City of Stoughton

Financial highlights

May 26, 2020

Client service team

Carla Gogin, CPA, Partner
Vasvi Joshi, CPA, Senior Manager
Justin Hoagland, CPA, Manager

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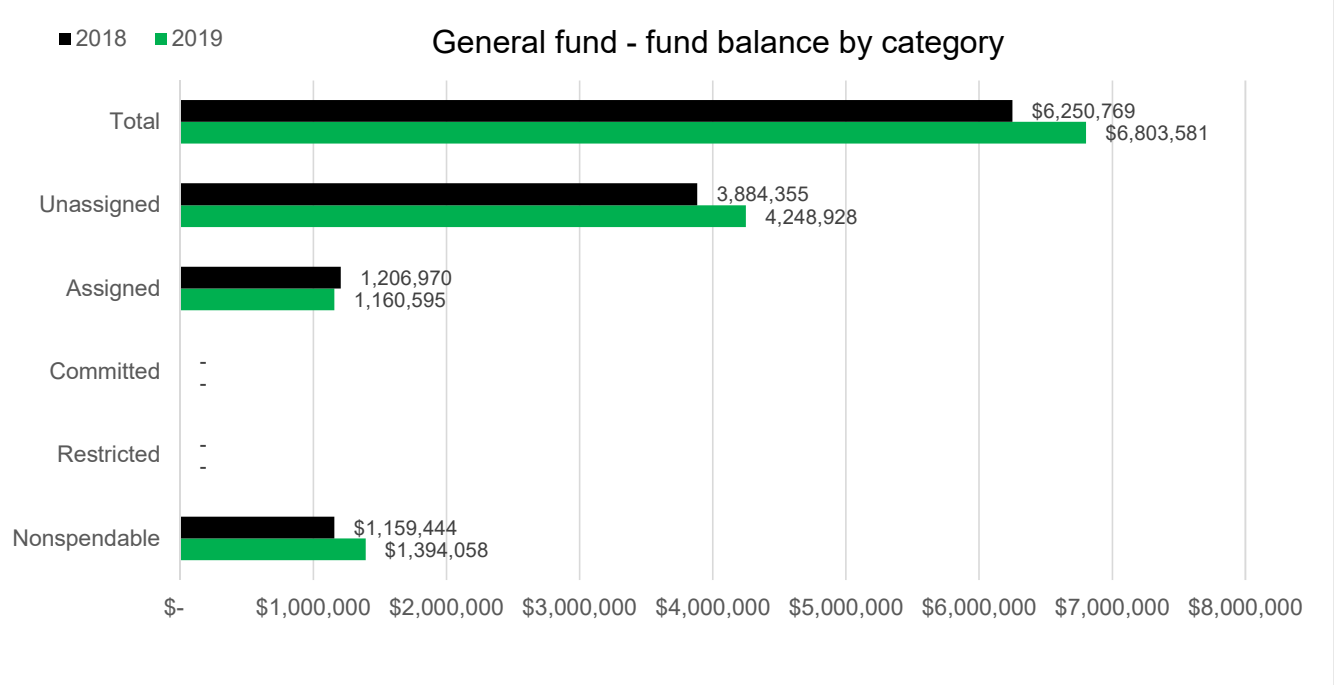
City of Stoughton

General fund results



Summarized income statement

	Actual	Final budget	Variance
Revenues and other financing sources	$ 14,718,796	$ 14,296,468	$ 422,328
Expenditures and other financing uses	14,165,984	14,258,094	92,110
Net change in fund balance	$ 552,812	$ 38,374	$ 514,438

Fund balance category definitions

Nonspendable - amounts cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained in tact.

Restricted - amounts that can be spent only for the specific purposes stipulated by an external source.

Committed - amounts constrained for specific purposes that are internally imposed through formal action of the governing body.

Assigned - spendable amounts that are intended to be used for specific purposes that are not considered restricted or committed.

Unassigned - residual amounts that have not been classified within other categories above.

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Source: current and prior year financial statement information and other benchmark information as noted.

City of Stoughton

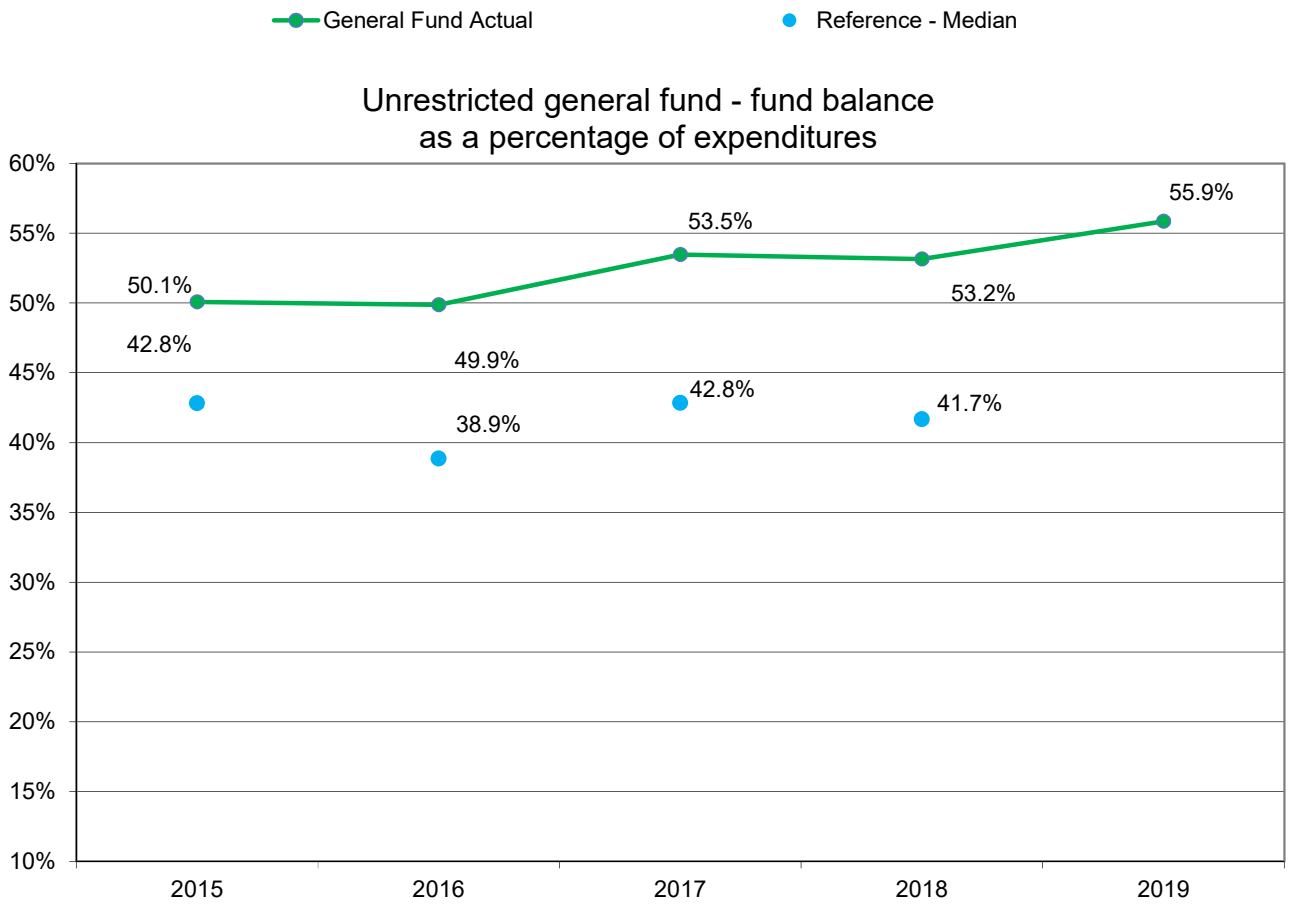
General fund - fund balance trends

Fund balance policy:

Maintain unassigned general fund balance within a range of 20-25% of general fund annual budgeted expenditures

The unassigned general fund balance at year end was $3,903,588 or 27.91% of 2019 general fund budgeted expenditures.

The city includes deficit fund balances for Opera House and Redevelopment Authority within this unassigned general fund



Other reference values

GFOA recommends a minimum of no less than 2 months (16.7%) of general fund expenditures.

Median reference value generated from 2015 - 2018 Baker Tilly municipal client data for population ranges from 10,000 to 17,500.

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Source: current and prior year financial statement information and other benchmark information as noted.

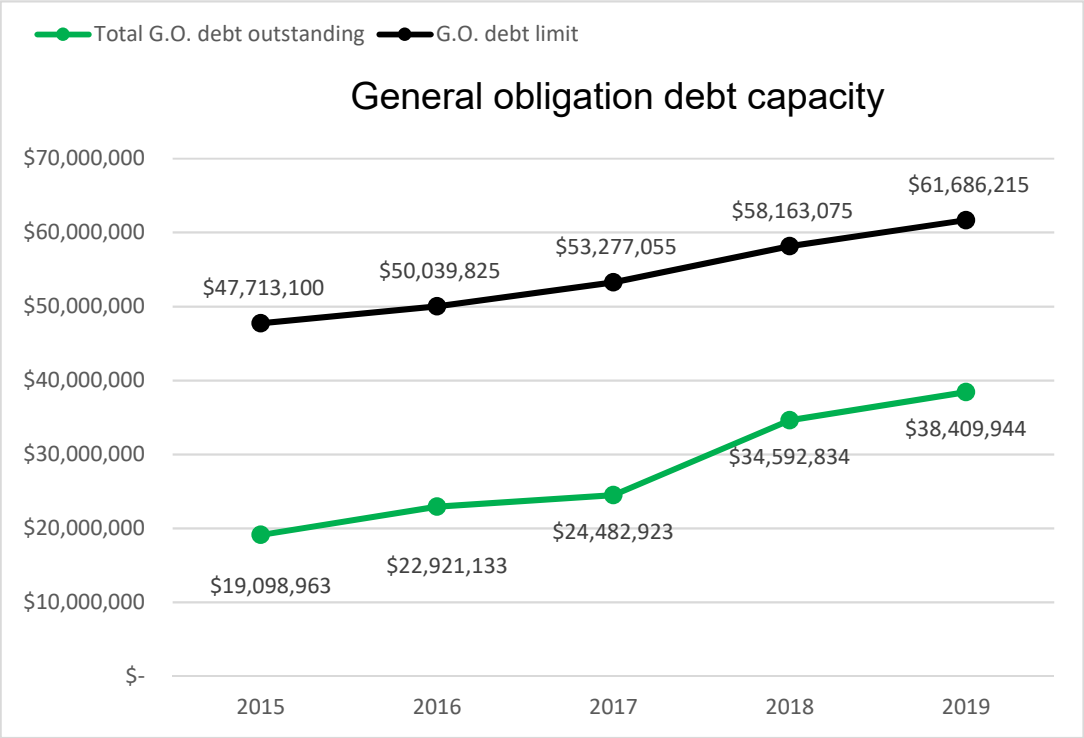
City of Stoughton

General obligation debt

Debt management policy:

The City has a debt policy to maintain total outstanding general obligation debt at 4% or less of equalized value. The City's outstanding general obligation debt was at 3.11%. Legal debt margin capacity (5% of the city's total equalized value).

Actual percentage of debt limit at 12/31/19: **62%**



Total debt outstanding by type at 12/31/2019

	General obligation	Revenue debt	Total
City	$ 36,247,852	$ -	$ 36,247,852
Utility	2,162,092	12,107,100	14,269,192
Total	$ 38,409,944	$ 12,107,100	$ 50,517,044

Comparative metrics available online through the Wisconsin Policy Forum.

https://wispolicyforum.org/research/municipal-datatool-examining-and-comparing-wisconsin-cities-and-villages/

Select "Debt" -- options for custom comparisons or comparisons by county

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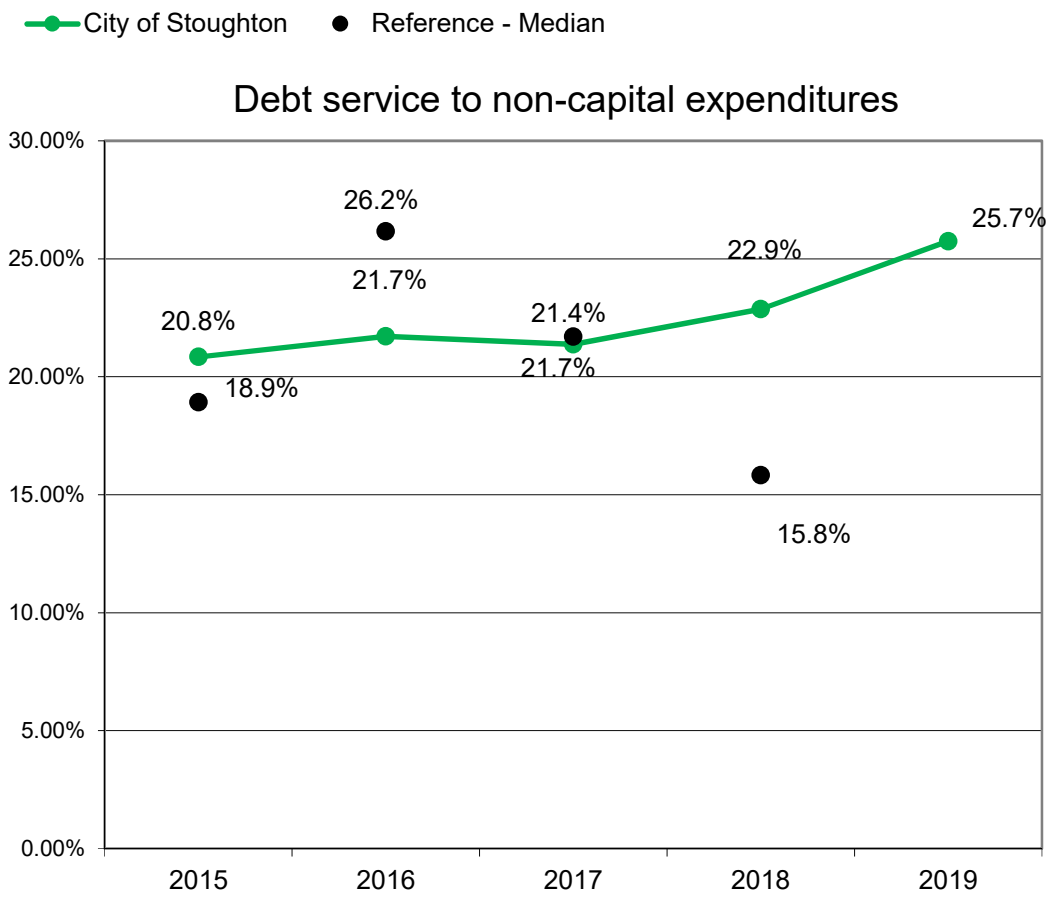
Source: current and prior year financial statement information and other benchmark information as noted.

