. The remaining $1,148,974 is nonspendable for prepaid expenditures, long-term receivables, noncurrent assets, or CVMIC equity.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

General Fund

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund increased $453,690 or 8.4%. These changes are primarily due to an overall savings in the 2017 operating budget. See the following General Fund Budgetary Highlights section for further details.

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 $3,743,097 or 28.9% of 2017 general fund budgeted expenditures.

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 entire fund balance of $480,476, which is a decrease of $2,946,942 from the prior year, mainly because of crossover refunding payment, is restricted for future debt service.

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 total fund balance as of December 31, 2017 is $4,548,652. $2,131,368 of this is assigned for the completion of projects that were begun but were not fully complete by year-end and remaining $2,417,284 is restricted because of unspent proceeds.

Outlay – Capital Projects Fund

The city's outlay fund accounts for the funds accumulated for the purpose of obtaining capital equipment and other capital assets. Entire fund balance of $604,927, which is an increase of $381,200 from the prior year, is assigned for completion of future capital projects.

Tax Incremental District No. 7

TID No. 7 was created in 2015. The entire fund balance of $1,089,649, which is an increase of $33,802, is restricted for future TID projects.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is $3,843,491, an increase of $790,536 from the prior year.

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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Internal Service Fund

In December 2011, the city paid off its Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The city borrowed money from the Electric Utility to pay off its portion of liability. This advance has been recorded in the Retirement Fund, which is an Internal Service Fund that the city created for this purpose. The internal service fund had a deficit of $337,463 as of December 31, 2017, which represents the amount to be paid to the Electric Utility and funded through future years' charges to governmental funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget had total appropriations, including those for transfers out, of $12,934,046. Actual expenditures and transfers out were $12,713,456, resulting in a $220,590 favorable variance. Total revenues and other sources were $13,167,146, $321,659 more than the budget. Further details can be found in the budget to actual section of this report and the city's year-end budget to actual report.

CAPITAL ASSETS

At the end of 2017, the city had invested a total of $94,401,867 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land and other assets not being depreciated	$ 12,413,292	$ 12,277,840	$ 3,436,585	$ 1,378,406	$ 15,849,877	$ 13,656,246
Buildings & improvements	15,865,366	15,609,683	1,240,308	1,240,308	17,105,674	16,849,991
Machinery & equipment	10,731,759	10,141,858	842,543	842,543	11,574,302	10,984,401
Infrastructure	30,586,683	29,168,741	-	-	30,586,683	29,168,741
Utility plant	-	-	83,352,170	79,908,979	83,352,170	79,908,979
Total Capital Assets	69,597,100	67,198,122	88,871,606	83,370,236	158,468,706	150,568,358
Less: Accumulated depreciation	(29,599,504)	(28,726,184)	(34,467,335)	(32,353,136)	(64,066,839)	(61,079,320)
NET CAPITAL ASSETS	$ 39,997,596	$ 38,471,938	$ 54,404,271	$ 51,017,100	$ 94,401,867	$ 89,489,038

CAPITAL ASSETS (cont.)

Major capital asset events during the current fiscal year included the following:

Governmental Activities

- Infrastructure reconstruction projects of sidewalks throughout the city and street reconstruction.
- Various equipment purchases.

Business-type Activities

- Business-type activities capital assets increased mainly due to additions and replacements to utility plant and the addition of the business park detention basin.

LONG-TERM DEBT

At December 31, 2017, the city had $42,263,637 of long-term bonds and notes outstanding. $13,005,714 of this is revenue debt, $4,775,000 is note anticipation notes, and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2017 increased by $215,717. 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, 2017 was $53,277,055. Total general obligation debt outstanding at year end was $24,482,923. Therefore, the city was at 46% of the legal debt limit.

The city has a debt policy to maintain total outstanding general obligation debt at 4% or less of the equalized value. The city's outstanding general obligation debt was at 2.3%.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2018 city budget. None of these conditions are anticipated to change the overall financial position of the city.

REQUESTS FOR INFORMATION

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 Finance Director.

CITY OF STOUGHTON

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	$ 15,542,362	$ 10,424,538	$ 25,966,900
Receivables (net)	11,123,175	2,772,498	13,895,673
Internal balances	408,216	(408,216)	-
Inventories and prepaid items	413,282	420,708	833,990
Investment in mutual insurance company	257,805	-	257,805
Restricted cash and investments	-	3,210,665	3,210,665
Other assets	-	445,786	445,786
Land held for resale	1,125,797	-	1,125,797
Capital Assets			
Capital assets not being depreciated	12,413,292	3,436,585	15,849,877
Capital assets net of depreciation	27,584,304	50,967,686	78,551,990
Total Assets	68,868,233	71,270,250	140,138,483
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	2,300,782	733,202	3,033,984
Total Deferred Outflows of Resources	2,300,782	733,202	3,033,984
LIABILITIES			
Accounts payable	496,518	1,297,467	1,793,985
Accrued liabilities and deposits	524,959	292,593	817,552
Other liabilities	283,347	21,114	304,461
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	1,353,118	1,353,118
Accrued interest	-	60,419	60,419
Noncurrent Liabilities			
Due within one year	7,644,119	380,970	8,025,089
Due in more than one year	22,130,608	14,464,308	36,594,916
Total Liabilities	31,079,551	17,869,989	48,949,540
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	10,338,371	-	10,338,371
Pension related amounts	986,164	310,056	1,296,220
Total Deferred Inflows of Resources	11,324,535	310,056	11,634,591
NET POSITION			
Net investment in capital assets	18,683,527	39,343,187	57,442,764
Restricted for			
Debt service	263,570	2,015,999	2,279,569
Firemen pension	794,510	-	794,510
Equipment replacement	-	1,134,247	1,134,247
TID activities	1,497,009	-	1,497,009
Library	212,470	-	212,470
Impact fees	402,914	-	402,914
Grants and loans	56,374	-	56,374
Unrestricted	6,854,555	11,329,974	18,768,479
TOTAL NET POSITION	$ 28,764,929	$ 53,823,407	$ 82,588,336

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 1,707,389	$ 175,809	$ 165,211	$ -
Public safety	5,985,472	582,715	328,532	59,866
Public works	2,949,608	1,051,113	718,616	811,932
Culture, recreation and education	4,840,325	1,010,322	738,648	-
Conservation and development	1,045,047	333,710	800	-
Interest and fiscal charges	591,872	-	18,530	-
Total Governmental Activities	17,119,713	3,153,669	1,970,337	871,798
Business-type Activities				
Water	1,547,915	2,071,229	-	236,136
Wastewater	1,958,873	2,051,313	-	224,299
Electric	14,392,196	15,249,623	-	120,147
EMS	466,301	602,208	30,821	-
Storm sewer	692,035	724,034	8,706	246,126
Total Business-type Activities	19,057,320	20,698,407	39,527	826,708
Total	$ 36,177,033	$ 23,852,076	$ 2,009,864	$ 1,698,506

General Revenues
- Taxes
  - Property taxes, levied for general purposes
  - Property taxes, levied for TIF districts
  - Other taxes
- Intergovernmental revenues not restricted to specific programs
- Investment income
- Miscellaneous

Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Totals
$ (1,366,369)	$ -	$ (1,366,369)
(5,014,359)	-	(5,014,359)
(367,947)	-	(367,947)
(3,091,355)	-	(3,091,355)
(710,537)	-	(710,537)
(573,342)	-	(573,342)
(11,123,909)	-	(11,123,909)
-	759,450	759,450
-	316,739	316,739
-	977,574	977,574
-	166,728	166,728
-	286,831	286,831
-	2,507,322	2,507,322
(11,123,909)	2,507,322	(8,616,587)
8,120,215	-	8,120,215
915,285	-	915,285
138,899	-	138,899
952,028	-	952,028
187,915	155,527	343,442
508,802	4,011	512,813
10,823,144	159,538	10,982,682
247,837	(247,837)	-
(52,928)	2,419,023	2,366,095
28,817,857	51,404,384	80,222,241
$ 28,764,929	$ 53,823,407	$ 82,588,336

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Debt Service	Construction Capital Projects	Outlay
ASSETS				
Cash and investments	$ 4,114,197	$ 193,706	$ 4,646,399	$ 391,272
Receivables (net)				
Taxes	9,265,194	-	-	-
Delinquent personal property tax	38,154	-	-	-
Accounts	302,195	-	40,311	-
Special assessments	-	-	-	-
Delinquent special assessments	7,979	-	-	-
Leases	-	19,128	-	-
Loans	-	-	-	-
Due from other funds	922,758	286,770	14,606	-
Advances to other funds	643,244	-	-	-
Other investments	257,805	-	-	-
Prepaid items	4,440	-	-	276,370
TOTAL ASSETS	$ 15,555,966	$ 499,604	$ 4,701,316	$ 667,642

See accompanying notes to financial statements.

TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
$ 1,081,452	$ 5,115,336	$ 15,542,362
415,963	775,103	10,456,260
-	-	38,154
11,127	72,810	426,443
-	125,211	125,211
-	-	7,979
-	-	19,128
-	50,000	50,000
-	7,413	1,231,547
-	-	643,244
-	-	257,805
-	132,472	413,282
$ 1,508,542	$ 6,278,345	$ 29,211,415

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Debt Service	Construction Capital Projects	Outlay
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 173,016	$ -	$ 152,664	$ 62,715
Accrued liabilities	230,324	-	-	-
Deposits	7,791	-	-	-
Other liabilities	-	-	-	-
Due to other funds	14,626	-	-	-
Due to other governments	2,659	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	428,416	-	152,664	62,715
Deferred Inflows of Resources				
Unearned revenues	9,248,251	-	-	-
Unavailable revenues	-	19,128	-	-
Total Deferred Inflows of Resources	9,248,251	19,128	-	-
Fund Balances (Deficit)				
Nonspendable for prepaid items	4,440	-	-	-
Nonspendable for non-current interfunds	708,124	-	-	-
Nonspendable for delinquent items	46,133	-	-	-
Nonspendable for CVMIC Equity	257,805	-	-	-
Restricted	-	480,476	2,417,284	-
Committed	-	-	-	-
Assigned	1,119,700	-	2,131,368	604,927
Unassigned (deficit)	3,743,097	-	-	-
Total Fund Balances	5,879,299	480,476	4,548,652	604,927
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 15,555,966	$ 499,604	$ 4,701,316	$ 667,642

See accompanying notes to financial statements.

TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
$ 539	$ 104,925	$ 493,859
-	15,419	245,743
2,391	33,000	43,182
-	283,347	283,347
-	471,242	485,868
-	-	2,659
-	643,244	643,244
2,930	1,551,177	2,197,902
415,963	674,157	10,338,371
-	209,520	228,648
415,963	883,677	10,567,019
-	132,472	136,912
-	-	708,124
-	-	46,133
-	-	257,805
1,089,649	2,833,260	6,820,669
-	970,638	970,638
-	754,860	4,610,855
-	(847,739)	2,895,358
1,089,649	3,843,491	16,446,494
$ 1,508,542	$ 6,278,345	$ 29,211,415

See accompanying notes to financial statements.

CITY OF STOUGHTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of December 31, 2017

Total Fund Balances - Governmental Funds	$ 16,446,494
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 II. A.	39,997,596
Land held for resale.	1,125,797
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.	228,648
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(1,554,024)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,300,782
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(986,164)
Internal service funds are reported in the statement of net position as governmental activities.	(337,463)
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 II. A.	(28,456,737)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 28,764,929

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	Debt Service	Construction Capital Projects	Outlay
REVENUES				
Taxes	$ 8,154,172	$ -	$ -	$ -
Intergovernmental	1,730,666	18,530	36,200	223,857
Licenses and permits	206,157	-	-	-
Fines, forfeitures and penalties	134,649	-	-	-
Public charges for services	1,431,359	-	-	-
Intergovernmental charges for services	60,391	48,783	-	-
Special assessments	13,600	-	-	-
Investment income	85,048	-	55,945	-
Miscellaneous	511,434	60,844	-	-
Total Revenues	12,327,476	128,157	92,145	223,857
EXPENDITURES				
Current				
General government	1,660,722	-	-	-
Public safety	3,884,807	-	-	-
Public works	2,034,622	-	-	-
Culture, recreation and education	1,514,881	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	1,997,716	1,925,608
Debt Service				
Principal	-	2,593,534	-	-
Interest and fiscal charges	-	478,487	37,233	6,710
Total Expenditures	9,095,032	3,072,021	2,034,949	1,932,318
Excess (deficiency) of revenues over expenditures	3,232,444	(2,943,864)	(1,942,804)	(1,708,461)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	4,415,000	1,865,000
Premium on debt	-	175,582	-	-
Payment to refunding escrow	-	(3,207,367)	-	-
Property sales	-	-	-	24,661
Transfers in	839,670	3,028,707	242,711	200,000
Transfers out	(3,618,424)	-	-	-
Total Other Financing Sources (Uses)	(2,778,754)	(3,078)	4,657,711	2,089,661
Net Change in Fund Balances	453,690	(2,946,942)	2,714,907	381,200
FUND BALANCES - Beginning of Year (as restated)	5,425,609	3,427,418	1,833,745	223,727
FUND BALANCES - END OF YEAR	$ 5,879,299	$ 480,476	$ 4,548,652	$ 604,927

See accompanying notes to financial statements.

TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
$ 242,013	$ 756,255	$ 9,152,440
-	343,117	2,352,370
-	-	206,157
-	-	134,649
-	1,089,052	2,520,411
-	-	109,174
-	200,333	213,933
8,449	38,473	187,915
-	519,508	1,091,786
250,462	2,946,738	15,968,835
-	946	1,661,668
-	41,072	3,925,879
-	-	2,034,622
-	2,057,911	3,572,792
24,917	37,226	62,143
75,684	995,440	4,994,448
-	-	2,593,534
-	3,374	525,804
100,601	3,135,969	19,370,890
149,861	(189,231)	(3,402,055)
-	805,000	7,085,000
-	-	175,582
-	-	(3,207,367)
-	-	24,661
-	977,514	5,288,602
(116,059)	(802,747)	(4,537,230)
(116,059)	979,767	4,829,248
33,802	790,536	1,427,193
1,055,847	3,052,955	15,019,301
$ 1,089,649	$ 3,843,491	$ 16,446,494

See accompanying 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
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	$	1,427,193
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		4,994,448
Some items reported as capital outlay were not capitalized		(1,475,386)
Depreciation is reported in the government-wide financial statements		(1,790,803)
Net book value of assets retired		(510,998)
Contributed capital assets are reported as revenues in the government-wide financial statements.		811,932
Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(503,535)
Property held for resale recorded as an asset in the government-wide statements but reported as a capital outlay in the fund financial statements.		150,693
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.		
Special assessments		42,691
Lease activity		(55,000)
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		(7,085,000)
Principal repaid		5,773,534
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. 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.		
Premium on debt issued		(175,582)
Amortization		10,416
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		(61,505)
Net pension liability		(997,961)
Deferred outflows of resources related to pensions		(802,447)
Deferred inflows of resources related to pensions		204,309
Accrued interest on debt		(49,117)
Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.		39,190
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(52,928)

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
ASSETS			
Current Assets			
Cash and investments	$ 292,435	$ 1,361,952	$ 6,786,544
Receivables			
Other receivables	221,843	219,178	1,759,804
Interest receivable	1,271	4,229	23,727
Current portion of special assessments	29,026	19,905	-
Due from other funds	238,930	164,633	10,182
Current portion of advance to other funds	-	-	41,375
Inventories	41,401	-	153,499
Prepaid items	2,692	3,363	8,402
Restricted Assets			
Redemption account	262,397	333,597	503,126
Total Current Assets	1,089,995	2,106,857	9,286,659
Noncurrent Assets			
Restricted Assets			
Reserve account	244,677	-	649,338
Depreciation account	25,000	33,283	25,000
Replacement account	-	1,134,247	-
Capital Assets			
Land and land rights	430,131	-	220,797
Construction in progress	5,693	59,092	2,358,222
Plant in service	22,523,484	29,532,551	28,960,084
Property held for future use	-	-	352,664
Less: Accumulated depreciation	(7,110,163)	(10,994,875)	(15,289,472)
Other Assets			
Special assessments	203,181	139,336	-
Preliminary survey and investigation	9,245	10,093	-
Plant and maintenance reserve account	186,538	-	510,846
Sick leave reserve account	99,237	124,633	176,481
Advance to other funds	-	-	296,088
Investment in ATC	-	-	389,457
Non-utility property (net of amortization)	26,358	-	10,633
Total Noncurrent Assets	16,643,381	20,038,360	18,660,138
Total Assets	17,733,376	22,145,217	27,946,797
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	136,127	151,361	405,146
Total Deferred Outflows of Resources	136,127	151,361	405,146

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
$ 885,872	$ 9,326,803	$ -
150,998	2,351,823	-
-	29,227	-
-	48,931	-
42,903	456,648	-
-	41,375	-
-	194,900	-
211,351	225,808	-
-	1,099,120	-
1,291,124	13,774,635	-
-	894,015	-
-	83,283	-
-	1,134,247	-
9,986	660,914	-
-	2,423,007	-
4,418,902	85,435,021	-
-	352,664	-
(1,072,825)	(34,467,335)	-
-	342,517	-
-	19,338	-
-	697,384	-
-	400,351	-
-	296,088	-
-	389,457	-
-	36,991	-
3,356,063	58,697,942	-
4,647,187	72,472,577	-
40,568	733,202	-
40,568	733,202	-

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
LIABILITIES			
Current Liabilities			
Accounts payable	$ 41,086	$ 15,513	$ 1,217,494
Accrued liabilities	12,671	15,173	117,316
Public benefits	-	-	21,114
Deposits	-	-	119,724
Due to other funds	446,538	20,147	459,897
Current portion of general obligation debt	51,000	34,000	-
Current portion of advance	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	318,415	424,703	610,000
Accrued interest	7,615	20,876	31,928
Total Current Liabilities	877,325	530,412	2,577,473
Noncurrent Liabilities			
Long-Term Debt			
Customer advances for construction	-	-	28,641
Revenue bonds payable	2,302,332	4,320,264	5,030,000
Unamortized debt premium	29,046	-	108,833
General obligation debt payable	372,000	248,000	-
Compensated absences	99,237	124,633	176,481
Net pension liability	21,314	22,833	52,947
Advances from other funds	-	-	-
Total Noncurrent Liabilities	2,823,929	4,715,730	5,396,902
Total Liabilities	3,701,254	5,246,142	7,974,375
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	57,271	65,246	169,885
Total Deferred Inflows of Resources	57,271	65,246	169,885
NET POSITION (DEFICIT)			
Net investment in capital assets	12,776,352	13,569,801	10,853,462
Restricted for			
Debt service	524,459	346,004	1,145,536
Equipment replacement	-	1,134,247	-
Unrestricted (deficit)	810,167	1,935,138	8,208,685
TOTAL NET POSITION (DEFICIT)	$ 14,110,978	$ 16,985,190	$ 20,207,683

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
$ 23,374	$ 1,297,467	$ -
27,709	172,869	-
-	21,114	-
-	119,724	-
275,745	1,202,327	-
295,970	380,970	-
-	-	41,375
-	1,353,118	-
-	60,419	-
622,798	4,608,008	41,375
-	28,641	-
-	11,652,596	-
-	137,879	-
1,489,381	2,109,381	-
32,946	433,297	-
5,420	102,514	-
-	-	296,088
1,527,747	14,464,308	296,088
2,150,545	19,072,316	337,463
17,654	310,056	-
17,654	310,056	-
2,143,572	39,343,187	-
-	2,015,999	-
-	1,134,247	-
375,984	11,329,974	(337,463)
$ 2,519,556	$ 53,823,407	$ (337,463)

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
OPERATING REVENUES	$ 2,071,229	$ 2,051,313	$ 15,249,623
OPERATING EXPENSES			
Operation and maintenance	1,049,770	1,012,657	13,257,421
Depreciation	444,601	811,239	1,019,024
Total Operating Expenses	1,494,371	1,823,896	14,276,445
Operating Income	576,858	227,417	973,178
NONOPERATING REVENUES (EXPENSES)			
Investment income	22,208	33,367	92,681
Interest and fiscal charges	(55,856)	(134,977)	(128,148)
Miscellaneous expenses	(4,280)	-	(10,342)
Interest subsidy	-	-	-
Amortization of premium	6,592	-	22,739
Miscellaneous revenue	-	-	4,011
Intergovernmental grants	-	-	-
Total Nonoperating Revenues (Expenses)	(31,336)	(101,610)	(19,059)
Income Before Contributions and Transfers	545,522	125,807	954,119
CONTRIBUTIONS AND TRANSFERS			
Contributions in aid of construction	236,136	224,299	120,147
Capital contributions - city	-	-	-
Transfers in	-	-	-
Transfers out	(424,048)	-	(407,324)
Total Contributions and Transfers	(187,912)	224,299	(287,177)
Change in Net Position	357,610	350,106	666,942
NET POSITION (DEFICIT) - Beginning of Year	13,753,368	16,635,084	19,540,741
NET POSITION (DEFICIT) - END OF YEAR	$ 14,110,978	$ 16,985,190	$ 20,207,683