City of Stoughton

Governmental funds - debt service



Current and prior year data

	2019	2018
Principal	$ 3,215,601	$ 2,869,119
Interest	1,015,259	688,873
Total	$ 4,230,860	$ 3,557,992
Non-capital expenditures	$ 16,433,004	$ 15,564,168

Other reference values

Median reference value generated from 2015 - 2018 Baker Tilly municipal client data for population ranges from 10,000 to 17,500.

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Source: current and prior year financial statement information and other benchmark information as noted.

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Reporting and insights from 2019 audit:

City of Stoughton

May 11, 2020

Executive summary

We have completed our audit of the financial statements of the City of Stoughton for the year ended December 31, 2019, and have issued our report thereon dated May 11, 2020. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your City's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the City of Stoughton should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

Carla Gogin, Partner: carla.gogin@bakertilly.com or +1 (608) 240 2460
Vasvi Joshi, Senior Manager: vasvi.joshi@bakertilly.com or +1 (608) 240 2453

Sincerely,

Baker Tilly Virchow Krause, LLP

Carla A. Gogin, CPA

Vasvi Joshi, CPA

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Audit objectives

Audit objectives

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the City's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the City Council:
    - Are free from material misstatement
    - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the City Council, including:

- Qualitative aspects of the City's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management		Auditor
	Prepare and fairly present the financial statements	Our audit does not relieve management or the city council of their responsibilities
	Establish and maintain effective internal control over financial reporting	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls
	Provide us with written representations at the conclusion of the audit	See Appendix B for a copy of management's representations

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Audit status

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

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Audit approach and results

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the City and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Areas of complexity and additional compliance requirement including TIF Districts.

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the City's current year results.

Implementation of GASB No. 84 reporting fiduciary activities

During the current year, your government implemented GASB Statement No. 84 – *Fiduciary Activities*. This standard was issued to provide a clear foundation and reduce inconsistencies in reporting of fiduciary activities. Implementation of this standard required the evaluation of various activities and application of specific criteria to determine the fiduciary activities that required reporting. As a result of this standard you will note the following changes in your financial statements from prior years:

- Change in the activity that is reported through the tax collection custodial fund
- Recognition of a liability to the beneficiaries in each fiduciary fund only when an event has occurred that compels the government to disburse fiduciary resources
- Presentation of additions and deductions on the statement of changes in fiduciary net position for custodial fund

Implementation of GASB No. 88 certain disclosures related to debt, including director borrowings and direct placements

During the current year, your government implemented GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This standard was issued to provide essential information related to debt disclosures including unused lines of credit, assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The City's footnotes have been updated accordingly.

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Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

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Internal control matters

We considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements. We are not expressing an opinion on the effectiveness of the City's internal control.

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

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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

Other comments and recommendations

PRIOR YEAR POINT

- **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 (12/31/19)

  A total of $4,114,009 of deposits and investments were exposed to some level of custodial credit risk as of December 31, 2019.

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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.

- **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.
  - 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.

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Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1, the City changed accounting policies related to financial reporting for fiduciary activities by adopting Governmental Accounting Standards Board (GASB) No. 84 – *Fiduciary Activities*, in 2019. Also described in Note 1, the City changed accounting policies related to financial reporting for debt disclosures by adopting Governmental Accounting Standards Board (GASB) No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, in 2019. Accordingly, these accounting changes have been retrospectively applied to prior periods presented as if the policy has always been used. We noted no transactions entered into by the City during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Firemen's net pension liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

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Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the City or that otherwise appear to be unusual due to their timing, size or nature.

Other information in documents containing audited financial statements

The City's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The City can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Difficulties encountered during the audit

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

Disagreements with management

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.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

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Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the Appendix summarizes the uncorrected misstatements, other than those that are clearly trivial, that we presented to management and the material corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. In our judgment, neither the uncorrected misstatements nor the misstatements that management corrected, either individually or in the aggregate, indicate matters that could have had a significant effect on the city's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the City's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the City's that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the City's related parties.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

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's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention

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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.

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Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled TIF financial statements
- Compiled regulatory reports
- Maintenance of capital asset records
- Impact fee services
- Municipal advisory service

In addition, we prepared 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.

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

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Accounting changes relevant to The City of Stoughton

Accounting changes relevant to the City of Stoughton

Future accounting standards updates

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/20
89	Accounting for Interest Incurred before the End of a Construction Period	✓	12/31/20
91	Conduit Debt	✓	12/31/21

Further information on upcoming GASB pronouncements

In response to the COVID-19 pandemic, during the board meeting on May 7, 2020, GASB deliberated and approved Statement No. 95, which will delay the required implementation date of several standards by 12 months, and GASB 87 (leases) by 18 months.

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective for the upcoming year. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the City review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. 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.

Learn more about GASB 87.

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Planning for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The City should identify any existing debt arrangements involving third party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

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Trending challenges for organizations

Trending challenges for organizations

Management and the governing body of the City must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long term goals. Economic uncertainty, coupled with key risk areas and fast paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

COVID-19 Risks and ongoing response

Staying nimble and resilient during unprecedented disruption

COVID-19 has challenged all organizations and the effects continue to unfold. It is critical that management and governing bodies stay nimble to respond to direct and indirect effects of this disruption on operations, cash flow, and people. Some best practices to consider include:

- Establish mechanisms to track COVID-19 related expenses, lost revenues or delayed revenues
- Monitor cash flow projections and seek short term liquidity help
- Create a policy and forms for compliance with Family First Coronavirus Response Act
- Compare anticipated results to bond covenants and track any continuing disclosure items
- Re-evaluate TIF projections with revised development scenarios
- Develop a strategy for leading your community through the crisis

Learn about public sector Coronavirus resources, including the latest news on business continuity and cash flow management, Federal stimulus and tax developments, and more.

2020 strategic risks for boards

Evaluating and mitigating the greatest risks

Public sector organizations face a multitude of internal and external risks in an evolving landscape. Risks can stem from strategy, finances, legal situations, operations, regulatory compliance, information technology, economic environment, and/or fraud, waste and abuse.

By employing a risk assessment, areas with the greatest needs and highest risks are evaluated. Then a risk mitigation plan can be developed and deployed.

Learn about risk assessment types, tools and strategies.

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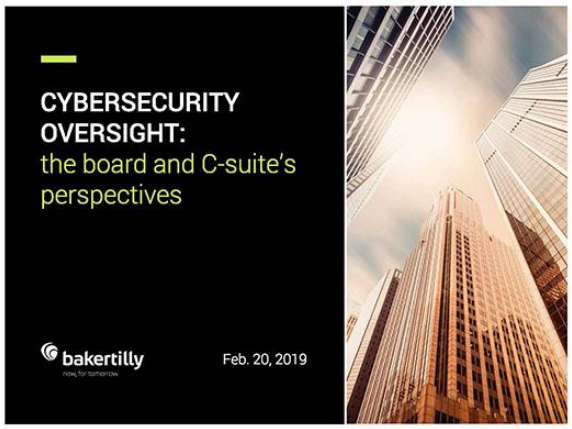
Cybersecurity

Operational reporting on cybersecurity effectiveness

As boards engage management in cybersecurity risk discussions, directors should expect management to produce reports on the effectiveness of the organization's cybersecurity-risk management program. Management can (and should) collect and analyze relevant performance measures and metrics to determine if cybersecurity safeguards and controls are operating as intended, and whether any corrective action should be taken to strengthen management's risk-mitigation approaches. While not an exhaustive list, some key processes on which management should report include these:

- Incident management
- Risk management and governance
- Independent assurance on the cybersecurity program

Learn more about cybersecurity risk management.



WATCH: On demand webinar about board governance over cybersecurity.

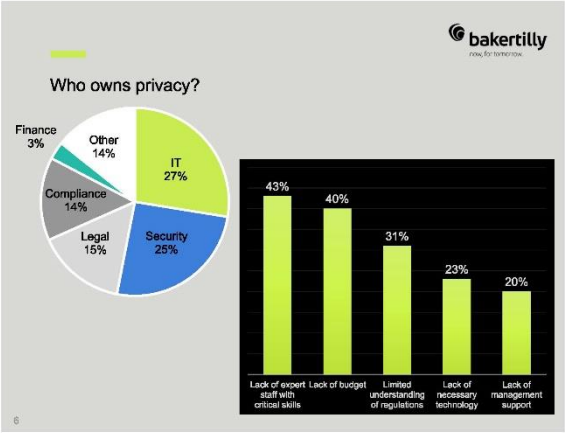
Data privacy

Elevating privacy risks to the forefront of board agendas

Organizations around the world are still scrambling to comply with the General Data Protection Regulation in the European Union, which went into effect in May 2018. While the data privacy regulatory environment changes rapidly, organizations can take proactive steps to ensure that they stay informed of the existing regulations and of those developing on the near horizon.

Adequate oversight remains a key part of staying on top of data privacy developments. Some regulations specify oversight requirements, and can depend on the type of the organization, the quantity and type of personal data processed, and the locations where operations take place. In many cases, a data protection officer (DPO) must lead the effort. Since the DPO is responsible for overseeing practices related to data protection strategy and implementation, having one in place early on will help ensure that the privacy program is comprehensive and consistent.

Learn more about data privacy risk management.



WATCH: On demand webinar about a risk-based approach to oversight, compliance and management of privacy

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The talent problem

Establishing a lifeline for your shifting workforce

Employee recruitment and retention challenges are an all too common struggle in the public sector:

- Aging workers with institutional knowledge retire
- High demand for small qualified candidate pool
- Perception of geographic disadvantages
- Wage/benefit competition with private sector
- Lean operations exclude investments in recruitment, on-the-job training and technology
- Unclear growth and career advancement tracks

Download

Sustainable organizations must have a robust workforce development and succession planning program. Learn how to get started and incorporate a workforce/succession planning program with existing operational practices.

Public sector executive recruitment

Navigating recruitments and smart hiring

Competing for top executive talent in the public sector space takes industry knowledge, familiarity with the general applicant pool and experience navigating recruitments. Search consultants draw upon their understanding of organizational management and human resources to serve as a successful agent for government entities. In turn, public sector organizations can adopt a foundational understanding about search firms to ensure optimal collaboration on hiring opportunities.

Read the three part series to learn what your entity should be thinking about and how Baker Tilly can help.

Three part series on public sector executive recruitment

Navigate the changing workforce landscape with confidence, read the executive recruitment series.

1. Five myths about search firms
2. Recruiting for difficult positions
3. Hiring recommendations for government entities

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Operational and organizational sustainability

Aligning resources with strategy

As new demands confront the public sector industry, it's easy to solve an immediate problem instead of pausing to take a holistic view. Rippling inefficiencies, increasing financial pressures, taxing staff resources and plummeting constituent satisfaction can pile atop organizations already facing pressure to improve efficiency, effectiveness, relevance and financial viability.

An operational review follows a systematic, strategic approach to understanding an entity's operations and performance. Opportunities to improve processes, bolster internal controls and reduce costs are uncovered in order to realign organizational resources and strategic objectives.

Learn invaluable methods for executing an operational review while maintaining day-to-day operations.

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Appendix A: Client service team

Client service team

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Appendix B: Management representation letter

CITY OF STOUGHTON
207 S Forrest Street, Stoughton, WI 53589
(608) 873-6677 www.ci.stoughton.wi.us

May 11, 2020

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, 2019 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 financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

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

8) We believe the effects of the uncorrected financial statement misstatements listed here are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. The city chose not to record postemployment benefit liabilities and related deferred outflows of resources, deferred inflows of resources and expenses/expenditure for Governmental activities, Business-type activities, Water utility, Wastewater utility, Electric utility, EMS and Storm sewer enterprise funds. The liabilities, deferred inflows of resources, deferred outflows of resources and expenses/expenditures are understated and net position is overstated for each opinion unit. Amounts are listed in attached summary. 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.

10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) 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.

12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) 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.

14) 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.

15) 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.

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

Other

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

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

19) 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.

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

21) 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.

22) 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.

23) 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) Impact fee services

g) Municipal advisory

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

24) 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.

25) 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.

26) 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.

27) The financial statements properly classify all funds and activities.

28) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

29) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

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

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

32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

33) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

34) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

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

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

37) Tax-exempt bonds issued have retained their tax-exempt status.

38) We have appropriately disclosed the City of Stoughton's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

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

40) With respect to the supplementary information, (SI):

    a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

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.

43) All activities that meet the criteria in GASB Statement No. 84 for presentation as fiduciary activities have been identified and presented as such.

44) Any direct borrowings, direct placements, lines of credit or debt default clauses have been identified and properly disclosed.