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
$ 1,326,242	$ 20,698,407	$ 50,490
933,971	16,253,819	-
178,182	2,453,046	-
1,112,153	18,706,865	-
214,089	1,991,542	50,490
7,271	155,527	-
(46,183)	(365,164)	(11,300)
-	(14,622)	-
10,670	10,670	-
-	29,331	-
-	4,011	-
28,857	28,857	-
615	(151,390)	(11,300)
214,704	1,840,152	39,190
246,126	826,708	-
503,535	503,535	-
80,000	80,000	-
-	(831,372)	-
829,661	578,871	-
1,044,365	2,419,023	39,190
1,475,191	51,404,384	(376,653)
$ 2,519,556	$ 53,823,407	$ (337,463)

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 2,077,982	$ 2,041,099	$ 15,132,657
Received from municipality for services	-	-	-
Received for street lighting	-	-	133,097
Paid to suppliers for goods and services	(643,222)	(622,707)	(12,503,353)
Paid to employees for services	(388,217)	(396,063)	(784,281)
Net Cash Flows From Operating Activities	1,046,543	1,022,329	1,978,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	212,292	242,360	704,983
Investment income	21,080	50,644	79,824
Investments purchased	(194,506)	(240,466)	(466,567)
Dividends from ATC	-	-	21,520
Net Cash Flows From Investing Activities	38,866	52,538	339,760
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(387,855)	-	(376,785)
Received from municipality principal on Wisconsin Retirement UAAL advance	-	-	39,190
Received from municipality interest on Wisconsin Retirement UAAL advance	-	-	11,300
Transfers to/from other funds	(3,743)	-	(12,698)
Paid to utilities principal on Wisconsin Retirement UAAL advance	-	-	-
Paid to utilities interest on Wisconsin Retirement UAAL advance	-	-	-
Advances from other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	(391,598)	-	(338,993)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	-	-	-
Debt retired	(373,677)	(447,396)	(610,000)
Interest paid	(56,726)	(137,032)	(166,122)
Special assessments received	65,134	44,666	-
Acquisition and construction of capital assets	(833,246)	(693,470)	(3,081,826)
Capital contributions received	58,921	230,040	156,998
Net Cash Flows From Capital and Related Financing Activities	(1,139,594)	(1,003,192)	(3,700,950)
Net Change in Cash and Cash Equivalents	(445,783)	71,675	(1,722,063)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,079,216	2,033,724	6,668,674
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 633,433	$ 2,105,399	$ 4,946,611

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
$ 1,357,386	$ 20,609,124	$ -
-	-	50,490
-	133,097	-
(618,080)	(14,387,362)	-
(509,718)	(2,078,279)	-
229,588	4,276,580	50,490
-	1,159,635	-
7,271	158,819	-
-	(901,539)	-
-	21,520	-
7,271	438,435	-
-	(764,640)	-
-	39,190	-
-	11,300	-
80,000	63,559	-
-	-	(39,190)
-	-	(11,300)
32,103	32,103	-
112,103	(618,488)	(50,490)
575,000	575,000	-
(239,676)	(1,670,749)	-
(41,302)	(401,182)	-
-	109,800	-
(175,125)	(4,783,667)	-
8,706	454,665	-
127,603	(5,716,133)	-
476,565	(1,619,606)	-
409,307	10,190,921	-
$ 885,872	$ 8,571,315	$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 576,858	$ 227,417	$ 973,178
Nonoperating revenue (expense)	-	-	990
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	444,601	811,239	1,019,024
Depreciation charged to other funds	28,133	-	46,140
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(17,660)	(4,749)	6,245
Other accounts receivable	(507)	(7,888)	(9,871)
Due from other funds	3,087	13,497	5,107
Due to other funds	10,824	-	(20,498)
Inventories	(6,589)	-	9,795
Prepaid items	(1,864)	(2,328)	(5,126)
Accounts payable	(39,891)	(52,094)	(138,180)
Accrued wages	1,988	-	-
Compensated absences	12,650	3,723	4,670
Customer deposits	-	-	13,660
Other current liabilities	-	(2,153)	9,519
Public benefits	-	-	(5,537)
Pension related deferrals and liabilities	34,913	35,665	69,004
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 1,046,543	$ 1,022,329	$ 1,978,120
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	$ 292,435	$ 1,361,952	$ 6,786,544
Restricted cash and investments			
Redemption account	262,397	333,597	503,126
Reserve account	244,677	-	649,338
Depreciation account	25,000	33,283	25,000
Plant and maintenance reserve account	186,538	-	510,846
Sick leave reserve account	99,237	124,633	176,481
Replacement account	-	1,134,247	-
Total Cash and Investments	1,110,284	2,987,712	8,651,335
Less: Noncash equivalents	(476,851)	(882,313)	(3,704,724)
CASH AND CASH EQUIVALENTS	$ 633,433	$ 2,105,399	$ 4,946,611
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Unrealized loss on investments	$ (14,322)	$ (31,954)	$ (21,302)
Contributed capital assets	$ 210,787	$ -	$ 6,384
ATC earnings allocated	$ -	$ -	$ 6,831

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
$ 214,089	$ 1,991,542	$ 50,490
30,821	31,811	-
178,182	2,453,046	-
-	74,273	-
41,286	25,122	-
(41,702)	(59,968)	-
739	22,430	-
-	(9,674)	-
-	3,206	-
(211,351)	(220,669)	-
8,391	(221,774)	-
-	1,988	-
1,907	22,950	-
-	13,660	-
935	8,301	-
-	(5,537)	-
6,291	145,873	-
$ 229,588	$ 4,276,580	$ 50,490
$ 885,872	$ 9,326,803	$ -
-	1,099,120	-
-	894,015	-
-	83,283	-
-	697,384	-
-	400,351	-
-	1,134,247	-
885,872	13,635,203	-
-	(5,063,888)	-
$ 885,872	$ 8,571,315	$ -
$ -		$ -
$ 749,661		$ -
$ -		$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2017

	Agency Fund
ASSETS	
Cash and Investments	$ 12,169,925
Tax roll receivable	3,666,816
TOTAL ASSETS	$ 15,836,741
LIABILITIES	
Due to other taxing units	$ 15,836,741
TOTAL LIABILITIES	$ 15,836,741

See accompanying notes to financial statements.

CITY OF STOUGHTON

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As of and for the Year Ended December 31, 2017

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Stoughton ("the city"), Wisconsin, 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).

A. 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 two methods, discrete presentation or blending. 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 Units

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 Authority is reported as a special revenue fund. The Authority does not issue separate financial statements.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Government-Wide and Fund Financial Statements

In June 2015, the GASB issued statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This standard was implemented January 1, 2017.

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.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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.

The city reports the following major governmental funds:

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 - 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.
Construction capital project fund - 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.
Outlay capital project fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition of capital equipment and other capital assets.
Tax Incremental District (TID) No. 7 capital projects fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The city reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - 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	Food Pantry
Ambulance	Landmarks
Opera House	Fire Department Special
Opera House Repair	Senior Center Wood Shop
Township Outreach	Senior Center Special
Tourism	Economic Development
Seniors in Need	Redevelopment Authority
Holiday	Special Assessments
CDBG	K9 Unit
Cemetery	Tree Commission
Revolving loan fund	Firemen's Pension Fund

Capital Projects Funds - 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.

Fire Equipment	TIF District No. 3
Park Acquisition	TIF District No. 4
River Trail	TIF District No. 5
Building Maintenance	TIF District No. 6
Equipment Replacement	

Enterprise Funds - 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	Storm Sewer

In addition, the city reports the following fund types:

Internal Service Fund - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Retirement fund

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Agency Fund - used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collections Fund

C. 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.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled 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 by the county are reported as receivables and unavailable revenues.

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 fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. 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 maturing in three years or less.

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 IV.A.

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 IV.A. 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, 2017, the fair value of the city 's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

1. Deposits and Investments (cont.)

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, 2017 the city's share of the WISC's assets was substantially equal to the amount reported in these statements.

See Note IV. A. for further information.

2. 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 state and county governments 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 assets and liabilities - agency fund.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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, 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 governmental-wide financial statements as internal balances.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

2. Receivables (cont.)

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 unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. 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.

3. 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.

4. 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.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, 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.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. 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	3-15	Years
Utility System	5-100	Years
Infrastructure	30-75	Years

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.

6. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvement. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at historical cost.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

7. Other Assets

These accounts include costs related to the utility's investment in American Transmission Company ("ATC") and non-utility 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 percent of ATC. The investment earns dividends quarterly, some of which is paid in cash and some of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The 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.

Non-Utility Property

Electric utility non-utility property consists of the city dam with a balance of $84,212 and leasehold rental property with a balance of $91,458 at December 31, 2017. Water utility non-utility property consists of a park shelter with a balance of $107,000 at December 31, 2017. The costs are being amortized on a straight-line basis over their useful life.

8. Deferred Outflows of Resources

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

9. 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.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

9. Compensated Absences (cont.)

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, 2017 are determined on the basis of current salary rates and include salary related payments.

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment 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 $0. No participants were eligible during 2017 to receive benefits. There is no amount outstanding at year end to be paid in the future. The city does not incur an implicit rate subsidy on these benefits.

10. 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.

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 effective interest 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 at 2.3%.

11. Deferred Inflows of Resources

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

12. 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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	$ 18,683,527	$ 39,343,187	$ (583,950)	$ 57,442,764
Unrestricted	6,854,555	11,329,974	583,950	18,768,479

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.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

12. Equity Classifications (cont.)

Fund Statements (cont.)

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 $3,743,097 or 28.9% of 2017 general fund budgeted expenditures.

See Note IV. H. for further information.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

13. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Basis for Existing Rates

Current water rates were approved by the PSCW effective May 1, 2016.

Current electric rates were approved by the PSCW on April 1, 2017.

Current wastewater rates were approved by the utilities committee effective January 1, 2015.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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	$	12,413,292
Capital assets, net of depreciation		27,584,304
Combined Adjustment for Capital Assets	$	39,997,596

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (cont.)

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	$ 26,767,572
Compensated absences	1,287,965
Accrued interest	236,034
Unamortized debt premium	165,166
Combined Adjustment for Long-Term Liabilities	$ 28,456,737

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget has been adopted for the general, opera house, library, EMS and storm sewer funds. A budget has not been formally adopted for any other funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. Excess Expenditures and Other Financing Uses Over Appropriations

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Opera House	$ 971,443	$ 985,801	$ 14,358
Library	852,580	876,882	24,302

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.

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. Deficit Balances

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

As of December 31, 2017, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special revenue - Opera House	$ 229,621	Expenditures in excess of revenues
Special revenue - Economic Development	15,741	Expenditures in excess of revenues
Special revenue - Redevelopment Authority	35,692	Expenditures in excess of revenues
Capital projects - River Trail	809	Expenditures in excess of revenues
Capital projects - TIF District No. 5	402,618	Expenditures in excess of revenues
Capital projects - TIF District No. 6	61,383	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. Other fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

D. 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 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.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 13,229,889	$ 12,496,127	Custodial credit
US agencies - explicitly guaranteed	1,011,045	1,011,045	Custodial credit, interest rate
US agencies - implicitly guaranteed	392,193	392,193	Credit, custodial credit, concentration of credit, interest rate
LGIP	1,390,558	1,390,558	Credit
Certificates of deposit	2,638,245	2,638,245	Custodial credit
State and local bonds	1,021,945	1,021,945	Credit, custodial credit, concentration of credit, interest rate
Wisconsin Investment Series Cooperative	18,885,578	18,887,877	Credit
Mutual funds - bond funds	50,178	50,178	Credit, interest rate
Cash on hand	2,727,859	-	N/A
Total Deposits and Investments	$ 41,347,490	$ 37,888,168	

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	$ 25,966,900
Restricted cash and investments	3,210,665
Per statement of assets and liabilities - agency fund	
Agency Fund	12,169,925
Total Deposits and Investments	$ 41,347,490

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.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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.

The city maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities in the amount of $5,062,722 to secure the city's deposits.

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

	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
US agencies	$ -	$ 1,403,238	$ -	$ 1,403,238
State and local bonds	-	1,021,945	-	1,021,945
Total	$ -	$ 2,425,183	$ -	$ 2,425,183

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.

As of December 31, 2017, $5,664,350 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 5,664,350
Total	$ 5,664,350

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. Deposits and Investments (cont.)

Custodial Credit Risk (cont.)

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	
Neither insured nor registered and held by counterparty	$ 1,403,238
State and local bonds	
Neither insured nor registered and held by counterparty	$ 1,021,945

Credit Risk

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

As of December 31, 2017, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services	Morning-Star
U.S. Agencies implicitly guaranteed	AAA	Aaa	
Mutual Fund - Fidelity Puritan			5 star
State and local bonds	AA	Aa1 - Aaa	
Wisconsin Investment Series Cooperative	AAAm		

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

Local Government Investment Pool

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2017, the city's investments were as follows:

		Maturity (In Years)		
Investment Type	Fair Value	Less than 1	1-3	3 or more
Mutual funds	$ 50,178	$ 50,178	$ -	$ -
US agencies explicitly guaranteed	1,011,045	-	-	1,011,045
US agencies implicitly guaranteed	392,193	-	-	392,193
State and local bonds	1,021,945	-	-	1,021,945
Totals	$ 2,475,361	$ 50,178	$ -	$ 2,425,183

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

B. RECEIVABLES

All receivables, except $46,133 in general fund, $19,128 in debt service fund, $203,181 in water utility, $139,336 in wastewater utility and $175,211 in nonmajor funds are expected to be collected within one year.

Allowance on receivables as of year end for the city's major funds and nonmajor funds, in aggregate, are as follows:

Uncollectibles related to ambulance receivables (non-major enterprise fund - EMS)	$ 184,047
Total Uncollectibles of the Current Fiscal Year	$ 184,047

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	$ 10,338,371	$ -
Special assessments not yet due	-	159,520
Lease receivable	-	19,128
Loans receivable	-	50,000
Total Unearned/Unavailable Revenue for Governmental Funds	$ 10,338,371	$ 228,648

C. 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.

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.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	$ 1,099,120	$ 60,419	$ 1,038,701
Bond reserve account	894,015	-	894,015
Bond depreciation account	83,283	-	83,283
Equipment replacement account	1,134,247	-	1,134,247
Total	$ 3,210,665	$ 60,419	$ 3,150,246

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,439,210	$ 383,527	$ 393,750	$ 9,428,987
Construction in progress	1,462,211	699,955	554,280	1,607,886
Inexhaustible portion of streets	1,376,419	-	-	1,376,419
Total Capital Assets Not Being Depreciated	12,277,840	1,083,482	948,030	12,413,292
Capital assets being depreciated				
Buildings and improvements	15,609,683	255,683	-	15,865,366
Machinery and equipment	10,141,858	1,049,081	459,180	10,731,759
Streets	16,785,165	1,619,037	472,231	17,931,971
Storm sewers	5,493,174	-	81,162	5,412,012
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	4,811,891	374,456	22,158	5,164,189
Traffic signals	411,974	-	-	411,974
Dams	592,997	-	-	592,997
Total Capital Assets Being Depreciated	54,920,282	3,298,257	1,034,731	57,183,808
Total Capital Assets	67,198,122	4,381,739	1,982,761	69,597,100

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Buildings and improvements	$ (6,621,302)	$ (414,181)	$ -	$ (7,035,483)
Machinery and equipment	(7,040,698)	(465,440)	341,932	(7,164,206)
Streets	(9,279,746)	(597,135)	472,231	(9,404,650)
Storm sewers	(2,780,698)	(180,220)	81,162	(2,879,756)
Street lighting	(44,193)	(3,034)	-	(47,227)
Bridges	(199,326)	(11,280)	-	(210,606)
Sidewalks	(2,543,903)	(103,284)	22,158	(2,625,029)
Traffic signals	(168,878)	(10,299)	-	(179,177)
Dams	(47,440)	(5,930)	-	(53,370)
Total Accumulated Depreciation	(28,726,184)	(1,790,803)	917,483	(29,599,504)
Net Capital Assets Being Depreciated	26,194,098	1,507,454	117,248	27,584,304
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 38,471,938	$ 2,590,936	$ 1,065,278	$ 39,997,596

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 105,817
Public safety	349,273
Public works, which includes the depreciation of infrastructure	1,114,689
Culture, recreation and education	221,024
Total Governmental Activities Depreciation Expense	$ 1,790,803

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated				
Land and land rights	$ 430,131	$ -	$ -	$ 430,131
Construction in progress	80,638	5,693	80,638	5,693
Total Capital Assets Not Being Depreciated	510,769	5,693	80,638	435,824
Capital assets being depreciated				
Source of supply	595,730	-	-	595,730
Pumping	1,489,440	42,723	18,897	1,513,266
Treatment	90,763	-	-	90,763
Transmission and distribution	18,527,741	1,030,499	80,789	19,477,451
General	845,703	571	-	846,274
Total Capital Assets Being Depreciated	21,549,377	1,073,793	99,686	22,523,484
Total Capital Assets	22,060,146	1,079,486	180,324	22,959,308
Less: Accumulated depreciation for				
Source of supply	(369,713)	(17,276)	-	(386,989)
Pumping	(1,258,488)	(58,437)	44,632	(1,272,293)
Treatment	(88,640)	(437)	-	(89,077)
Transmission and distribution	(4,229,057)	(349,150)	133,893	(4,444,314)
General	(832,661)	(92,139)	7,310	(917,490)
Total Accumulated Depreciation	(6,778,559)	(517,439)	185,835	(7,110,163)
Net Capital Assets Being Depreciated	14,770,818	556,354	(86,149)	15,413,321
Net Water Capital Assets	$ 15,281,587	$ 562,047	$ (5,511)	$ 15,849,145

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Wastewater				
Capital assets not being depreciated				
Construction in progress	$ 94,791	$ 59,092	$ 94,791	$ 59,092
Total Capital Assets Not Being Depreciated	94,791	59,092	94,791	59,092
Capital assets being depreciated				
Collection system	11,214,653	603,049	10,023	11,807,679
Collection system pumping	733,519	-	-	733,519
Treatment and disposal	15,554,351	83,696	24,025	15,614,022
Administrative and general assets	1,376,617	714	-	1,377,331
Total Capital Assets Being Depreciated	28,879,140	687,459	34,048	29,532,551
Total Capital Assets	28,973,931	746,551	128,839	29,591,643
Less: Accumulated depreciation for Wastewater	(10,250,053)	(811,612)	66,790	(10,994,875)
Total Accumulated Depreciation	(10,250,053)	(811,612)	66,790	(10,994,875)
Net Capital Assets Being Depreciated	18,629,087	(124,153)	(32,742)	18,537,676
Net Wastewater Capital Assets	$ 18,723,878	$ (65,061)	$ 62,049	$ 18,596,768

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Electric				
Capital assets not being depreciated				
Land and land rights	$ 220,797	$ -	$ -	$ 220,797
Construction in progress	189,399	2,358,222	189,399	2,358,222
Property held for future use	352,664	-	-	352,664
Total Capital Assets Not Being Depreciated	762,860	2,358,222	189,399	2,931,683
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	23,937,651	1,059,041	159,147	24,837,545
Administrative and general assets	4,116,527	35,215	44,222	4,107,520
Total Capital Assets Being Depreciated	28,069,197	1,094,256	203,369	28,960,084
Total Capital Assets	28,832,057	3,452,478	392,768	31,891,767
Less: Accumulated depreciation for				
Transmission	(19,366)	(456)	456	(19,366)
Distribution	(11,485,726)	(882,648)	163,920	(12,204,454)
Administrative and general assets	(2,924,789)	(154,306)	13,443	(3,065,652)
Total Accumulated Depreciation	(14,429,881)	(1,037,410)	177,819	(15,289,472)
Net Capital Assets Being Depreciated	13,639,316	56,846	25,550	13,670,612
Net Electric Capital Assets	$ 14,402,176	$2,415,068	$ 214,949	$ 16,602,295

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets not being depreciated/amortized				
Land	$ 9,986	$ -	$ -	$ 9,986
Total Capital Assets Not Being Depreciated/Amortized	9,986	-	-	9,986
Capital assets being depreciated				
Storm Sewer	1,411,265	924,786	-	2,336,051
Total Capital Assets Being depreciated	1,411,265	924,786	-	2,336,051
Total Capital Assets	1,421,251	924,786	-	2,346,037
Less: Accumulated depreciation for				
Storm Sewer	(117,025)	(77,868)	-	(194,893)
Total Accumulated Depreciation	(117,025)	(77,868)	-	(194,893)
Net Capital Assets Being depreciated	1,294,240	846,918	-	2,141,158
Net Stormwater Capital Assets	$ 1,304,226	$ 846,918	$ -	$ 2,151,144