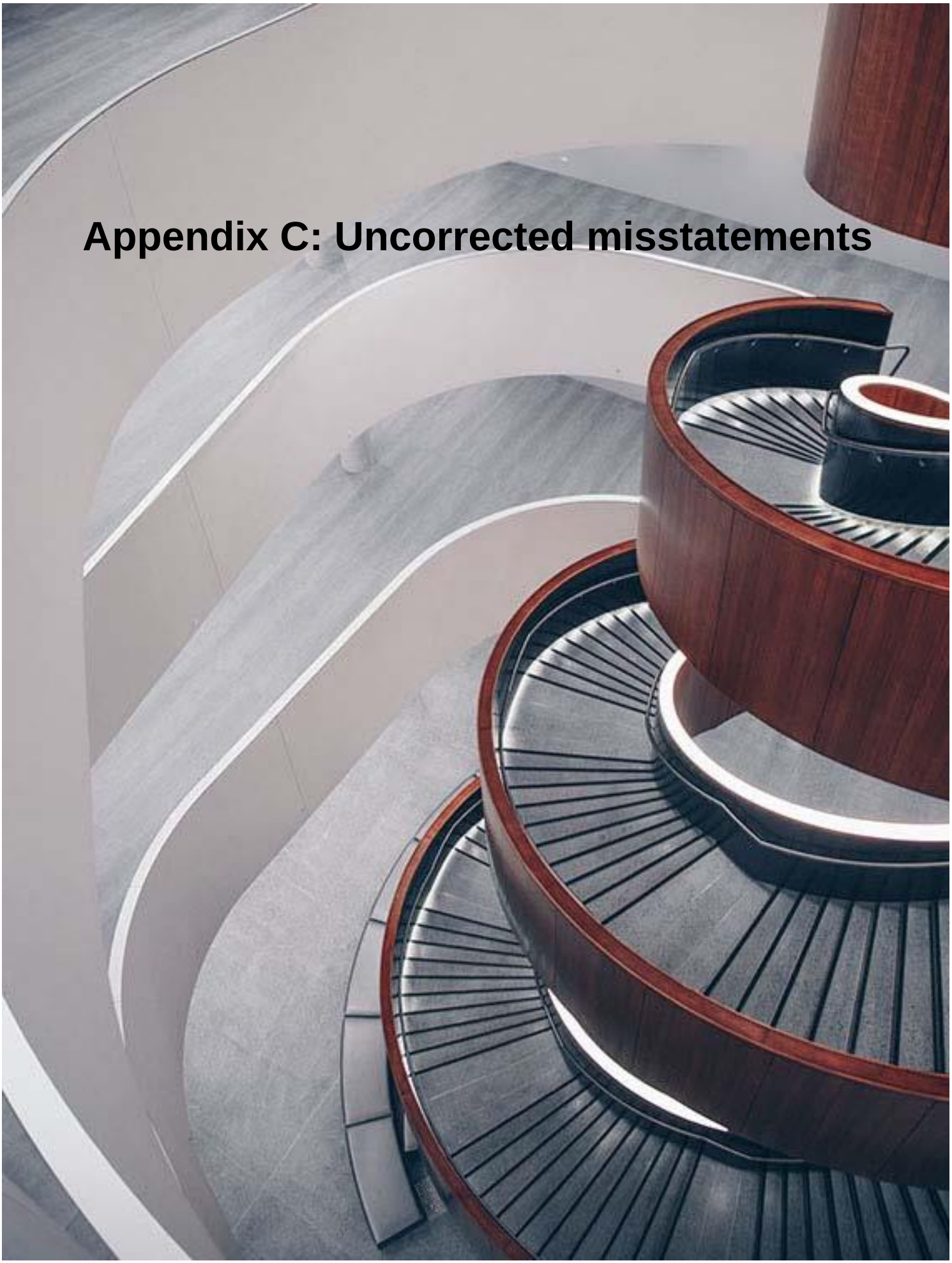
Sincerely,

City of Stoughton

Signed: _____ Date: May 11, 2020

Signed: _____ Date: May 11, 2020

Appendix C: Uncorrected misstatements



Uncorrected Misstatements

The city has one uncorrected financial statement misstatement as the result of not implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Had this standard been implemented the following would have been recorded.

Financial statement effects – debit (credit) to financial statement total:

Opinion unit	Total assets/ deferred outflows	Total liabilities/ deferred inflows	Total net position/ fund balances	Total expenses/ expenditures	Change in net position/ fund balances
Governmental Activities	36,774	(779,799)	743,025	(126,774)	(126,774)
Business-type Activities	12,864	(206,673)	193,809	(54,492)	(54,492)
Water	2,411	(37,118)	34,707	(10,325)	(10,325)
Wastewater	2,498	(38,468)	35,970	(10,700)	(10,700)
Electric	7,232	(111,353)	104,121	(30,974)	(30,974)
Remaining Funds	723	(19,733)	190,010	(2,494)	(2,494)

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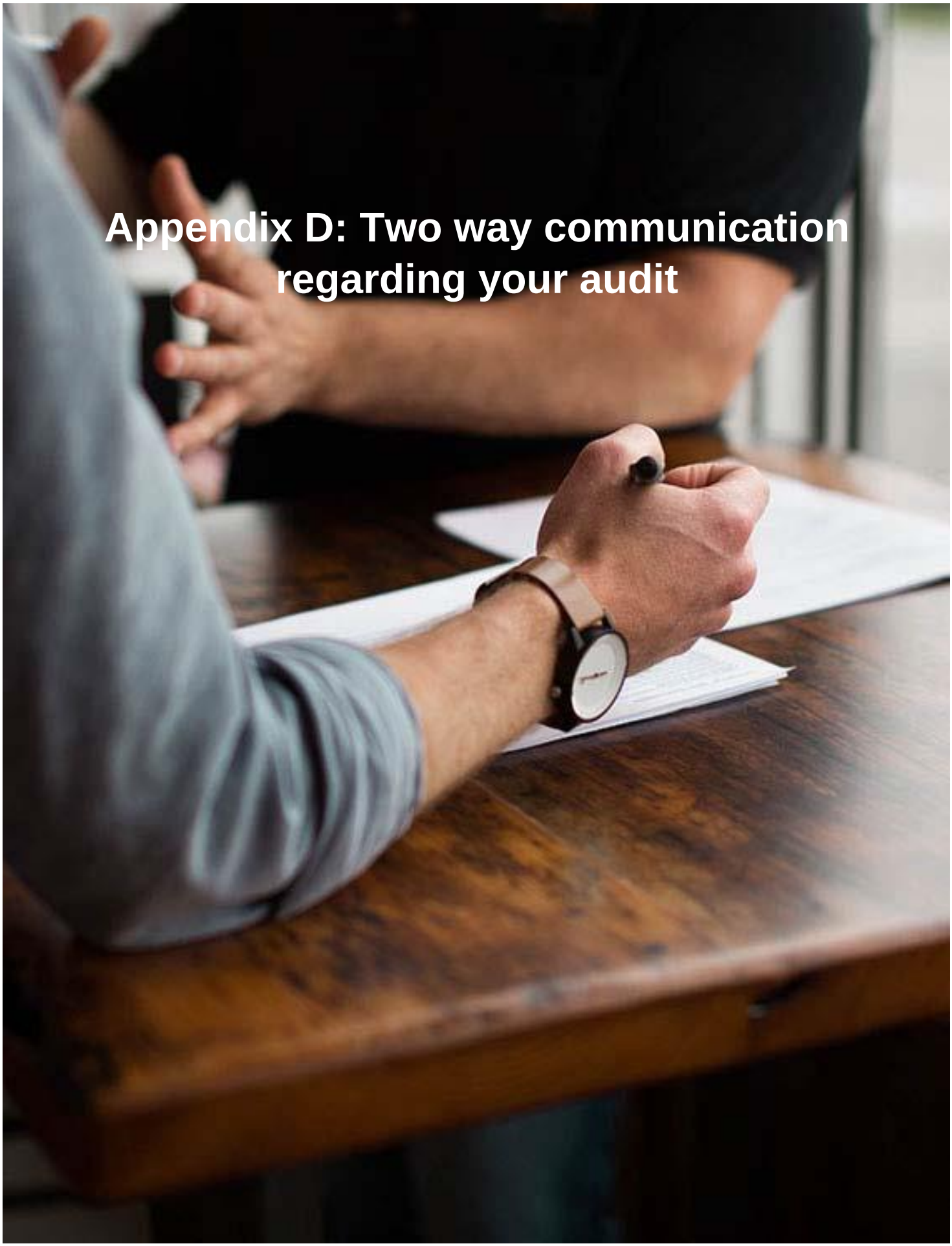
Appendix D: Two way communication regarding your audit



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.

c. 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.

d. 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.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

e. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of America, 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 governing board 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. We anticipate that the City will receive an unmodified opinion on its financial statements.

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

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

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

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

a. The entity'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 financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 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.

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CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF STOUGHTON

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CITY OF STOUGHTON

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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, 2019, 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.

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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, 2019 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 1, the City of Stoughton, Wisconsin adopted the provisions of Governmental Accounting Standards Board No. 84, *Fiduciary Activities,* effective January 1, 2019. 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 11, 2020

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

As of and For the Year Ended December 31, 2019

Management of the City of Stoughton 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, 2019. We encourage readers to consider the information presented here in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

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

- Net positon increased $ 2.7 million, or 3.0%, in 2019 to $91.0 million from $88.3 million in 2018. However, governmental activities accounted for only $0.03 million of the increase in net position with the remainder generated from business-type activities.

- Net investment in capital assets increased by $1.3 million, or 2.0%, in 2019.

- Unrestricted net position increased in 2019 by $2.4 million, or 14.9%, to $18.3 million. The increase is due in large part to borrowings in TID 6 and from cash and receivables generated from governmental activities.

- The city's governmental funds reported combined fund balances of $17.4 million at year-end. $3.1 million of the fund balance was unassigned and able to fund future city expenditures. The remainder of the fund balance was nonspendable, restricted, committed or assigned for various purposes.

- Long-term bonds and notes outstanding increased by $4.3 million to $50.5 million at the end of 2019. The additional debt was incurred to fund the city’s capital fund projects and water projects.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

- 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.

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, changes in the local, state and national economies, and the condition of the city's roads and other infrastructure.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The city maintains thirty-eight 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, construction fund, outlay fund and TIF District #7 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 32,681,577	$ 29,870,075	$ 15,289,239	$ 14,878,017	$ 47,970,816	$ 44,748,092
Capital assets	52,631,928	51,209,090	60,006,260	57,361,213	112,638,188	108,570,303
Total Assets	85,313,505	81,079,165	75,295,499	72,239,230	160,609,004	153,318,395
Pension related amounts	3,686,053	2,079,552	1,173,998	679,881	4,860,051	2,759,433
Total Deferred Outflows of Resources	3,686,053	2,079,552	1,173,998	679,881	4,860,051	2,759,433
Long-term liabilities	38,244,663	35,580,848	13,306,422	12,907,057	51,551,085	48,487,905
Net pension liability	2,200,216	-	443,159	-	2,643,375	-
Other liabilities	2,813,030	2,668,525	2,894,341	2,698,474	5,707,371	5,366,999
Total Liabilities	43,257,909	38,249,373	16,643,922	15,605,531	59,901,831	53,854,904
Unearned revenue	11,569,786	10,987,696	-	-	11,569,786	10,987,696
Pension related amounts	2,381,062	2,162,394	617,148	759,394	2,998,210	2,921,788
Total Deferred Inflows of Resources	13,950,848	13,150,090	617,148	759,394	14,567,996	13,909,484
Net investment in capital assets	19,667,802	21,358,159	46,473,103	43,606,545	65,787,595	64,491,804
Restricted	3,833,588	4,600,716	3,072,630	3,295,342	6,906,218	7,896,058
Unrestricted	8,289,411	5,800,379	9,662,694	9,652,299	18,305,415	15,925,578
Total Net Position	$ 31,790,801	$ 31,759,254	$ 59,208,427	$ 56,554,186	$ 90,999,228	$ 88,313,440

The largest portion of the city's net position (72.3%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that are still outstanding. 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 as the capital assets themselves cannot generally be liquidated to pay these liabilities.

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

An additional portion of the city's net position (7.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (20.1%) may be used to meet the government's ongoing obligation to citizens, customers and creditors. However, it is important to note that unrestricted balances can generally only be applied to the individual funds' obligations and cannot generally be transferred from one fund to another except under limited circumstances.

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	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues						
Charges for services	$ 3,014,578	$ 3,194,280	$ 20,326,367	$ 20,500,400	$ 23,340,945	$ 23,694,680
Operating grants and contributions	1,977,030	1,751,419	23,575	53,730	2,000,605	1,805,149
Capital grants and contributions	86,920	2,192,906	93,467	1,148,641	180,387	3,341,547
General Revenues						
Property taxes	10,239,339	9,603,316	-	-	10,239,339	9,603,316
Other taxes	130,559	137,688	-	-	130,559	137,688
Intergovernmental	932,109	1,025,797	-	-	932,109	1,025,797
Other	940,077	986,150	454,244	189,176	1,394,321	1,175,326
Total Revenues	17,320,612	18,891,556	20,897,653	21,891,947	38,218,265	40,783,503
EXPENSES						
General government	2,230,352	2,053,284	-	-	2,230,352	2,053,284
Public safety	4,756,181	4,677,585	-	-	4,756,181	4,677,585
Public works	3,933,341	4,110,559	-	-	3,933,341	4,110,559
Culture, education and recreation	4,061,644	3,527,824	-	-	4,061,644	3,527,824
Conservation and development	598,312	939,747	-	-	598,312	939,747
Water	-	-	1,664,278	1,478,914	1,664,278	1,478,914
Wastewater	-	-	1,992,498	1,902,959	1,992,498	1,902,959
Electric	-	-	14,070,250	14,278,273	14,070,250	14,278,273
EMS	-	-	653,890	602,256	653,890	602,256
Storm sewer	-	-	540,212	579,275	540,212	579,275
Interest and fiscal charges	1,031,519	907,723	-	-	1,031,519	907,723
Total Expenses	16,611,349	16,216,722	18,921,128	18,841,677	35,532,477	35,058,399
Income Before Transfers	709,263	2,674,834	1,976,525	3,050,270	2,685,788	5,725,104
Transfers	(677,716)	319,491	677,716	(319,491)	-	-
Change in Net Position	31,547	2,994,325	2,654,241	2,730,779	2,685,788	5,725,104
Beginning Net Position	31,759,254	28,764,929	56,554,186	53,823,407	88,313,440	82,588,336
ENDING NET POSITION	$ 31,790,801	$ 31,759,254	$ 59,208,427	$ 56,554,186	$ 90,999,228	$ 88,313,440

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

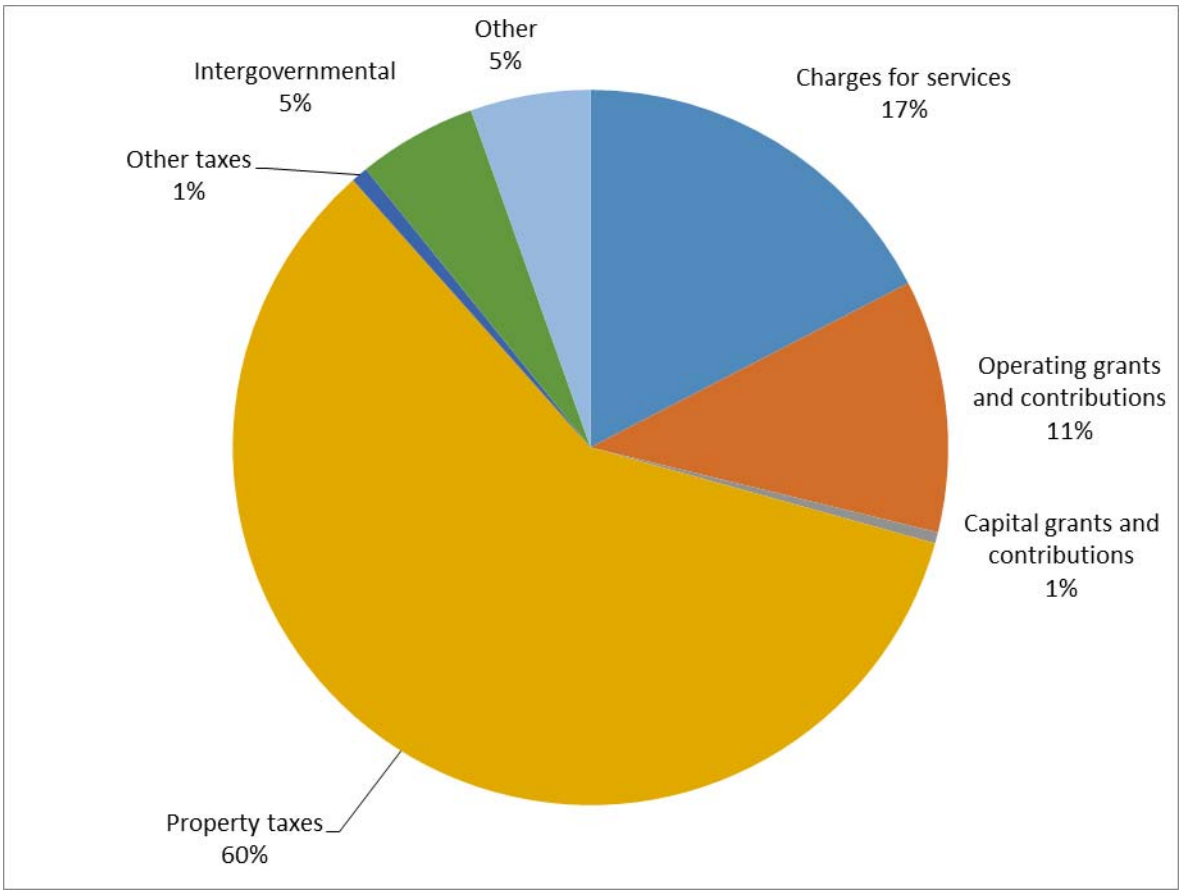
Governmental activities increased the city's net position by $31,547 in 2019. This is down sharply from an increase in the city's net position of $2,994,325 in 2018. However, most of the decrease is due to a one-time $1.6 million donation of a building to the City of Stoughton to serve as a city hall in 2018. There was also $0.5 million less developer donations of infrastructure in 2019 compared to 2018. The overall $31,547 increase in net position indicates that city's governmental activities neither significantly improved nor impaired the city's financial position in 2019.

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 property taxes, 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, taxi service 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 60% of total revenues.

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

Governmental Activities by Revenue Source

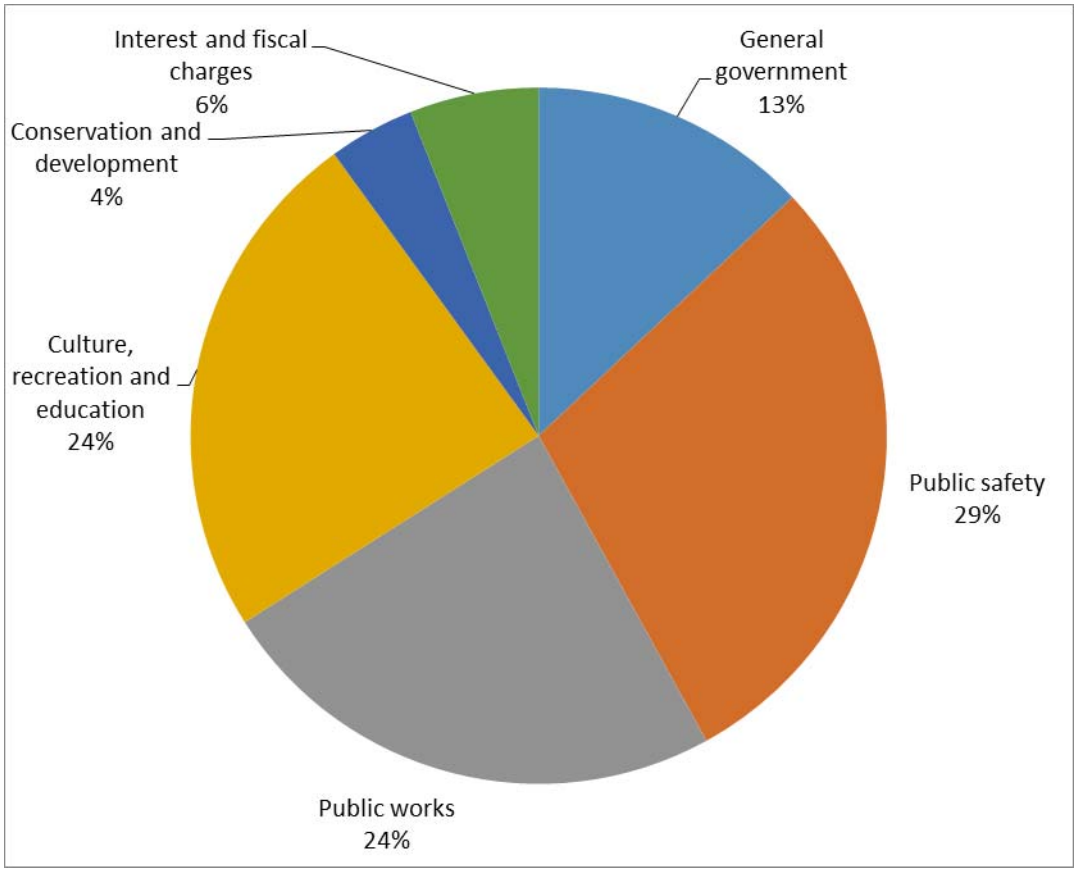


FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes administrative type costs including Council, Clerk, Human Resources, 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



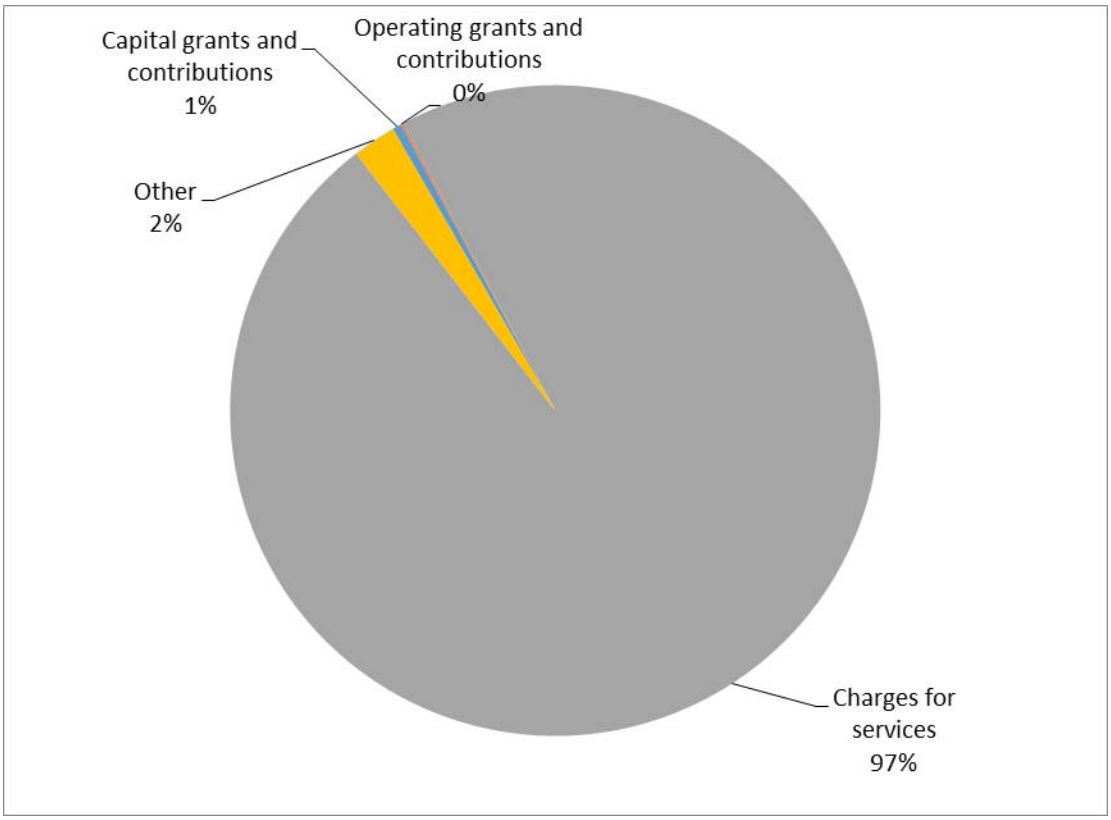
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

Business Type Activities

Business-type activities increased the City of Stoughton's net position by $2,654,241. The electric utility accounted for 16.6%, the water utility accounted for 17.8%, the wastewater accounted for 14.0%, storm sewer accounted for 49.4% and EMS accounted for 2.2% of the net increase. Storm sewer accounted for an outsized portion of the net increase in 2019 due to a $1,181,861 capital contribution from the city.

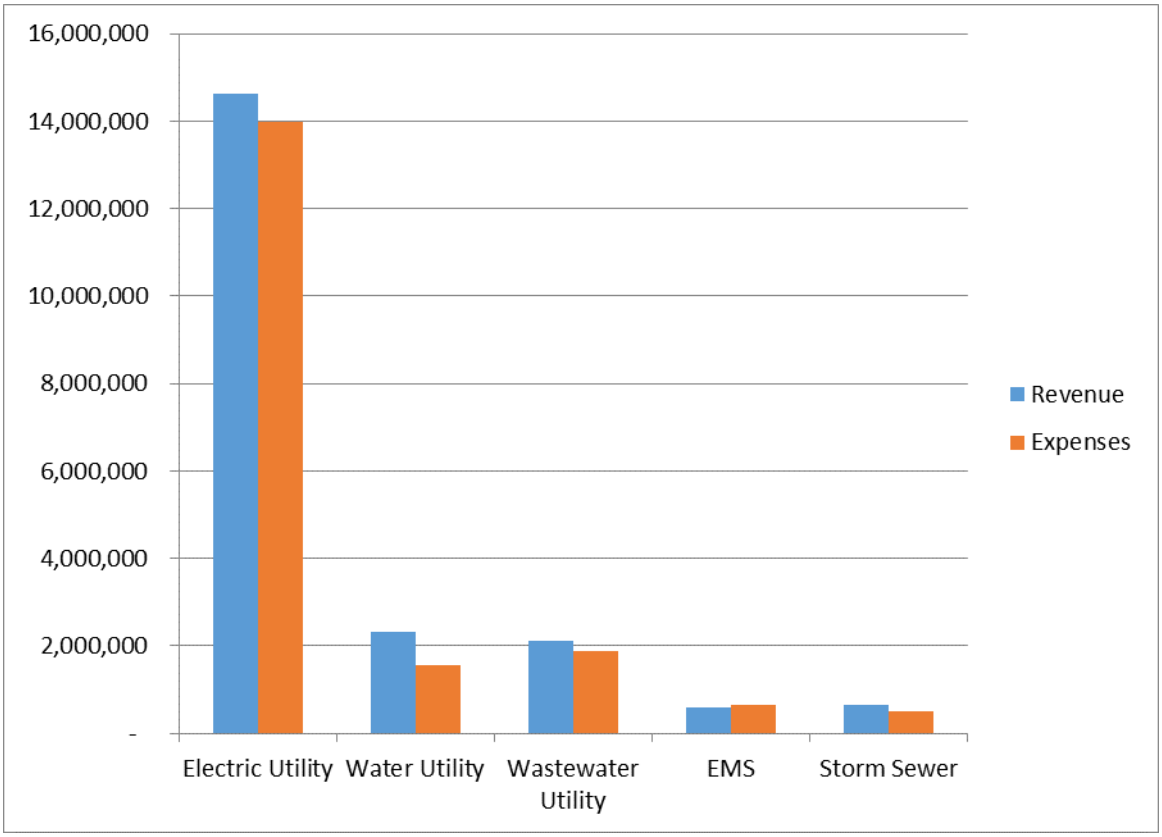
As shown on the following chart, the major source of revenues for the business-type activities is charges for services; other revenues include grants, contributions and investment income.

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, 2019, the city's governmental funds reported combined fund balances of $17,377,128, up from $14,196,336 at the end of 2018. Approximately 18% of this amount, $3,124,604, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional $12,775,591 is included in the restricted, committed, or assigned category, which has been designated for specific projects or expenditures. The remaining $1,476,933 is nonspendable for prepaid expenditures, noncurrent assets, delinquent items and other investments.

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 $552,812, or 8.8%, from the prior year. The increase is primarily due to investment income, miscellaneous revenues and transfers in exceeding budgeted amounts. 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 including deficits in funds potentially funded by the General Fund was $3,903,588, or 27.9%, of 2019 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 fund balance at the end of 2019 was $832,401, which is an increase of $270,399 from the prior year. The increase is due to premium on new debt issuance.