	Beginning Balance	Additions	Deletions	Ending Balance
EMS				
Capital assets being depreciated				
Buildings and improvements	$ 1,240,308	$ -	$ -	$ 1,240,308
Equipment	842,543	-	-	842,543
Total Capital Assets Being Depreciated	2,082,851	-	-	2,082,851
Less: Accumulated depreciation for				
Buildings and improvements	(279,786)	(25,226)	-	(305,012)
Equipment	(497,832)	(75,088)	-	(572,920)
Total Accumulated Depreciation	(777,618)	(100,314)	-	(877,932)
Net Capital Assets Being Depreciated	1,305,233	(100,314)	-	1,204,919
Net Other Enterprise Capital Assets	$ 1,305,233	$ (100,314)	$ -	$ 1,204,919
Business-type Capital Assets, Net of Accumulated Depreciation	$ 51,017,100	$3,658,658	$ 271,487	$ 54,404,271

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 444,601
Wastewater	811,239
Electric	1,019,024
Storm sewer	77,868
EMS	100,314
Total Business-type Activities Depreciation Expense	$ 2,453,046

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.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. 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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	River Trail	$ 809	$ 809
General	Tourism	4,069	-
General	Water Utility	430,257	-
General	Electric Utility	412,917	-
General	Wastewater Utility	7,461	-
General	Redevelopment Authority	64,071	64,071
General	Opera house	3,174	-
Construction	Water Utility	8,764	-
Construction	Wastewater Utility	5,842	-
Debt Service	Water Utility	6,035	-
Debt Service	Wastewater Utility	4,990	-
Debt Service	EMS	275,745	-
Building Maintenance	Water Utility	1,482	-
Building Maintenance	Wastewater Utility	1,854	-
Building Maintenance	Electric Utility	4,077	-
Water Utility	General	2,173	-
Wastewater Utility	General	2,271	-
Electric Utility	General	10,182	-
Storm Sewer	Electric Utility	42,903	-
Water Utility	Special Assessments	236,757	-
Wastewater Utility	Special Assessments	162,362	-
Total - Fund Financial Statements		1,688,195	
Less: Fund eliminations		(115,026)	
Less: Government-wide eliminations		(827,490)	
Less: Interfund advances		(337,463)	
Total Internal Balances - Government-Wide Statement of Net Position		$ 408,216	

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	$ 1,159,424
Business-type Activities	Governmental Activities	(751,208)
Total Government-Wide Financial Statements		$ 408,216

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 and 6 capital project funds. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. A repayment schedule has not been established.

In December 2011, the Electric Utility provided an advance to the Internal Service Fund for the purpose of full payment of the Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The Internal Service Fund will repay the Electric Utility over a period of fourteen years at 3%. A repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 5	$ 598,427	$ 598,427
General fund	TIF District No. 6	44,817	44,817
Electric Utility	Internal service fund	337,463	296,088
Total - Fund Financial Statements		980,707	
Less: Fund eliminations		(643,244)	
Total - Interfund Advances		$ 337,463	

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances (cont.)

Years	Internal Service Fund Advance	
	Principal	Interest
2018	$ 41,375	$ 10,124
2019	43,646	8,883
2020	46,007	7,573
2021	48,459	6,193
2022	51,006	4,739
2023-2025	106,970	4,987
Totals	$ 337,463	$ 42,499

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Tourism	$ 8,298	Room tax revenue
General	Water utility	424,048	Payment in lieu of taxes and dividend
General	Electric utility	407,324	Payment in lieu of taxes and dividend
Debt service	General	2,366,686	Payments on non-TID debt
Debt service	TIF District No. 3	440,479	Payments on TIF District debt
Debt service	TIF District No. 4	105,483	Payments on TIF District debt
Debt Service	TIF District No. 7	116,059	Payments on TIF District debt
Redevelopment authority	General	10,000	Fund operations
Redevelopment authority	Economic development	5,776	Fund operations
Construction	Park Acquisition	242,711	Fund capital projects
EMS	General	80,000	Fund operations
Library	General	567,747	Fund annual operations
Landmarks	General	4,000	Fund operations
Opera house	General	170,491	Fund operations
Outlay	General	200,000	Fund capital projects
Equipment Replacement	General	219,500	Fund capital projects
Total - Fund Financial Statements		5,368,602	
Less: Fund eliminations		(4,457,230)	
Less: Government-wide eliminations		(160,000)	
Capital assets contributions from governmental activities to business-type activities		(503,535)	
Total Transfers - Government-Wide Statement of Activities		$ 247,837	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	$ 831,372
Business-type Activities	Governmental Activities	(583,535)
Total Government-wide Financial Statements		$ 247,837

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 20,681,106	$ 7,085,000	$ 5,773,534	$ 21,992,572	$ 2,869,119
Note anticipation notes	4,775,000	-	-	4,775,000	4,775,000
Premiums	-	175,582	10,416	165,166	-
Sub-totals	25,456,106	7,260,582	5,783,950	26,932,738	7,644,119
Other Liabilities					
Compensated absences (Note I.D.9)	1,226,460	89,511	28,006	1,287,965	-
Net pension liability (Note V.A)	556,063	-	270,770	285,293	-
Fire pension liability (Note V. F.)	-	1,268,731	-	1,268,731	-
Total Other Liabilities	1,782,523	1,358,242	298,776	2,841,989	-
Total Governmental Activities Long-Term Liabilities	$ 27,238,629	$ 8,618,824	$ 6,082,726	$ 29,774,727	$ 7,644,119
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 2,240,027	$ 575,000	$ 324,676	$ 2,490,351	$ 380,970
Revenue bonds	14,351,787	-	1,346,073	13,005,714	1,353,118
Unamortized premium on bonds	167,209	-	29,330	137,879	-
Sub-totals	16,759,023	575,000	1,700,079	15,633,944	1,734,088
Other Liabilities					
Vested compensated absences	410,347	72,914	49,964	433,297	-
Net pension liability	191,050	30,760	119,296	102,514	-
Customer advances for construction	27,141	93,410	91,910	28,641	-
Total Other Liabilities	628,538	197,084	261,170	564,452	-
Total Business-type Activities Long-Term Liabilities	$ 17,387,561	$ 772,084	$ 1,961,249	$ 16,198,396	$ 1,734,088

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

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, 2017, was $53,277,055. Total general obligation debt outstanding at year end was $24,482,923.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds 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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50%	$ 485,000	$ 60,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	120,000
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	5,060,000	495,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	1,220,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	1,050,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	2,759,000	1,409,649
2013 State Trust Fund Loan	6/23/13	3/15/20	2.75	1,400,000	627,923
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	2,755,000	2,025,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,545,000	1,220,000
2016 General Obligation Notes	5/26/16	4/1/26	3.25 - 3.75	5,830,000	5,830,000
2016 State Trust Fund Loan	12/28/16	3/15/36	3.5	850,000	850,000
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	7,085,000	7,085,000
Total Governmental Activities - General Obligation Debt					$ 21,992,572

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	$ 1,015,000	$ 390,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	661,000	365,351
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	280,000	205,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,180,000	955,000
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	575,000	575,000
Total Business-type Activities - General Obligation Debt					$ 2,490,351

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2018	$ 2,869,119	$ 523,896	$ 380,970	$ 60,717
2019	2,925,602	395,986	397,289	46,143
2020	2,906,095	326,377	403,635	35,096
2021	2,116,014	271,690	270,007	26,754
2022	2,053,832	232,460	260,906	21,166
2023-2027	8,646,853	543,641	777,544	32,908
2028-2032	245,664	66,604	-	-
2033-2036	229,393	20,421	-	-
Totals	$ 21,992,572	$ 2,381,075	$ 2,490,351	$ 222,784

Revenue Debt

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

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The utilities has pledged future revenues to repay revenue bonds issued in between 1999-2016. 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 2036. Annual principal and interest payments on the bonds are expected to require 2%, 11%, and 16% respectively of electric, water and wastewater gross revenues. The total principal and interest remaining to be paid on the bonds is $14,990,541. Principal and interest paid for the current year and total customer gross revenues were $1,690,472 and $19,520,421, respectively.

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Water Utility					
2010 Water Utility Revenue Bonds	1/27/10	5/1/29	2.67%	$ 575,018	$ 395,747
2016 Water Utility Revenue Bonds	5/26/16	5/1/26	1.00 - 2.75	2,520,000	2,225,000
				Total Water Utility	2,620,747
Wastewater Utility					
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/19	3.049%	623,465	81,426
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/20	3.049	1,116,259	213,851
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/23	2.766	1,670,624	603,752
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/27	2.475	1,539,762	933,743
2014 Wastewater Utility Clean Water Fund Loan	11/1/14	5/1/34	2.625	3,305,713	2,912,195
				Total Wastewater Utility	4,744,967

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. *LONG-TERM OBLIGATIONS* (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Electric Utility					
2013 Electric Utility Revenue Bonds	4/1/13	4/1/23	2.00 - 2.25%	$ 3,170,000	$ 1,945,000
2016 Electric Utility Revenue Bonds	5/26/16	4/1/36	2.00 - 3.00	4,005,000	3,695,000
				Total Electric Utility	5,640,000
Total Business-type Activities - Revenue Debt					$ 13,005,714

Debt service requirements to maturity are as follows:

	Business-type Activities Revenue Debt	
Years	Principal	Interest
2018	$ 1,353,118	$ 284,929
2019	1,370,495	256,850
2020	1,405,628	228,089
2021	1,346,722	199,390
2022	1,361,501	170,607
2023-2027	3,492,421	539,716
2028-2032	1,673,024	258,190
2033-2036	1,002,805	47,056
Totals	$ 13,005,714	$ 1,984,827

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Note Anticipation Notes

Bond anticipation notes at December 31, 2017, consist of the following:

Governmental Activities Note Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2015 Note Anticipation Notes	10/21/15	10/1/18	1.250%	$ 4,775,000	$ 4,775,000
Total Governmental Activities Bond Anticipation Notes					$ 4,775,000

Debt service requirements to maturity are as follows:

Years	Governmental Activities Bond Anticipation Notes Principal	Interest
2018	$ 4,775,000	$ 59,688
Totals	$ 4,775,000	$ 59,688

Capital Leases

Refer to Note IV. G.