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, 2019 is $2,403,116, all of which is restricted or assigned.

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. The total fund balance as of December 31, 2019 is $1,307,532.

TIF District No. 7 Fund

TID No. 7 was created in 2015. The entire fund balance of $438,407, which increased $247,712 in 2019, is restricted for future TID 7 projects.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is $5,592,091, an increase of $1,506,716 from the prior year. There are 33 different nonmajor governmental funds, each with a different purpose.

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 $252,442 as of December 31, 2019, 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 $14,258,094. Actual expenditures and transfers out were $14,165,984, resulting in a $92,110 favorable variance. Total actual revenues and other sources were $14,718,796, $433,328 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 2019, the city had invested a total of $112.6 million in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land and other assets not being depreciated	$ 11,424,738	$ 20,168,555	$ 2,112,866	$ 1,319,233	$ 13,537,604	$ 21,487,788
Buildings & improvements	25,765,325	17,708,322	1,240,308	1,240,308	27,005,633	18,948,630
Machinery & equipment	9,809,162	11,373,741	941,588	941,588	10,750,750	12,315,329
Infrastructure	33,684,912	32,255,881	-	-	33,684,912	32,255,881
Utility plant	-	-	93,167,739	89,698,369	93,167,739	89,698,369
Total Capital Assets	80,684,137	81,506,499	97,462,501	93,199,498	178,146,638	174,705,997
Less: Accumulated depreciation	(28,052,209)	(30,297,409)	(37,456,241)	(35,838,285)	(65,508,450)	(66,135,694)
NET CAPITAL ASSETS	$ 52,631,928	$ 51,209,090	$ 60,006,260	$ 57,361,213	$ 112,638,188	$ 108,570,303

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.
- Construction of a new street in TIF District #6.
- Various equipment purchases.

Business-type Activities

- Business-type activities capital assets increased due to additions and replacements to utility infrastructure and equipment.
- $1.5 million due to contributions of infrastructure from city to water, wastewater and stormwater as part of general street construction projects and TIF-related projects.

LONG-TERM DEBT

At December 31, 2019, the city had $50,517,044 of long-term bonds and notes outstanding, which is a $4,271,613 increase from 2018. $12,107,100 of this is revenue debt and the rest relates to general obligation issues. 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, 2019 was $61,686,215. Total general obligation debt outstanding at year end was $38,409,944. Therefore, the city was at 62% 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 3.1%.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2020 city budget, except for the COVID-19 pandemic beginning in March 2020. COVID-19 closures and cancellations will impact the Opera House fund. The Opera House fund had revenues of $867,000 in 2019. The City of Stoughton cannot at this time project how COVID-19 will impact the Opera House's revenues or how much associated expense can be reduced to cover loss revenues. The general fund has ample reserves to cover loss revenues, if necessary.

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, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	$ 16,924,643	$ 9,317,759	$ 26,242,402
Receivables (net)	12,418,028	2,445,943	14,863,971
Due from other governmental units	29,600	-	29,600
Internal balances	1,137,373	(1,137,373)	-
Inventories and prepaid items	788,331	255,054	1,043,385
Investment in mutual insurance company	257,805	-	257,805
Restricted cash and investments	-	3,882,549	3,882,549
Other assets	-	525,307	525,307
Land held for resale	1,125,797	-	1,125,797
Capital Assets			
Capital assets not being depreciated	11,424,738	2,112,866	13,537,604
Capital assets net of depreciation	41,207,190	57,893,394	99,100,584
Total Assets	85,313,505	75,295,499	160,609,004
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	3,686,053	1,173,998	4,860,051
Total Deferred Outflows of Resources	3,686,053	1,173,998	4,860,051
LIABILITIES			
Accounts payable	1,807,109	1,047,719	2,854,828
Accrued liabilities and deposits	698,007	264,729	962,736
Other liabilities	307,914	21,145	329,059
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	1,505,628	1,505,628
Accrued interest	-	55,120	55,120
Noncurrent Liabilities			
Due within one year	3,708,168	436,562	4,144,730
Due in more than one year	34,536,495	12,869,860	47,406,355
Net pension liability	2,200,216	443,159	2,643,375
Total Liabilities	43,257,909	16,643,922	59,901,831
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	11,569,786	-	11,569,786
Pension related amounts	2,381,062	617,148	2,998,210
Total Deferred Inflows of Resources	13,950,848	617,148	14,567,996
NET POSITION			
Net investment in capital assets	19,667,802	46,473,103	65,787,595
Restricted for			
Debt service	415,871	1,908,740	2,324,611
Firemen pension	848,192	-	848,192
Equipment replacement	-	1,163,890	1,163,890
TID activities	1,849,891	-	1,849,891
Library	255,092	-	255,092
Impact fees	458,089	-	458,089
Grants and loans	6,453	-	6,453
Unrestricted	8,289,411	9,662,694	18,305,415
TOTAL NET POSITION	$ 31,790,801	$ 59,208,427	$ 90,999,228

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 2,230,352	$ 219,204	$ 148,285	$ -
Public safety	4,756,181	595,180	201,204	57,320
Public works	3,933,341	1,002,420	849,123	29,600
Culture, recreation and education	4,061,644	1,085,228	769,675	-
Conservation and development	598,312	112,546	-	-
Interest and fiscal charges	1,031,519	-	8,743	-
Total Governmental Activities	16,611,349	3,014,578	1,977,030	86,920
Business-type Activities				
Water	1,664,278	2,316,517	-	-
Wastewater	1,992,498	2,128,425	-	-
Electric	14,070,250	14,624,571	-	93,467
EMS	653,890	602,173	23,575	-
Storm sewer	540,212	654,681	-	-
Total Business-type Activities	18,921,128	20,326,367	23,575	93,467
Total	$ 35,532,477	$ 23,340,945	$ 2,000,605	$ 180,387

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

Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

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
$ (1,862,863)	$ -	$ (1,862,863)
(3,902,477)	-	(3,902,477)
(2,052,198)	-	(2,052,198)
(2,206,741)	-	(2,206,741)
(485,766)	-	(485,766)
(1,022,776)	-	(1,022,776)
(11,532,821)	-	(11,532,821)
-	652,239	652,239
-	135,927	135,927
-	647,788	647,788
-	(28,142)	(28,142)
-	114,469	114,469
-	1,522,281	1,522,281
(11,532,821)	1,522,281	(10,010,540)
9,037,706	-	9,037,706
1,201,633	-	1,201,633
130,559	-	130,559
932,109	-	932,109
-	60,527	60,527
492,912	322,461	815,373
447,165	71,256	518,421
12,242,084	454,244	12,696,328
(677,716)	677,716	-
31,547	2,654,241	2,685,788
31,759,254	56,554,186	88,313,440
$ 31,790,801	$ 59,208,427	$ 90,999,228

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Debt Service	Construction Capital Projects	Outlay
ASSETS				
Cash and investments	$ 4,956,245	$ 525,806	$ 2,771,020	$ 668,606
Receivables (net)				
Taxes	9,405,623	-	-	-
Delinquent personal property taxes	6,958	-	-	-
Accounts	71,990	-	-	270
Accrued interest	5,429	-	-	-
Special assessments	-	-	-	-
Delinquent special assessments	11,068	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	954,740	306,745	260,834	-
Advances to other funds	1,046,023	-	-	-
Other investments	257,805	-	-	-
Prepaid items	5,630	-	-	699,826
TOTAL ASSETS	$ 16,721,511	$ 832,551	$ 3,031,854	$ 1,368,702

See accompanying notes to financial statements.

TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
$ 426,599	$ 7,576,367	$ 16,924,643
546,395	1,661,455	11,613,473
-	-	6,958
58,125	72,844	203,229
-	2,091	7,520
-	464,808	464,808
-	-	11,068
-	110,972	110,972
-	29,600	29,600
-	-	1,522,319
-	-	1,046,023
-	-	257,805
-	82,875	788,331
$ 1,031,119	$ 10,001,012	$ 32,986,749

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Debt Service	Construction Capital Projects	Outlay
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 228,890	$ 150	$ 628,738	$ 61,170
Accrued liabilities	238,251	-	-	-
Deposits	16,574	-	-	-
Other liabilities	27,244	-	-	-
Due to other funds	16,998	-	-	-
Due to other governments	6,259	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	534,216	150	628,738	61,170
Deferred Inflows of Resources				
Unearned revenues	9,383,714	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	9,383,714	-	-	-
Fund Balances				
Nonspendable for prepaid items	5,630	-	-	-
Nonspendable for non-current interfunds	1,112,597	-	-	-
Nonspendable for delinquent items	18,026	-	-	-
Nonspendable for other investments	257,805	-	-	-
Restricted	-	832,401	443,834	-
Committed	-	-	-	-
Assigned	1,160,595	-	1,959,282	1,307,532
Unassigned (deficit)	4,248,928	-	-	-
Total Fund Balances	6,803,581	832,401	2,403,116	1,307,532
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 16,721,511	$ 832,551	$ 3,031,854	$ 1,368,702

See accompanying notes to financial statements.

TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
$ 12,819	$ 875,342	$ 1,807,109
-	19,809	258,060
584	-	17,158
-	280,670	307,914
-	115,506	132,504
-	-	6,259
-	1,046,023	1,046,023
13,403	2,337,350	3,575,027
579,309	1,606,763	11,569,786
-	464,808	464,808
579,309	2,071,571	12,034,594
-	82,875	88,505
-	-	1,112,597
-	-	18,026
-	-	257,805
438,407	4,045,820	5,760,462
-	1,371,062	1,371,062
-	1,216,658	5,644,067
-	(1,124,324)	3,124,604
438,407	5,592,091	17,377,128
$ 1,031,119	$ 10,001,012	$ 32,986,749

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, 2019

Total Fund Balances - Governmental Funds	$ 17,377,128
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.	52,631,928
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.	464,808
The net pension liabilities do not relate to current financial resources and are not reported in the governmental funds.	(2,200,216)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,686,053
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(2,381,062)
Internal service funds are reported in the statement of net position as governmental activities.	(252,442)
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.	(38,661,193)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 31,790,801

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, 2019

	General	Debt Service	Construction Capital Projects	Outlay
REVENUES				
Taxes	$ 9,090,775	$ -	$ -	$ -
Intergovernmental	1,919,896	8,743	-	55,323
Licenses and permits	223,924	-	-	-
Fines, forfeitures and penalties	149,398	-	-	-
Public charges for services	1,449,026	-	-	-
Intergovernmental charges for services	62,202	48,783	-	-
Special assessments	12,678	-	-	-
Investment income	236,249	6,083	84,386	19,975
Miscellaneous revenues	475,983	-	-	-
Total Revenues	13,620,131	63,609	84,386	75,298
EXPENDITURES				
Current				
General government	1,724,843	-	-	-
Public safety	4,060,432	-	-	-
Public works	2,288,436	-	-	-
Culture, recreation and education	1,609,975	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	2,675,844	1,049,707
Debt Service				
Principal	-	3,215,601	-	-
Interest and fiscal charges	-	1,015,259	36,098	20,389
Total Expenditures	9,683,686	4,230,860	2,711,942	1,070,096
Excess (deficiency) of revenues over expenditures	3,936,445	(4,167,251)	(2,627,556)	(994,798)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	2,431,577	1,627,555
Premium on debt	-	272,604	15,500	8,755
Sales of fixed assets	-	-	-	12,120
Transfers in	1,098,665	4,165,046	-	200,000
Transfers out	(4,482,298)	-	(70,000)	-
Total Other Financing Sources (Uses)	(3,383,633)	4,437,650	2,377,077	1,848,430
Net Change in Fund Balances	552,812	270,399	(250,479)	853,632
FUND BALANCES - Beginning of Year	6,250,769	562,002	2,653,595	453,900
FUND BALANCES - END OF YEAR	$ 6,803,581	$ 832,401	$ 2,403,116	$ 1,307,532

See accompanying notes to financial statements.

TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
$ 526,673	$ 747,106	$ 10,364,554
1,959	312,272	2,298,193
-	-	223,924
-	-	149,398
-	970,487	2,419,513
-	-	110,985
-	178,328	191,006
4,445	141,774	492,912
48,784	556,962	1,081,729
581,861	2,906,929	17,332,214
-	154,730	1,879,573
-	40,763	4,101,195
-	-	2,288,436
-	2,199,899	3,809,874
1,000	29,007	30,007
-	2,158,488	5,884,039
-	-	3,215,601
-	36,572	1,108,318
1,000	4,619,459	22,317,043
580,861	(1,712,530)	(4,984,829)
-	2,920,868	6,980,000
-	15,705	312,564
-	29,061	41,181
-	1,233,181	6,696,892
(333,149)	(979,569)	(5,865,016)
(333,149)	3,219,246	8,165,621
247,712	1,506,716	3,180,792
190,695	4,085,375	14,196,336
$ 438,407	$ 5,592,091	$ 17,377,128

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, 2019

Net change in fund balances - total governmental funds	$	3,180,792
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		5,884,039
Some items reported as capital outlay were not capitalized		(593,361)
Depreciation is reported in the government-wide financial statements		(2,128,449)
Net book value of assets retired		(229,800)
Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(1,509,591)
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		(4,076)
Guaranteed increment revenue		(33,510)
Revolving loan		(50,000)
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		(6,980,000)
Principal repaid		3,215,601
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		(312,564)
Amortization		56,694
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		(35,707)
Net pension liability / (asset)		(1,880,105)
Deferred outflows of resources related to pensions		1,606,501
Deferred inflows of resources related to pensions		(218,668)
Accrued interest on debt		20,105
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.	$	43,646
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	31,547