Other Debt Information

Estimated payments of compensated absences, net pension liability and fire pension liability are not included in the debt service requirement schedules. The compensated absences liability, net pension liability and fire pension liability 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, 2017.

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Crossover Refunding

On May 26, 2016, the city issued $5,830,000 in general obligation bonds with an average coupon rate of 1.7% to advance refund $3,180,000 of outstanding bonds with an average coupon rate of 3.25-3.75%. The net proceeds along with existing funds of the city were used to purchase U.S. government securities. Those securities were deposited in an account to provide for future debt service payments on the new bonds until the crossover date. The bonds are not considered to be defeased and the liability for those bonds as well as the escrow account were recorded in the financial statements as of December 31, 2016. This type of advance refunding is commonly called a crossover refunding. During 2017, the city made a payment of $3,207,367 to the refunding escrow.

The cash flow requirements on the refunded debt prior to the advance refunding was $4,199,213 from 2017 through 2026. The cash flow requirements on the refunding bonds are $3,911,368 from 2017 through 2026. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $271,770.

G. LEASE DISCLOSURES

Lessor - Capital Leases

In 2007, the city amended the original 1998 lease agreement with the Mandt Community Center, Inc. (MCCI). Under terms of the lease, the city is to receive monthly payments ranging from $4,490 to $5,113 from MCCI for the use of the ice arena. The lease payments received by the city approximately equal the annual debt service requirements of the corresponding city general obligation debt for the ice arena. Differences between the lease payments and debt payments are due to the timing difference between lease and debt payments. The lease payments may only be used to pay debt service on the city notes. Ownership of the property reverts to MCCI upon full payment of the outstanding debt. The term of the lease is from April 1, 1998 through March 1, 2018. Lease payments to maturity are as follows:

	Governmental Activities		
Years	Principal	Interest	Total
2018	$ 19,128	$ 352	$ 19,480
Totals	$ 19,128	$ 352	$ 19,480

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	$ 9,428,987
Construction in progress	1,607,886
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	27,584,304
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(21,314,069)
Total Net Investment in Capital Assets	$ 18,683,527

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Debt Service	Construction	Outlay	TIF District 7	Nonmajor Funds	Totals
Fund Balances							
Nonspendable:							
Delinquent items	$ 46,133	$ -	$ -	$ -	$ -	$ -	$ 46,133
Prepaid items	4,440	-	-	-	-	132,472	136,912
Noncurrent interfunds	708,124	-	-	-	-	-	708,124
CVMIC equity	257,805	-	-	-	-	-	257,805
Sub-total	1,016,502	-	-	-	-	132,472	1,148,974
Restricted for:							
Debt service	-	480,476	-	-	-	-	480,476
Library	-	-	-	-	-	211,865	211,865
Parks	-	-	-	-	-	402,914	402,914
TID activities	-	-	-	-	1,089,649	1,417,597	2,507,246
Capital projects	-	-	2,417,284	-	-	6,374	2,423,658
Firemen pension	-	-	-	-	-	794,510	794,510
Sub-total	-	480,476	2,417,284	-	1,089,649	2,833,260	6,820,669
Committed to:							
Food pantry	-	-	-	-	-	172,205	172,205
Landmarks	-	-	-	-	-	4,259	4,259
Fire department special	-	-	-	-	-	35,645	35,645
Ambulance	-	-	-	-	-	14,732	14,732
Opera house repair	-	-	-	-	-	6,500	6,500
Township outreach	-	-	-	-	-	5,799	5,799
Tourism	-	-	-	-	-	23,823	23,823
Seniors in need	-	-	-	-	-	45,750	45,750
Senior center wood shop	-	-	-	-	-	3,702	3,702
Senior center special	-	-	-	-	-	444,587	444,587
Capital projects	-	-	-	-	-	161,010	161,010
K9 unit	-	-	-	-	-	17,229	17,229
Tree commission	-	-	-	-	-	2,346	2,346
Cemetery	-	-	-	-	-	33,051	33,051
Sub-total	-	-	-	-	-	970,638	970,638

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

	General Fund	Debt Service	Construction	Outlay	TIF District 7	Nonmajor Funds	Totals
Assigned to:							
Utility payment in lieu of taxes	$ 814,931	$ -	$ -	$ -	$ -	$ -	$ 814,931
Safety camp	23,720	-	-	-	-	-	23,720
Youth gift	18,871	-	-	-	-	-	18,871
Bryant grant	78,221	-	-	-	-	-	78,221
Pool sinking fund	18,093	-	-	-	-	-	18,093
Shop with a cop	4,140	-	-	-	-	-	4,140
Police federal grants	7,800	-	-	-	-	-	7,800
Budget appropriation	80,000	-	-	-	-	-	80,000
Liability insurance loss	70,000	-	-	-	-	-	70,000
Arts council	1,799	-	-	-	-	-	1,799
Paul Kraby memorial	1,500	-	-	-	-	-	1,500
Buddy benches	625	-	-	-	-	-	625
Capital projects	-	-	2,131,368	-	-	-	2,131,368
Fire equipment	-	-	-	-	-	20,301	20,301
Equipment replacement	-	-	-	-	-	305,629	305,629
Building replacement	-	-	-	-	-	428,930	428,930
Outlay	-	-	-	604,927	-	-	604,927
Sub-total	1,119,700	-	2,131,368	604,927	-	754,860	4,610,855
Unassigned (deficit):	3,743,097	-	-	-	-	(847,739)	2,895,358
Total Fund Balances (Deficit)	$ 5,879,299	$ 480,476	$ 4,548,652	$ 604,927	$ 1,089,649	$ 3,843,491	$16,446,494

Business-type Activities

Net Investment in Capital Assets	
Land	$ 660,914
Construction in progress	2,423,007
Other capital assets, net of depreciation	51,320,350
Less: Long-term debt outstanding	(15,496,065)
Plus: Unspent capital related debt proceeds	572,860
Less: Unamortized debt premium	(137,879)
Total Net Investment in Capital Assets	$ 39,343,187

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

I. Restatement of Fund Balances/Net Position

Fund balance has been restated to reclassify firemen's pension fund as a nonmajor special revenue fund as a result of implementation of GASB Statement No. 73.

Nonmajor Fund

Nonmajor Fund balance - December 31, 2016 (as reported)	$	2,506,103
Add: Reclassification of Firemen's pension trust fund to nonmajor special revenue fund		770,579
Fund Balance - December 31, 2016 (as restated)	$	3,276,682

Net position has been restated to reclassify firemen's pension fund as a nonmajor special revenue fund as a result of implementation of GASB Statement No. 73.

Governmental Activities Net Position - December 31, 2016 (as reported)	$	28,047,278
Add: Reclassification of Firemen's pension trust fund to nonmajor special revenue fund		770,579
Net Position - December 31, 2016 (as restated)	$	28,817,857

NOTE V - OTHER INFORMATION

A. 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, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized $456,310 in contributions from the city.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the city reported a liability of $387,807 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2016, the city's proportion was 0.04705035%, which was an increase of 0.00107361% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of $987,271.

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 147,870	$ 1,219,621
Changes in assumptions	405,468	-
Net differences between projected and actual earnings on pension plan investments	1,930,382	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	40,365
Employer contributions subsequent to the measurement date	511,909	-
Totals	$ 2,995,629	$ 1,259,986

$511,909 reported as deferred outflows 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 903,643	$ 401,240
2019	903,643	401,240
2020	740,224	400,151
2021	(64,464)	57,117
2022	674	238

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability:	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014 The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

NOTE V - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
Variable Fund Asset Class				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.20 percent, 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability(asset)	$5,101,853	$387,807	$(3,242,221)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/publications/cafr.htm.

At December 31, 2017, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. 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 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.

NOTE V - OTHER INFORMATION (cont.)

B. Risk Management (cont.)

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 less than 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 for outstanding losses and incurred but not reported losses is recorded in CVMIC's balance sheet in liability reserves.

C. 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.

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. 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.

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was $388 million as of December 31, 2017.

D. SUBSEQUENT EVENTS

On April 26, 2018 the city issued general obligation corporate purpose bonds in the amount of $12,585,000 with an interest rate of 2-4%. This amount will be used for a new public works facility and repayment of 2015 note obligation notes.

On April 26, 2018 the city issued general obligation promissory notes in the amount of $775,000 with an interest rate of 3.2-4%. This amount will be used for TID 5 capital projects.

NOTE V - OTHER INFORMATION (cont.)

D. Subsequent Events (cont.)

On February 13, 2018 the city entered into an agreement with a contractor to build the new public works facility in the amount of $7,544,300.

E. Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

F. Firemen's Pension Plan

Plan description. The city reports a single-employer defined benefit pension plan for fire department employees (the "Plan"). Management of the Plan is vested in the Firemen's Pension Board. No 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. 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.

Plan membership. At December 31, 2017, the plan's membership consisted of:

Retirees and beneficiaries	29
Inactive, non-retired members	-
Active members	36
Total	65

NOTE V - OTHER INFORMATION (cont.)

F. Firemen's Pension Plan (cont.)

The city paid $38,355 for pension benefits as they came due during the reporting period. The city has accumulated assets to pay for these benefits; however, the arrangement does not meet the definition of a trust under GASB Statement No. 73. The specific criteria that are not met include:

> Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

> Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the pension plan administrator and plan members

Changes in total pension liability. The city's change in total pension liability for the year ended December 31, 2017 was as follows:

	Total Pension Liability
Beginning of Year Balance	$ 1,259,717
Service cost	42,477
Interest on total pension liability	45,829
Changes of assumptions	(42,041)
Benefit payments	(37,251)
End of Year Balance	$ 1,268,731

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

Measurement Date:	December 31, 2016
Actuarial Valuation Date:	December 31, 2017
Inflation:	2.3%
Salary Changes:	10% in 2018, 2.3 thereafter
Discount Rate:	3.78%
Source of Discount Rate:	Bond Buyer GO 20-Year Municipal Bond Index
Source of Mortality Assumptions:	Wisconsin 2012 Mortality table
Dates of Experience Studies:	Experience study conducted using WRS experience from 2012-2014

NOTE V - OTHER INFORMATION (cont.)

F. Firemen's Pension Plan (cont.)

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 3.78% 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 (2.78%) or 1 percentage point higher (4.78%) that the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	$ 1,489,748	$ 1,268,731	$ 1,094,751

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the city recognized pension expense of $82,499.