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
ASSETS			
Current Assets			
Cash and investments	$ 911,764	$ 916,787	$ 5,526,863
Receivables (net)			
Other receivables	241,326	231,553	1,500,690
Interest receivable	9,349	15,605	15,560
Current portion of special assessments	29,026	19,905	-
Due from other funds	30,537	21,300	14,093
Current portion of advance to other funds	-	-	46,007
Inventories	39,599	-	187,211
Prepaid items	7,184	6,656	14,404
Restricted Assets			
Redemption account - current	266,613	289,365	523,167
Total Current Assets	1,535,398	1,501,171	7,827,995
Noncurrent Assets			
Restricted Assets			
Reserve account	340,710	-	460,722
Depreciation account	25,000	33,283	25,000
Equipment replacement	-	1,163,890	-
Construction account	754,799	-	-
Capital Assets			
Land and land rights	430,131	-	344,364
Construction in progress	30	-	123,908
Plant in service	24,204,156	31,553,338	33,374,525
Property held for future use	-	-	229,097
Less: Accumulated depreciation	(7,731,158)	(12,237,929)	(16,096,771)
Other Assets			
Special assessments	145,129	99,526	-
Other prepaid asset	-	53,479	-
Preliminary survey and investigation	2,462	2,462	-
Plant and maintenance reserve account	279,746	-	530,449
Sick leave reserve account	85,562	97,342	145,213
Advance to other funds	-	-	206,435
Investment in ATC	-	-	445,792
Non-utility property (net of amortization)	17,798	-	3,314
Total Noncurrent Assets	18,554,365	20,765,391	19,792,048
Total Assets	20,089,763	22,266,562	27,620,043
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	220,335	239,859	648,285
Total Deferred Outflows of Resources	220,335	239,859	648,285

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
$ 824,033	$ 8,179,447	$ -
138,274	2,111,843	-
-	40,514	-
-	48,931	-
47,202	113,132	-
-	46,007	-
-	226,810	-
-	28,244	-
-	1,079,145	-
1,009,509	11,874,073	-
-	801,432	-
-	83,283	-
-	1,163,890	-
-	754,799	-
9,986	784,481	-
975,350	1,099,288	-
6,217,616	95,349,635	-
-	229,097	-
(1,390,383)	(37,456,241)	-
-	244,655	-
-	53,479	-
-	4,924	-
-	810,195	-
-	328,117	-
-	206,435	-
-	445,792	-
-	21,112	-
5,812,569	64,924,373	-
6,822,078	76,798,446	-
65,519	1,173,998	-
65,519	1,173,998	-

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
LIABILITIES			
Current Liabilities			
Accounts payable	$ 37,909	$ 42,147	$ 809,979
Accrued liabilities	14,509	14,436	81,968
Public benefits	-	-	21,145
Deposits	-	-	120,972
Due to other funds	529,946	163,710	502,546
Current portion of general obligation debt	51,000	34,000	-
Current portion of advance	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	439,952	405,676	660,000
Accrued interest	12,392	16,950	25,778
Total Current Liabilities	1,085,708	676,919	2,222,388
Noncurrent Liabilities			
Long-Term Debt			
Customer advances for construction	-	-	27,416
Revenue bonds payable	3,373,206	3,478,266	3,750,000
Unamortized debt premium	73,096	-	76,286
General obligation debt payable	270,000	180,000	-
Compensated absences	85,562	97,342	145,213
Net pension liability	83,659	85,837	248,334
Advances from other funds	-	-	-
Total Noncurrent Liabilities	3,885,523	3,841,445	4,247,249
Total Liabilities	4,971,231	4,518,364	6,469,637
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	115,727	126,301	340,290
Total Deferred Inflows of Resources	115,727	126,301	340,290
NET POSITION (DEFICIT)			
Net investment in capital assets	13,450,704	15,217,467	13,488,837
Restricted for			
Debt service	619,931	305,698	983,111
Equipment replacement	-	1,163,890	-
Unrestricted (deficit)	1,152,505	1,174,701	6,986,453
TOTAL NET POSITION (DEFICIT)	$ 15,223,140	$ 17,861,756	$ 21,458,401

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
$ 157,684	$ 1,047,719	$ -
32,844	143,757	-
-	21,145	-
-	120,972	-
306,745	1,502,947	-
351,562	436,562	-
-	-	46,007
-	1,505,628	-
-	55,120	-
848,835	4,833,850	46,007
-	27,416	-
-	10,601,472	-
-	149,382	-
1,275,530	1,725,530	-
37,943	366,060	-
25,329	443,159	-
-	-	206,435
1,338,802	13,313,019	206,435
2,187,637	18,146,869	252,442
34,830	617,148	-
34,830	617,148	-
4,316,095	46,473,103	-
-	1,908,740	-
-	1,163,890	-
349,035	9,662,694	(252,442)
$ 4,665,130	$ 59,208,427	$ (252,442)

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, 2019

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
OPERATING REVENUES	$ 2,316,517	$ 2,128,425	$ 14,624,571
OPERATING EXPENSES			
Operation and maintenance	1,066,072	1,025,314	12,774,906
Depreciation	484,888	856,914	1,194,203
Total Operating Expenses	1,550,960	1,882,228	13,969,109
Operating Income	765,557	246,197	655,462
NONOPERATING REVENUES (EXPENSES)			
Investment income	38,171	61,695	202,391
Interest and fiscal charges	(52,141)	(110,270)	(109,620)
Miscellaneous expenses	(4,280)	-	(6,787)
Debt issuance costs	(62,380)	-	-
Interest subsidy	-	-	-
Amortization of premium	5,483	-	15,266
Miscellaneous revenue	-	-	71,256
Intergovernmental grants	-	-	-
Gain on sale of asset	-	60,527	-
Total Nonoperating Revenues (Expenses)	(75,147)	11,952	172,506
Income Before Contributions and Transfers	690,410	258,149	827,968
CONTRIBUTIONS AND TRANSFERS			
Contributions in aid of construction	-	-	93,467
Capital contributions - city	213,240	114,491	-
Transfers in	-	-	-
Transfers out	(431,034)	-	(480,842)
Total Contributions and Transfers	(217,794)	114,491	(387,375)
Change in Net Position	472,616	372,640	440,593
NET POSITION (DEFICIT) - Beginning of Year	14,750,524	17,489,116	21,017,808
NET POSITION (DEFICIT) - END OF YEAR	$ 15,223,140	$ 17,861,756	$ 21,458,401

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
$ 1,256,854	$ 20,326,367	$ 52,529
918,257	15,784,549	-
236,619	2,772,624	-
1,154,876	18,557,173	-
101,978	1,769,194	52,529
20,204	322,461	-
(39,226)	(311,257)	(8,883)
-	(11,067)	-
-	(62,380)	-
3,035	3,035	-
-	20,749	-
-	71,256	-
20,540	20,540	-
-	60,527	-
4,553	113,864	(8,883)
106,531	1,883,058	43,646
-	93,467	-
1,181,861	1,509,592	-
80,000	80,000	-
-	(911,876)	-
1,261,861	771,183	-
1,368,392	2,654,241	43,646
3,296,738	56,554,186	(296,088)
$ 4,665,130	$ 59,208,427	$ (252,442)

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 2,337,794	$ 2,115,815	$ 14,591,766
Received from municipality for services	-	-	-
Received for street lighting	-	-	105,839
Paid to suppliers for goods and services	(622,082)	(671,666)	(11,936,109)
Paid to employees for services	(368,527)	(363,748)	(732,275)
Net Cash Flows From Operating Activities	1,347,185	1,080,401	2,029,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments sold and matured	7,773	1,688	1,391,115
Investment income	39,331	67,313	92,885
Investments purchased	(8,224)	(13,133)	(540,126)
Dividends from ATC	-	-	18,292
Net Cash Flows From Investing Activities	38,880	55,868	962,166
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(423,351)	-	(432,589)
Received from municipality principal on Wisconsin Retirement UAAL advance	-	-	43,646
Received from municipality interest on Wisconsin Retirement UAAL advance	-	-	8,883
Transfers to/from other funds	-	-	(27,902)
Paid to utilities principal on Wisconsin Retirement UAAL advance	-	-	-
Paid to utilities interest on Wisconsin Retirement UAAL advance	-	-	-
Repayment of due to other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	(423,351)	-	(407,962)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	1,825,000	-	-
Debt retired	(365,174)	(470,323)	(620,000)
Interest paid	(47,010)	(112,429)	(110,153)
Debt issuance costs	(62,380)	-	-
Premium received	55,598	-	-
Special assessments received	38,314	26,275	-
Acquisition and construction of capital assets	(844,708)	(1,231,517)	(1,137,346)
Capital contributions received	-	-	50,478
Net Cash Flows From Capital and Related Financing Activities	599,640	(1,787,994)	(1,817,021)
Net Change in Cash and Cash Equivalents	1,562,354	(651,725)	766,404
CASH AND CASH EQUIVALENTS - Beginning of Year	653,399	2,305,311	3,727,279
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,215,753	$ 1,653,586	$ 4,493,683

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		
Nonmajor Enterprise Funds	Totals	Governmental Activities - Internal Service Fund
$ 1,307,338	$ 20,352,713	$ -
-	-	52,529
-	105,839	-
(268,321)	(13,498,178)	-
(508,108)	(1,972,658)	-
530,909	4,987,716	52,529
-	1,400,576	-
20,204	219,733	-
-	(561,483)	-
-	18,292	-
20,204	1,077,118	-
-	(855,940)	-
-	43,646	-
-	8,883	-
80,000	52,098	-
-	-	(43,646)
-	-	(8,883)
(3,035)	(3,035)	-
76,965	(754,348)	(52,529)
450,000	2,275,000	-
(312,289)	(1,767,786)	-
(34,243)	(303,835)	-
-	(62,380)	-
-	55,598	-
-	64,589	-
(454,000)	(3,667,571)	-
-	50,478	-
(350,532)	(3,355,907)	-
277,546	1,954,579	-
546,487	7,232,476	-
$ 824,033	$ 9,187,055	$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	$ 765,557	$ 246,197	$ 655,462
Nonoperating revenue (expense)	41	-	68,129
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	484,888	856,914	1,194,203
Depreciation charged to other funds	29,585	-	70,200
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(1,901)	(11,810)	81,733
Other accounts receivable	(289)	(890)	(65,546)
Due from other funds	41	90	(6,819)
Due to other funds	(937)	(923)	(14,122)
Inventories	(396)	-	19,089
Prepaid items	661	(3,084)	(5,543)
Accounts payable	23,677	3,469	(60,790)
Accrued wages	3,709	-	-
Compensated absences	9,316	6,004	12,350
Customer deposits	-	-	(4,463)
Other current liabilities	-	1,297	(15,939)
Commitment to community	-	-	(941)
Pension related deferrals and liabilities	33,233	36,616	102,218
Other prepaid asset	-	(53,479)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 1,347,185	$ 1,080,401	$ 2,029,221
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments	$ 911,764	$ 916,787	$ 5,526,863
Restricted cash and investments			
Redemption account	266,613	289,365	523,167
Reserve account	340,710	-	460,722
Depreciation account	25,000	33,283	25,000
Construction account	754,799	-	-
Plant and maintenance reserve account	279,746	-	530,449
Sick leave reserve account	85,562	97,342	145,213
Replacement account	-	1,163,890	-
Total Cash and Investments	2,664,194	2,500,667	7,211,414
Less: Noncash equivalents	(448,441)	(847,081)	(2,717,731)
CASH AND CASH EQUIVALENTS	$ 2,215,753	$ 1,653,586	$ 4,493,683
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Unrealized gain (loss) on investments	$ (9,262)	$ (15,347)	$ 47,623
Contributed capital assets	$ 213,240	$ 114,491	$ 8,022
ATC earnings allocated	$ -	$ -	$ 11,206

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
$ 101,978	$ 1,769,194	$ 52,529
23,575	91,745	-
236,619	2,772,624	-
-	99,785	-
(13,782)	54,240	-
40,691	(26,034)	-
-	(6,688)	-
-	(15,982)	-
-	18,693	-
-	(7,966)	-
125,420	91,776	-
-	3,709	-
(267)	27,403	-
-	(4,463)	-
6,928	(7,714)	-
-	(941)	-
9,747	181,814	-
-	(53,479)	-
$ 530,909	$ 4,987,716	$ 52,529
$ 824,033	$ 8,179,447	$ -
-	1,079,145	-
-	801,432	-
-	83,283	-
-	754,799	-
-	810,195	-
-	328,117	-
-	1,163,890	-
824,033	13,200,308	-
-	(4,013,253)	-
$ 824,033	$ 9,187,055	$ -
$ -		$ -
$ 1,181,861		$ -
$ -		$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
As of December 31, 2019

	Tax Collection Fund
ASSETS	
Cash and Investments	$ 14,270,944
Tax roll receivable	2,907,742
Total Assets	17,178,686
LIABILITIES	
Due to other taxing units	17,178,686
Total Liabilities	17,178,686
NET POSITION	
TOTAL NET POSITION	$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
For the Year Ended December 31, 2019

	Tax Collection Fund
ADDITIONS	
Property taxes collected for other governments	$ 4,115,795
Total Additions	4,115,795
DEDUCTIONS	
Property taxes distributed to other governments	4,115,795
Total Deductions	4,115,795
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	-
NET POSITION - END OF YEAR	$ -

See accompanying notes to financial statements.

CITY OF STOUGHTON

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As of and for the Year Ended December 31, 2019

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Blended Component 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 January 2017, the GASB issued statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

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

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

Fund Financial Statements (cont.)

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
CDBG	Special Assessments
Cemetery	K9 Unit
Revolving loan fund	Tree Commission
Firemen's Pension Fund	Refuse 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	TIF District No. 8
Technology	

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.)

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

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.

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.

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

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

Fund Financial Statements (cont.)

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, storm sewer, electric utility funds and EMS fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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.

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.)

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. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the city 's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in WISC are valued at WISC’s share price, the price for which the investments could be sold. At December 31, 2019 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.

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

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 fiduciary net position.

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

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.

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 a receivable when the initial loan is made. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

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.)

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.

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.

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.)

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.

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.

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 (cont.)

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.

Nonutility Property

Electric utility nonutility property consists of the city dam with a balance of $84,212 and leasehold rental property with a balance of $91,458 at December 31, 2019. Water utility nonutility property consists of a park shelter with a balance of $107,000 at December 31, 2019. 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.

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, 2019 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 $10,556. One participant was eligible during 2019 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.

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.)

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 3.11%.

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.

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) aw 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."

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.)

Government-Wide Statements (cont.)

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	$ 19,667,802	$ 46,473,103	$ (353,310)	$ 65,787,595
Unrestricted	8,289,411	9,662,694	353,310	18,305,415

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

Fund Statements

Governmental fund balances are displayed as follows:

a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. Restricted - Consists of fund balances with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the finance director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

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.)

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 $3,903,588 or 27.91% of 2019 general fund budgeted expenditures. The unassigned balance for this calculation includes deficit fund balances for Opera House ($278,424), and Redevelopment Authority ($66,916).

See Note IV. G. for further information.

13. Pension

For purposes of measuring the net pension (asset) liability, 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

Example Util Fund

Current water rates were approved by the PSCW effective October 1, 2018.

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	$	11,424,738
Capital assets, net of depreciation		41,207,190
Combined Adjustment for Capital Assets	$	52,631,928

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	$	36,247,852
Compensated absences		1,250,500
Accrued interest		416,530
Unamortized debt premium		746,311
Combined Adjustment for Long-Term Liabilities	$	38,661,193

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget has been adopted for the all funds except revolving loan fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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

B. Excess Expenditures and Other Financing Uses Over Appropriations

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Opera House	$ 907,820	$ 1,070,409	$ 162,589
Township Outreach Fund	5,260	7,473	2,213
Library	858,808	922,158	63,350
EMS	10,650	21,745	11,095
TIF District No. 4	109,800	219,668	109,868
K9 Unit	6,125	8,344	2,219
Landmarks	14,000	16,467	2,467
Seniors in Need	-	22,099	22,099
Senior Center Special	-	8,948	8,948
Redevelopment Authority	7,040	7,325	285
Tree Commission	550	1,346	796
Cemetery	200	5,904	5,704
Park Acquisition	-	7,303	7,303
TIF District No. 3	450,229	619,988	169,759
TIF District No. 5	119,215	130,414	11,199

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.

C. Deficit Balances

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special revenue - Opera House	$ 278,424	Expenditures in excess of revenues
Special revenue - Redevelopment Authority	66,916	Expenditures in excess of revenues
Special revenue - Landmarks	1,834	Expenditures in excess of revenues
Capital projects - TIF District No. 5	677,594	Expenditures in excess of revenues
Capital projects - TIF District No. 8	16,681	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.

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

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	$ 6,630,302	$ 6,218,211	Custodial credit
U.S. agencies - explicitly guaranteed	181,806	181,806	Custodial credit, interest rate
U.S. agencies - implicitly guaranteed	642,287	642,287	Credit, custodial credit, concentration of credit, interest rate
LGIP	2,137,604	2,137,604	Credit
Certificates of deposit - non-negotiable	916,653	916,653	Custodial credit
State and local bonds	1,267,552	1,294,637	Credit, custodial credit, concentration of credit, interest rate
Wisconsin Investment Series Cooperative	18,101,684	18,735,662	Credit
Mutual funds - other than bonds	48,601	48,601	N/A
Certificates of deposit - negotiable	2,965,766	2,939,630	Credit, custodial credit, concentration of credit, interest rate
Cash on hand	11,503,640	-	N/A
Total Deposits and Investments	$ 44,395,895	$ 33,115,091	

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	$ 26,242,402
Restricted cash and investments	3,882,549
Per statement of net position - fiduciary fund	
	14,270,944
Total Deposits and Investments	$ 44,395,895

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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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

The city maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of $5,601,383 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, 2019			
Investment Type	Level 1	Level 2	Level 3	Total
U.S. agencies	$ -	$ 824,093	$ -	$ 824,093
State and local bonds	-	1,294,637	-	1,294,637
Certificates of deposit - negotiable	-	2,939,630	-	2,939,630
Total	$ -	$ 5,058,360	$ -	$ 5,058,360

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, 2019, $562,333 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 562,333
Total	$ 562,333

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	$ 824,093
State and local bonds	
Neither insured nor registered and held by counterparty	$ 1,294,637
Certificates of deposit - negotiable	
Neither insured nor registered and held by counterparty	$ 1,432,946

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, 2019, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. Agencies implicitly guaranteed	AAA	Aaa
Certificates of deposit - negotiable	AAA - A+	Aa1
State and local bonds	AA	Aa1
Wisconsin Investment Series Cooperative	AAAm	

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

Local Government Investment Pool

There are also negotiable certificates of deposit in the amount of $1,506,684 that are not rated.

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, 2019, the city's investments were as follows:

		Maturity (In Years)		
Investment Type	Fair Value	Less than 1	1-3	3 or more
U.S. agencies explicitly guaranteed	$ 181,806	$ -	$ -	$ 181,806
U.S. agencies implicitly guaranteed	642,287	-	400,033	242,254
State and local bonds	1,294,637	-	1,294,637	-
Certificates of deposit - negotiable	2,939,630	2,687,386	252,244	-
Totals	$ 5,058,360	$ 2,687,386	$ 1,946,914	$ 424,060

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

B. RECEIVABLES

All receivables, except $18,026 in general fund, $145,129 in water utility, $99,526 in wastewater utility and $575,780 in nonmajor funds are expected to be collected within one year.

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

Uncollectibles related to ambulance receivables (nonmajor enterprise fund - EMS)	$ 128,354
Total Uncollectibles of the Current Fiscal Year	$ 128,354

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	$ 11,569,786	$ -
Special assessments not yet due	-	464,808
Total Unearned/Unavailable Revenue for Governmental Funds	$ 11,569,786	$ 464,808

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.
Construction	-	Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

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

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2019:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	$ 1,079,145	$ 55,120	$ 1,024,025
Bond reserve account	801,432	-	801,432
Bond depreciation account	83,283	-	83,283
Construction account	754,799	-	n/a
Equipment replacement account	1,163,890	-	1,163,890
Total	$ 3,882,549	$ 55,120	$ 3,072,630

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	$ 9,298,987	$ -	$ -	$ 9,298,987
Construction in progress	9,493,149	327,742	9,150,033	670,858
Inexhaustible portion of streets	1,376,419	78,474	-	1,454,893
Total Capital Assets Not Being Depreciated	20,168,555	406,216	9,150,033	11,424,738
Capital assets being depreciated				
Buildings and improvements	17,708,322	8,696,598	639,595	25,765,325
Machinery and equipment	11,373,741	1,047,821	2,612,400	9,809,162
Streets	19,465,696	2,667,543	1,142,107	20,991,132
Sidewalks	5,486,557	112,942	16,178	5,583,321
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Storm sewers	5,225,117	-	193,169	5,031,948
Traffic signals	411,974	-	-	411,974
Dams	592,997	-	-	592,997
Total Capital Assets Being Depreciated	61,337,944	12,524,904	4,603,449	69,259,399
Total Capital Assets	81,506,499	12,931,120	13,753,482	80,684,137

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	$ (7,434,421)	$ (508,152)	$ 489,232	$ (7,453,341)
Machinery and equipment	(7,325,446)	(611,519)	2,532,963	(5,404,002)
Streets	(9,447,917)	(699,005)	1,142,107	(9,004,815)
Sidewalks	(2,866,857)	(167,564)	16,178	(3,018,243)
Street lighting	(50,261)	(3,034)	-	(53,295)
Bridges	(221,886)	(11,280)	-	(233,166)
Storm sewers	(2,701,845)	(111,666)	193,169	(2,620,342)
Traffic signals	(189,476)	(10,299)	-	(199,775)
Dams	(59,300)	(5,930)	-	(65,230)
Total Accumulated Depreciation	(30,297,409)	(2,128,449)	4,373,649	(28,052,209)
Net Capital Assets Being Depreciated	31,040,535	10,396,455	229,800	41,207,190
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 51,209,090	$10,802,671	$ 9,379,833	$ 52,631,928

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 142,411
Public safety	387,959
Public works, which includes the depreciation of infrastructure	1,336,544
Culture, recreation and education	261,535
Total Governmental Activities Depreciation Expense	$ 2,128,449

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	28,458	-	28,428	30
Total Capital Assets Not Being Depreciated	458,589	-	28,428	430,161
Capital assets being depreciated				
Source of supply	595,730	-	-	595,730
Pumping	1,513,266	94,479	9,000	1,598,745
Treatment	90,763	-	-	90,763
Transmission and distribution	20,240,541	1,092,239	24,226	21,308,554
General	840,190	9,051	238,877	610,364
Total Capital Assets Being Depreciated	23,280,490	1,195,769	272,103	24,204,156
Total Capital Assets	23,739,079	1,195,769	300,531	24,634,317
Less: Accumulated depreciation for				
Source of supply	(404,265)	(17,276)	-	(421,541)
Pumping	(1,305,406)	(60,729)	9,000	(1,357,135)
Treatment	(89,514)	(437)	-	(89,951)
Transmission and distribution	(4,715,970)	(383,055)	35,225	(5,063,800)
General	(984,591)	(53,017)	238,877	(798,731)
Total Accumulated Depreciation	(7,499,746)	(514,514)	283,102	(7,731,158)
Net Capital Assets Being Depreciated	15,780,744	681,255	(10,999)	16,472,998
Net Water Capital Assets	$ 16,239,333	$ 681,255	$ 17,429	$ 16,903,159

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	$ 59,171	$ -	$ 59,171	$ -
Total Capital Assets Not Being Depreciated	59,171	-	59,171	-
Capital assets being depreciated				
Collection system	12,545,494	1,148,496	26,597	13,667,393
Collection system pumping	751,496	4,113	1,925	753,684
Treatment and disposal	15,631,555	60,399	27,300	15,664,654
Administrative and general assets	1,409,532	428,001	369,926	1,467,607
Total Capital Assets Being Depreciated	30,338,077	1,641,009	425,748	31,553,338
Total Capital Assets	30,397,248	1,641,009	484,919	31,553,338
Less: Accumulated depreciation for Wastewater	(11,793,102)	(856,914)	412,087	(12,237,929)
Total Accumulated Depreciation	(11,793,102)	(856,914)	412,087	(12,237,929)
Net Capital Assets Being Depreciated	18,544,975	784,095	13,661	19,315,409
Net Wastewater Capital Assets	$ 18,604,146	$ 784,095	$ 72,832	$ 19,315,409

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	$ 344,364	$ -	$ -	$ 344,364
Construction in progress	208,793	-	84,885	123,908
Property held for future use	229,097	-	-	229,097
Total Capital Assets Not Being Depreciated	782,254	-	84,885	697,369
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	28,463,179	1,169,631	262,530	29,370,280
Administrative and general assets	4,235,628	32,120	278,522	3,989,226
Total Capital Assets Being Depreciated	32,713,826	1,201,751	541,052	33,374,525
Total Capital Assets	33,496,080	1,201,751	625,937	34,071,894
Less: Accumulated depreciation for				
Transmission	(19,366)	-	-	(19,366)
Distribution	(12,890,043)	(1,040,771)	284,279	(13,646,535)
Administrative and general assets	(2,482,264)	(223,634)	275,028	(2,430,870)
Total Accumulated Depreciation	(15,391,673)	(1,264,405)	559,307	(16,096,771)
Net Capital Assets Being Depreciated	17,322,153	(62,654)	(18,255)	17,277,754
Net Electric Capital Assets	$ 18,104,407	$ (62,654)	$ 66,630	$ 17,975,123

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
Construction in progress	9,233	975,350	9,233	975,350
Total Capital Assets Not Being Depreciated/Amortized	19,219	975,350	9,233	985,336
Capital assets being depreciated				
Storm Sewer	3,365,976	669,744	-	4,035,720
Total Capital Assets Being depreciated	3,365,976	669,744	-	4,035,720
Total Capital Assets	3,385,195	1,645,094	9,233	5,021,056
Less: Accumulated depreciation for				
Storm Sewer	(307,093)	(134,524)	-	(441,617)
Total Accumulated Depreciation	(307,093)	(134,524)	-	(441,617)
Net Capital Assets Being depreciated	3,058,883	535,220	-	3,594,103
Net Stormwater Capital Assets	$ 3,078,102	$ 1,510,570	$ 9,233	$ 4,579,439

	Beginning Balance	Additions	Deletions	Ending Balance
EMS				
Capital assets being depreciated				
Buildings and improvements	$ 1,240,308	$ -	$ -	$ 1,240,308
Equipment	941,588	-	-	941,588
Total Capital Assets Being Depreciated	2,181,896	-	-	2,181,896
Less: Accumulated depreciation for				
Buildings and improvements	(330,238)	(25,225)	-	(355,463)
Equipment	(516,433)	(76,870)	-	(593,303)
Total Accumulated Depreciation	(846,671)	(102,095)	-	(948,766)
Net Capital Assets Being Depreciated	1,335,225	(102,095)	-	1,233,130
Net Other Enterprise Capital Assets	$ 1,335,225	$ (102,095)	$ -	$ 1,233,130
Business-type Capital Assets, Net of Accumulated Depreciation	$57,361,213	$ 2,811,171	$ 166,124	$60,006,260

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	$ 484,888
Wastewater	856,914
Electric	1,194,203
Storm sewer	134,524
EMS	102,095
Total Business-type Activities Depreciation Expense	$ 2,772,624

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	Redevelopment authority	$ 66,574	$ 66,574
General	Electric Utility	452,940	-
General	Water Utility	431,034	-
General	Water Utility	790	-
General	Wastewater Utility	998	-
General	Electric Utility	2,404	-
Construction	Water Utility	98,122	-
Construction	Wastewater Utility	162,712	-
Debt Service	EMS	306,745	-
Storm sewer	Electric Utility	47,202	-
Electric Utility	General	14,093	-
Water Utility	General	1,511	-
Wastewater Utility	General	1,394	-
Water Utility	Special Assessments	29,026	-
Wastewater Utility	Special Assessments	19,906	-
Total - Fund Financial Statements		1,635,451	
Less: Fund eliminations		(113,774)	
Less: Government-wide eliminations		(131,862)	
Less: Interfund advances		(252,442)	
Total Internal Balances - Government-Wide Statement of Net Position		$ 1,137,373	

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	$ 1,455,746
Business-type Activities	Governmental Activities	(318,373)
Total Government-Wide Financial Statements		$ 1,137,373

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.