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 36,234
Employer contributions subsequent to the measurement date	38,355	-
Totals	$ 38,355	$ 36,234

$38,355 reported as deferred outflows 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, 2018. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Inflows of Resources
2018	$ 5,807
2019	5,807
2020	5,807
2021	5,807
2022	5,807
Thereafter	7,199

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
Taxes	$ 8,153,257	$ 8,154,172	$ 915
INTERGOVERNMENTAL REVENUES			
Intergovernmental	1,627,727	1,730,666	102,939
LICENSES AND PERMITS			
Business and occupational licenses	36,700	39,150	2,450
Dog and cat licenses	4,000	2,446	(1,554)
Building permits	157,000	164,561	7,561
Total Licenses and Permits	197,700	206,157	8,457
FINES, FORFEITURES AND PENALTIES			
Fines, forfeitures and penalties	115,000	134,649	19,649
PUBLIC CHARGES FOR SERVICES			
Public charges for services	1,374,911	1,431,359	56,448
INTERGOVERNMENTAL CHARGES			
Intergovernmental charges for services	54,000	60,391	6,391
SPECIAL ASSESSMENTS			
Special assessments	10,000	13,600	3,600
INVESTMENT INCOME			
Investment income	20,000	85,048	65,048
MISCELLANEOUS			
Miscellaneous	345,651	511,434	165,783
Total Revenues	11,898,246	12,327,476	429,230

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
Council/Board	$ 47,005	$ 46,521	$ 484
Legislative and executive	102,162	101,685	477
Judicial	63,329	55,630	7,699
General administration	200,979	193,835	7,144
Financial administration	865,704	781,148	84,556
Legal	100,500	129,457	(28,957)
Personnel	152,707	161,065	(8,358)
City buildings	62,225	58,218	4,007
Assessor	47,500	50,880	(3,380)
Contingency	80,000	26,438	53,562
Other general government	49,500	55,845	(6,345)
Total General Government	1,771,611	1,660,722	110,889
PUBLIC SAFETY			
Police department	2,851,594	3,061,234	(209,640)
Fire department	511,690	482,689	29,001
Planning/Inspection	328,588	340,884	(12,296)
Total Public Safety	3,691,872	3,884,807	(192,935)
PUBLIC WORKS			
Highway and street maintenance and construction	100,371	117,056	(16,685)
Highway and street maintenance for local	1,113,707	1,038,626	75,081
Snow and ice control	80,000	50,139	29,861
Other sanitation	715,000	709,856	5,144
Buildings and grounds operations	152,425	118,945	33,480
Total Public Works	2,161,503	2,034,622	126,881
CULTURE, RECREATION AND EDUCATION			
Park maintenance	210,375	225,770	(15,395)
Senior Center	522,780	515,946	6,834
Culture	466,517	405,322	61,195
Recreation	341,164	328,413	12,751
Cemetery	36,000	36,984	(984)
Cable television	6,000	2,446	3,554
Total Culture, Recreation and Education	1,582,836	1,514,881	67,955
Total Expenditures	9,207,822	9,095,032	112,790

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
Excess of revenues over expenditures	$ 2,690,424	3,232,444	$ 542,020
OTHER FINANCING SOURCES (USES)			
Transfers in	947,241	839,670	(107,571)
Transfers out	(3,726,224)	(3,618,424)	107,800
Total Other Financing Sources (Uses)	(2,778,983)	(2,778,754)	229
Net Change in Fund Balance	(88,559)	453,690	542,249
FUND BALANCE - Beginning of Year	5,425,609	5,425,609	-
FUND BALANCE - END OF YEAR	$ 5,337,050	$ 5,879,299	$ 542,249

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF STOUGHTON

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/17	0.04705035%	$ 387,807	$ 6,226,372	6.23%	99.12%
12/31/16	0.04597674%	747,113	6,169,077	12.11%	98.20%
12/31/15	0.04486493%	(1,102,005)	5,696,627	19.34%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	$ 511,909	$ 511,909	$ -	$ 7,308,112	7.00%
12/31/16	461,771	461,771	-	7,032,737	6.57%
12/31/15	465,913	465,913	-	6,169,077	7.55%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF STOUGHTON

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY
FIREMEN'S PENSION PLAN
For the Year Ended December 31, 2017

Fiscal Year Ending	Beginning Balance	Service Cost	Interest on Total Pension Liability	Changes in Benefit Terms	Difference Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Ending Balance
12/31/17	$ 1,259,717	$ 42,477	$ 45,829	$ -	$ -	$ (42,041)	$ (37,251)	$ 1,268,731

SCHEDULE OF COVERED PAYROLL
FIREMEN'S PENSION PLAN
For the Year Ended December 31, 2017

Fiscal Year Ending	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percentage of Covered Payroll
12/31/17	$ 1,268,731	$ 6,548,868	19%

See independent auditors' report and accompanying notes to the required supplementary information.

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 I. C.

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. Carryovers to the following year were $24,000. 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. There were no changes in assumptions.

FIREMEN'S PENSION PLAN

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.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
ASSETS				
Cash and investments	$ 235,850	$ 14,740	$ -	$ 6,500
Due from other funds	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	605	-	101,875	-
TOTAL ASSETS	$ 236,455	$ 14,740	$ 101,875	$ 6,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 12,334	$ 8	$ 41,207	$ -
Accrued liabilities	11,651	-	3,768	-
Deposits	-	-	-	-
Other liabilities	-	-	283,347	-
Due to other funds	-	-	3,174	-
Advances from other funds	-	-	-	-
Total Liabilities	23,985	8	331,496	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	605	-	101,875	-
Restricted	211,865	-	-	-
Committed	-	14,732	-	6,500
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(331,496)	-
Total Fund Balances (deficit)	212,470	14,732	(229,621)	6,500
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 236,455	$ 14,740	$ 101,875	$ 6,500

Special Revenue Funds						
Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special
$ 5,799	$ 26,140	$ 45,761	$ -	$ 172,399	$ 4,259	$ 36,045
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	17,524	-	-	2,035	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 5,799	$ 43,664	$ 45,761	$ -	$ 174,434	$ 4,259	$ 36,045
$ -	$ 15,772	$ 11	$ -	$ 2,229	$ -	$ 400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,069	-	-	-	-	-
-	-	-	-	-	-	-
-	19,841	11	-	2,229	-	400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,799	23,823	45,750	-	172,205	4,259	35,645
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,799	23,823	45,750	-	172,205	4,259	35,645
$ 5,799	$ 43,664	$ 45,761	$ -	$ 174,434	$ 4,259	$ 36,045

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special	Economic Development	Redevelop-ment Authority
ASSETS				
Cash and investments	$ 3,737	$ 444,587	$ 17,390	$ 27,409
Due from other funds	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	1,382
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	$ 3,737	$ 444,587	$ 17,390	$ 28,791
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 35	$ -	$ 131	$ 412
Accrued liabilities	-	-	-	-
Deposits	-	-	33,000	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	64,071
Advances from other funds	-	-	-	-
Total Liabilities	35	-	33,131	64,483
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	3,702	444,587	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(15,741)	(35,692)
Total Fund Balances (deficit)	3,702	444,587	(15,741)	(35,692)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 3,737	$ 444,587	$ 17,390	$ 28,791

Special Revenue Funds						
Special Assessments	CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund
$ 488,441	$ 6,374	$ 17,229	$ 2,346	$ 33,051	$ -	$ 794,510
-	-	-	-	-	-	-
100,946	-	-	-	-	-	-
5,051	-	-	-	-	-	-
125,211	-	-	-	-	-	-
-	-	-	-	-	50,000	-
-	-	-	-	-	-	-
$ 719,649	$ 6,374	$ 17,229	$ 2,346	$ 33,051	$ 50,000	$ 794,510
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
399,119	-	-	-	-	-	-
-	-	-	-	-	-	-
399,119	-	-	-	-	-	-
-	-	-	-	-	-	-
159,520	-	-	-	-	50,000	-
159,520	-	-	-	-	50,000	-
-	-	-	-	-	-	-
-	6,374	-	-	-	-	794,510
161,010	-	17,229	2,346	33,051	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
161,010	6,374	17,229	2,346	33,051	-	794,510
$ 719,649	$ 6,374	$ 17,229	$ 2,346	$ 33,051	$ 50,000	$ 794,510

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Capital Projects Funds			
	Fire Equipment	Park Acquisition	River Trail	TIF District No. 3
ASSETS				
Cash and investments	$ 20,301	$ 359,235	$ -	$ 380,069
Due from other funds	-	-	-	-
Receivables (net)				
Taxes	-	-	-	491,691
Accounts	-	46,818	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	$ 20,301	$ 406,053	$ -	$ 871,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ 3,139	$ -	$ -
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	809	-
Advances from other funds	-	-	-	-
Total Liabilities	-	3,139	809	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	491,691
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	491,691
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	402,914	-	380,069
Committed	-	-	-	-
Assigned	20,301	-	-	-
Unassigned (deficit)	-	-	(809)	-
Total Fund Balances (deficit)	20,301	402,914	(809)	380,069
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 20,301	$ 406,053	$ -	$ 871,760

Capital Projects Funds					
TIF District No. 4	TIF District No. 5	TIF District No. 6	Equipment Replacement	Building Maintenance	Total Nonmajor Governmental Funds
$ 1,042,022	$ 197,996	$ -	$ 311,629	$ 421,517	$ 5,115,336
-	-	-	-	7,413	7,413
182,466	-	-	-	-	775,103
-	-	-	-	-	72,810
-	-	-	-	-	125,211
-	-	-	-	-	50,000
-	-	-	29,992	-	132,472
$ 1,224,488	$ 197,996	$ -	$ 341,621	$ 428,930	$ 6,278,345
$ 4,494	$ 2,187	$ 16,566	$ 6,000	$ -	$ 104,925
-	-	-	-	-	15,419
-	-	-	-	-	33,000
-	-	-	-	-	283,347
-	-	-	-	-	471,242
-	598,427	44,817	-	-	643,244
4,494	600,614	61,383	6,000	-	1,551,177
182,466	-	-	-	-	674,157
-	-	-	-	-	209,520
182,466	-	-	-	-	883,677
-	-	-	29,992	-	132,472
1,037,528	-	-	-	-	2,833,260
-	-	-	-	-	970,638
-	-	-	305,629	428,930	754,860
-	(402,618)	(61,383)	-	-	(847,739)
1,037,528	(402,618)	(61,383)	335,621	428,930	3,843,491
$ 1,224,488	$ 197,996	$ -	$ 341,621	$ 428,930	$ 6,278,345

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	227,830	-	-	-
Public charges for services	27,912	-	758,590	-
Special assessments	-	-	-	-
Investment income	1,753	-	49	53
Miscellaneous	61,666	7,384	5,017	-
Total Revenues	319,161	7,384	763,656	53
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	9,336	-	-
Culture, recreation and education	876,882	-	985,801	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	876,882	9,336	985,801	-
Excess (deficiency) of revenues over expenditures	(557,721)	(1,952)	(222,145)	53
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	567,747	-	170,491	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	567,747	-	170,491	-
Net Change in Fund Balances	10,026	(1,952)	(51,654)	53
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	202,444	16,684	(177,967)	6,447
FUND BALANCES (DEFICIT) - END OF YEAR	$ 212,470	$ 14,732	$ (229,621)	$ 6,500

Special Revenue Funds							
Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special	Senior Center Wood Shop
$ -	$ 82,983	$ -	$ -	$ -	$ -	$ -	$ -
5,417	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	200	50	427	13	185	-
2,000	-	21,275	15	106,009	-	33,025	3,482
7,417	82,983	21,475	65	106,436	13	33,210	3,482
-	-	-	-	-	-	-	-
-	-	-	-	-	-	19,205	-
7,116	74,685	14,341	4,851	75,656	936	-	3,001
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,243	-
-	-	-	-	-	-	-	-
7,116	74,685	14,341	4,851	75,656	936	28,448	3,001
301	8,298	7,134	(4,786)	30,780	(923)	4,762	481
-	-	-	-	-	-	-	-
-	-	-	-	-	4,000	-	-
-	(8,298)	-	-	-	-	-	-
-	(8,298)	-	-	-	4,000	-	-
301	-	7,134	(4,786)	30,780	3,077	4,762	481
5,498	23,823	38,616	4,786	141,425	1,182	30,883	3,221
$ 5,799	$ 23,823	$ 45,750	$ -	$ 172,205	$ 4,259	$ 35,645	$ 3,702

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds			
	Senior Center Special	Economic Development	Redevelop-ment Authority	Special Assessments
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	14,916	-
Public charges for services	-	-	-	-
Special assessments	-	-	-	200,333
Investment income	-	190	319	579
Miscellaneous	8,007	22,759	-	-
Total Revenues	8,007	22,949	15,235	200,912
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	3,978	-	-	-
Conservation and development	-	26,168	860	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	3,978	26,168	860	-
Excess (deficiency) of revenues over expenditures	4,029	(3,219)	14,375	200,912
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	-	-	15,776	-
Transfers out	-	(5,776)	-	-
Total Other Financing Sources (Uses)	-	(5,776)	15,776	-
Net Change in Fund Balances	4,029	(8,995)	30,151	200,912
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	440,558	(6,746)	(65,843)	(39,902)
FUND BALANCES (DEFICIT) - END OF YEAR	$ 444,587	$ (15,741)	$ (35,692)	$ 161,010

Special Revenue Funds						Capital Projects Funds	
CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund	Fire Equipment	Park Acquisition
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	286,459
-	-	-	-	-	-	-	-
-	-	-	305	-	16,639	75	2,355
-	11,083	318	-	-	7,292	-	29,450
-	11,083	318	305	-	23,931	75	318,264
-	-	-	-	-	-	-	-
-	12,531	-	-	-	-	-	-
-	-	-	226	-	-	-	10,438
-	-	675	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,531	675	226	-	-	-	10,438
-	(1,448)	(357)	79	-	23,931	75	307,826
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(242,711)
-	-	-	-	-	-	-	(242,711)
-	(1,448)	(357)	79	-	23,931	75	65,115
6,374	18,677	2,703	32,972	-	770,579	20,226	337,799
$ 6,374	$ 17,229	$ 2,346	$ 33,051	$ -	$ 794,510	$ 20,301	$ 402,914

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Capital Projects Funds			
	River Trail	TIF District No. 3	TIF District No. 4	TIF District No. 5
REVENUES				
Taxes	$ -	$ 492,440	$ 180,832	$ -
Intergovernmental	-	3,254	1,708	38,097
Public charges for services	-	16,091	-	-
Special assessments	-	-	-	-
Investment income	-	1,532	10,674	1,352
Miscellaneous	-	-	-	19,442
Total Revenues	-	513,317	193,214	58,891
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	450	2,970	5,384	341,593
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	450	2,970	5,384	341,593
Excess (deficiency) of revenues over expenditures	(450)	510,347	187,830	(282,702)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	300,000
Transfers in	-	-	-	-
Transfers out	-	(440,479)	(105,483)	-
Total Other Financing Sources (Uses)	-	(440,479)	(105,483)	300,000
Net Change in Fund Balances	(450)	69,868	82,347	17,298
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	(359)	310,201	955,181	(419,916)
FUND BALANCES (DEFICIT) - END OF YEAR	$ (809)	$ 380,069	$ 1,037,528	$ (402,618)

Capital Projects Funds			
TIF District No. 6	Equipment Replacement	Building Maintenance	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 756,255
-	51,895	-	343,117
-	-	-	1,089,052
-	-	-	200,333
-	1,173	550	38,473
21,945	-	159,339	519,508
21,945	53,068	159,889	2,946,738
-	-	946	946
-	-	-	41,072
-	-	-	2,057,911
9,523	-	-	37,226
556,831	78,969	-	995,440
3,374	-	-	3,374
569,728	78,969	946	3,135,969
(547,783)	(25,901)	158,943	(189,231)
505,000	-	-	805,000
-	219,500	-	977,514
-	-	-	(802,747)
505,000	219,500	-	979,767
(42,783)	193,599	158,943	790,536
(18,600)	142,022	269,987	3,052,955
$ (61,383)	$ 335,621	$ 428,930	$ 3,843,491

CITY OF STOUGHTON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2017

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and investments	$ 646,696	$ 239,176	$ 885,872
Receivables	1,666	149,332	150,998
Due from other funds	42,903	-	42,903
Prepaid items	-	211,351	211,351
Total Current Assets	691,265	599,859	1,291,124
Noncurrent Assets			
Capital Assets			
Land	9,986	-	9,986
Property and equipment	2,336,051	2,082,851	4,418,902
Less: Accumulated depreciation	(194,893)	(877,932)	(1,072,825)
Total Noncurrent Assets	2,151,144	1,204,919	3,356,063
Total Assets	2,842,409	1,804,778	4,647,187
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	-	40,568	40,568
Total Deferred Outflows of Resources	-	40,568	40,568
LIABILITIES			
Current Liabilities			
Accounts payable	7,266	16,108	23,374
Accrued liabilities	12,031	15,678	27,709
Due to other funds	-	275,745	275,745
Current portion of general obligation debt	170,970	125,000	295,970
Total Current Liabilities	190,267	432,531	622,798
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt payable	1,224,381	265,000	1,489,381
Net pension liability	-	5,420	5,420
Compensated absences	-	32,946	32,946
Total Liabilities	1,414,648	735,897	2,150,545
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	-	17,654	17,654
Total Deferred Inflows of Resources	-	17,654	17,654
NET POSITION			
Net investment in capital assets	1,266,922	876,650	2,143,572
Unrestricted	160,839	215,145	375,984
TOTAL NET POSITION	$ 1,427,761	$ 1,091,795	$ 2,519,556

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	$ 602,208	$ 724,034	$ 1,326,242
Total Operating Revenues	602,208	724,034	1,326,242
OPERATING EXPENSES			
Operation and maintenance	360,123	573,848	933,971
Depreciation expense	77,868	100,314	178,182
Total Operating Expenses	437,991	674,162	1,112,153
Operating Income	164,217	49,872	214,089
NONOPERATING REVENUES (EXPENSES)			
Investment income	5,411	1,860	7,271
Interest and fiscal charges	(28,310)	(17,873)	(46,183)
Interest subsidy	-	10,670	10,670
Intergovernmental grants	8,706	20,151	28,857
Total Nonoperating Revenues (Expenses)	(14,193)	14,808	615
Net Income Before Contributions and Transfers	150,024	64,680	214,704
CONTRIBUTIONS AND TRANSFERS			
Contributions in aid of construction	246,126	-	246,126
Capital contributions - city	503,535	-	503,535
Transfers in	-	80,000	80,000
Total Contributions and Transfers	749,661	80,000	829,661
Change in Net Position	899,685	144,680	1,044,365
NET POSITION - Beginning of Year	528,076	947,115	1,475,191
NET POSITION - END OF YEAR	$ 1,427,761	$ 1,091,795	$ 2,519,556

CITY OF STOUGHTON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017

	Storm Sewer	EMS	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 644,233	$ 713,153	$ 1,357,386
Paid to suppliers for goods and services	(169,852)	(448,228)	(618,080)
Paid to employees for services	(193,483)	(316,235)	(509,718)
Net Cash Flows From Operating Activities	280,898	(51,310)	229,588
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	5,411	1,860	7,271
Net Cash Flows From Investing Activities	5,411	1,860	7,271
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	-	80,000	80,000
Advances from other funds	-	32,103	32,103
Net Cash Flows From Noncapital Financing Activities	-	112,103	112,103
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	575,000	-	575,000
Debt retired	(119,676)	(120,000)	(239,676)
Interest paid	(22,682)	(18,620)	(41,302)
Acquisition and construction of capital assets	(175,125)	-	(175,125)
Construction grant received	8,706	-	8,706
Net Cash Flows From Capital and Related Financing Activities	266,223	(138,620)	127,603
Net Change in Cash and Cash Equivalents	552,532	(75,967)	476,565
CASH AND CASH EQUIVALENTS - Beginning of Year	94,164	315,143	409,307
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 646,696	$ 239,176	$ 885,872

	Storm Sewer	EMS	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 164,217	$ 49,872	$ 214,089
Nonoperating revenue	-	30,821	30,821
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	77,868	100,314	178,182
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	41,286	-	41,286
Other accounts receivable	-	(41,702)	(41,702)
Due from other funds	739	-	739
Compensated absences	-	1,907	1,907
Prepaid items	-	(211,351)	(211,351)
Accounts payable	(3,212)	11,603	8,391
Other current liabilities	-	935	935
Pension related deferrals and liabilities	-	6,291	6,291
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 280,898	$ (51,310)	$ 229,588
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	$ 646,696	$ 239,176	$ 885,872
CASH AND CASH EQUIVALENTS	$ 646,696	$ 239,176	$ 885,872
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
City contributed assets	$ 503,535	$ -	$ 503,535
Developer contributed assets	$ 246,126	$ -	$ 246,126