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

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

Advances

The general fund is advancing funds to the TIF District Nos. 5, 6 and 8 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	$ 761,320	$ 761,320
General Fund	TIF District No. 6	140,399	140,399
Electric Utility	Internal service fund	252,442	206,435
General Fund	TIF District No. 8	144,304	144,304
Total - Fund Financial Statements		1,298,465	
Less: Fund eliminations		(1,046,023)	
Total - Interfund Advances		$ 252,442	

	Internal Service Fund Advance	
Years	Principal	Interest
2020	$ 46,007	$ 7,573
2021	48,459	6,193
2022	51,006	4,739
2023	53,651	3,209
2024	47,388	1,600
2025	5,931	178
Totals	$ 252,442	$ 23,492

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	$ 5,485	Room tax revenue
Debt service	TIF District No. 5	107,661	Payments on TIF District debt
Debt service	TIF District No. 6	55,162	Payments on TIF District debt
General	Water utility	431,034	Payment in lieu of taxes and dividend
General	Electric utility	480,842	Payment in lieu of taxes and dividend
Debt service	General	3,104,117	Payments on non-TID debt
Debt service	TIF District No. 3	437,229	Payments on TIF District debt
Debt service	TIF District No. 4	104,800	Payments on TIF District debt
Debt Service	TIF District No. 7	333,149	Payments on TIF District debt
Redevelopment authority	General	8,150	Fund operations
Park Acquisition	Construction	70,000	Fund capital projects
EMS	General	80,000	Fund operations
Library	General	421,813	Fund annual operations
Landmarks	General	11,207	Fund operations
Opera house	General	165,000	Fund operations
Outlay	General	200,000	Fund capital projects
Economic Development	General	11	Fund Operations
Debt service	TIF District No. 8	22,928	Payments on TIF District debt
Revolving loan	TIF District No. 4	65,000	Revolving loan program
General	TIF District No. 3	181,304	Repayment of funds advanced in prior years
Library	General	172,000	Fund operations
Equipment replacement	General	220,000	Fund capital projects
Technology	General	100,000	Fund capital projects
Total - Fund Financial Statements		6,776,892	
Less: Fund eliminations		(5,395,016)	
Less: Government-wide eliminations		(550,000)	
Capital assets contributions from governmental activities to business-type activities		(1,509,592)	
Total Transfers - Government-Wide Statement of Activities		$ (677,716)	

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	$ 911,876
Business-type Activities	Governmental Activities	(1,589,592)
Total Government-wide Financial Statements		$ (677,716)

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, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 31,235,619	$ 6,980,000	$ 2,972,711	$ 35,242,908	$ 3,458,438
General obligation debt from direct borrowings and direct placements	1,247,834	-	242,890	1,004,944	249,730
(Discounts)/Premiums	490,441	312,564	56,694	746,311	-
Sub-totals	32,973,894	7,292,564	3,272,295	36,994,163	3,708,168
Other Liabilities					
Compensated absences (Note I.D.9)	1,214,793	35,707	-	1,250,500	-
Fire pension liability (Note V. F.)	1,392,161	96,090	620,074	868,177	-
Total Other Liabilities	2,606,954	131,797	620,074	2,118,677	-
Total Governmental Activities Long-Term Liabilities	$ 35,580,848	$ 7,424,361	$ 3,892,369	$ 39,112,840	$ 3,708,168

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 2,109,381	$ 450,000	$ 397,289	$ 2,162,092	$ 436,562
Revenue bonds	11,285,265	1,825,000	1,341,323	11,768,942	1,475,676
Revenue debt from direct borrowings and direct placements	367,332	-	29,174	338,158	29,952
Unamortized premium on bonds	114,533	55,598	20,749	149,382	-
Sub-totals	13,876,511	2,330,598	1,788,535	14,418,574	1,942,190
Other Liabilities					
Vested compensated absences	338,657	84,389	56,986	366,060	-
Customer advances for construction	62,383	43,915	78,882	27,416	-
Total Other Liabilities	401,040	128,304	135,868	393,476	-
Total Business-type Activities Long-Term Liabilities	$ 14,277,551	$ 2,458,902	$ 1,924,403	$ 14,812,050	$ 1,942,190

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, 2019, was $61,686,215. Total general obligation debt outstanding at year end was $38,409,944.

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note V.A.

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

F. LONG-TERM OBLIGATIONS (cont.)

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, 2019
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	$ 3,000,000	$ 425,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	360,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	2,759,000	737,908
2013 State Trust Fund Loan*	6/23/13	3/15/20	2.75	1,400,000	215,000
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	2,755,000	1,245,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,545,000	1,060,000
2016 General Obligation Notes	5/26/16	4/1/26	3.25 - 3.75	5,830,000	4,945,000
2016 State Trust Fund Loan*	12/28/16	3/15/36	3.5	850,000	789,944
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	7,085,000	6,420,000
2018 General Obligation Bonds	4/26/18	4/1/38	2.00 - 4.00	12,585,000	12,295,000
2018 General Obligation Notes	4/26/18	4/1/28	3.20 - 4.00	775,000	775,000
2019 General Obligation Notes	4/24/19	4/1/29	2.13 - 4.00	6,980,000	6,980,000
Total Governmental Activities - General Obligation Debt					$ 36,247,852

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, 2019
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	$ 1,015,000	$ 135,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	661,000	232,092
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	280,000	150,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,180,000	725,000
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	575,000	470,000
2019 General Obligation Notes	4/24/19	4/1/29	2.13 - 4.00	450,000	450,000
Total Business-type Activities - General Obligation Debt					$ 2,162,092

* Direct borrowing or direct placement.

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	$ 3,458,438	$ 1,010,219	$ 436,562	$ 50,830
2021	2,974,084	846,757	310,916	36,333
2022	3,364,643	775,175	302,813	29,557
2023	3,211,596	694,456	290,948	22,604
2024	3,320,100	615,674	259,900	15,820
2025-2029	12,664,047	1,788,482	560,953	20,683
2030-2034	3,970,000	697,100	-	-
2035-2038	2,280,000	154,075	-	-
Totals	$ 35,242,908	$ 6,581,938	$ 2,162,092	$ 175,827

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

F. LONG-TERM OBLIGATIONS (cont.)

Years	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
2020	$ 249,730	$ 33,653
2021	36,021	26,432
2022	37,282	25,172
2023	38,587	23,867
2024	39,876	22,578
2025-2029	221,600	90,670
2030-2034	263,209	49,059
2035-2036	118,639	6,268
Totals	$ 1,004,944	$ 277,699

The city's outstanding debt from direct borrowings and placements related to governmental activities of $1,004,944 contain a provision that in an event of default, any delinquent payment amount is subject to a penalty of one percent per month.

Revenue Debt

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

The utilities has pledged future revenues to repay revenue bonds issued in between 1999-2019. 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%, 12%, and 14% respectively of electric, water, and wastewater gross revenues. The total principal and interest remaining to be paid on the bonds is $13,920,355. Principal and interest paid for the current year and total customer gross revenues were $1,625,356 and $19,371,770, respectively.

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2019, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
Water Utility					
2010 Water Utility Revenue Bonds*	1/27/10	5/1/29	2.67%	$ 575,018	$ 338,158
2016 Water Utility Revenue Bonds	5/26/16	5/1/26	1.00 - 2.75	2,520,000	1,650,000
2019 Water Utility Revenue Bonds	11/14/19	5/1/34	2.00 - 3.00	1,825,000	1,825,000
				Total Water Utility	3,813,158

* Direct borrowing or direct placement.

Wastewater Utility					
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/19	3.049%	623,465	-
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/20	3.049	1,116,259	73,435
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/23	2.766	1,670,624	413,378
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/27	2.475	1,539,762	764,797
2014 Wastewater Utility Clean Water Fund Loan	11/1/14	5/1/34	2.625	3,305,713	2,632,332
				Total Wastewater Utility	3,883,942
Electric Utility					
2013 Electric Utility Revenue Bonds	4/1/13	4/1/23	2.00 - 2.25%	3,170,000	1,315,000
2016 Electric Utility Revenue Bonds	5/26/16	4/1/36	2.00 - 3.00	4,005,000	3,095,000
				Total Electric Utility	4,410,000
Total Business-type Activities - Revenue Debt					$ 12,107,100

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt Principal	Business-type Activities Revenue Debt Interest
2020	$ 1,475,676	$ 264,510
2021	1,415,971	235,365
2022	1,429,930	204,413
2023	1,469,126	172,502
2024	612,975	148,932
2025-2029	2,672,014	521,432
2030-2034	2,388,250	209,808
2035-2036	305,000	9,225
Totals	$ 11,768,942	$ 1,766,187

Years	Business-type Activities Revenue Debt from Direct Borrowings and Direct Placements Principal	Business-type Activities Revenue Debt from Direct Borrowings and Direct Placements Interest
2020	$ 29,952	$ 8,623
2021	30,751	7,813
2022	31,571	6,981
2023	32,414	6,128
2024	33,278	5,251
2025-2029	180,192	12,272
Totals	$ 338,158	$ 47,068

The city's outstanding debt from direct borrowings and placements related to business-type activities of $338,158 contain a provision that in an event of default, outstanding amounts become immediately due and payable.

Other Debt Information

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information (cont.)

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, 2019.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	$ 9,298,987
Construction in progress	670,858
Inexhaustible portion of streets	1,454,893
Other capital assets, net of accumulated depreciation	41,207,190
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(32,217,815)
Less: Unamortized debt premium	(746,311)
Total Net Investment in Capital Assets	$ 19,667,802

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	General Fund	Debt Service	Construction	Outlay	TIF District No. 7	Nonmajor Funds	Totals
Fund Balances							
Nonspendable:							
Delinquent items	$ 18,026	$ -	$ -	$ -	$ -	$ -	$ 18,026
Prepaid items	5,630	-	-	-	-	82,875	88,505
Noncurrent interfunds	1,112,597	-	-	-	-	-	1,112,597
CMVIC equity	257,805	-	-	-	-	-	257,805
Sub-total	1,394,058	-	-	-	-	82,875	1,476,933
Restricted for:							
Debt service	-	832,401	-	-	-	-	832,401
Library	-	-	-	-	-	255,092	255,092
Parks	-	-	-	-	-	458,089	458,089
TID activities	-	-	-	-	438,407	2,477,994	2,916,401
CDBG	-	-	-	-	-	6,453	6,453
Capital projects	-	-	443,834	-	-	-	443,834
Firemen pension	-	-	-	-	-	848,192	848,192
Sub-total	-	832,401	443,834	-	438,407	4,045,820	5,760,462
Committed to:							
Senior center wood shop	-	-	-	-	-	6,668	6,668
Food pantry	-	-	-	-	-	172,113	172,113
Fire department special	-	-	-	-	-	63,406	63,406
Ambulance	-	-	-	-	-	17,821	17,821
Opera house repair	-	-	-	-	-	6,745	6,745
Township outreach	-	-	-	-	-	10,587	10,587
Tourism	-	-	-	-	-	25,862	25,862
Seniors in need	-	-	-	-	-	57,891	57,891
Senior center special	-	-	-	-	-	477,042	477,042
Capital projects	-	-	-	-	-	362,128	362,128
K9 unit	-	-	-	-	-	17,732	17,732
Tree commission	-	-	-	-	-	4,466	4,466
Cemetery	-	-	-	-	-	28,243	28,243
Revolving loans	-	-	-	-	-	120,358	120,358
Sub-total	-	-	-	-	-	1,371,062	1,371,062

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

G. NET POSITION/FUND BALANCES (cont.)

	General Fund	Debt Service	Construction	Outlay	TIF District No. 7	Nonmajor Funds	Totals
Assigned to:							
Safety camp	$ 28,336	$ -	$ -	$ -	$ -	$ -	$ 28,336
Youth gift	19,421	-	-	-	-	-	19,421
Bryant grant	101,049	-	-	-	-	-	101,049
Pool sinking fund	19,659	-	-	-	-	-	19,659
Shop with a cop	6,146	-	-	-	-	-	6,146
Tree plantings developer	24,180	-	-	-	-	-	24,180
Police federal grants	4,299	-	-	-	-	-	4,299
Paul Kraby memorial	652	-	-	-	-	-	652
Utility payment in lieu of taxes	883,974	-	-	-	-	-	883,974
Liability insurance loss	70,000	-	-	-	-	-	70,000
Virgin lake boardwalk	409	-	-	-	-	-	409
Buddy bags	46	-	-	-	-	-	46
Arts council	1,799	-	-	-	-	-	1,799
Buddy benches	625	-	-	-	-	-	625
Fire equipment	-	-	-	-	-	20,783	20,783
Equipment replacement	-	-	-	-	-	527,768	527,768
Building replacement	-	-	-	-	-	567,713	567,713
Capital Projects	-	-	1,959,282	-	-	-	1,959,282
Outlay	-	-	-	1,307,532	-	-	1,307,532
Technology	-	-	-	-	-	100,394	100,394
Sub-total	1,160,595	-	1,959,282	1,307,532	-	1,216,658	5,644,067
Unassigned (deficit):	4,248,928	-	-	-	-	(1,124,324)	3,124,604
Total Fund Balances (Deficit)	$ 6,803,581	$ 832,401	$ 2,403,116	$ 1,307,532	$ 438,407	$ 5,592,091	$ 17,377,128

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	$ 784,480
Construction in progress	1,099,288
Other capital assets, net of depreciation	58,122,492
Less: Long-term capital related debt outstanding	(14,164,192)
Plus: Unspent capital related debt proceeds	780,417
Less: Unamortized debt premium	(149,382)
Total Net Investment in Capital Assets	$ 46,473,103

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 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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 $529,035 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the city reported a liability of $1,775,198 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2018, the city's proportion was 0.04989755%, which was an increase of 0.00116035% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of $1,185,275.

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	$ 1,382,610	$ 2,443,958
Changes in assumptions	299,233	-
Net differences between projected and actual earnings on pension plan investments	2,592,555	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	28,190
Employer contributions subsequent to the measurement date	533,847	-
Totals	$ 4,808,245	$ 2,472,148

$533,847 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resourcesrelated to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	$ 647,623
2021	157,722
2022	286,797
2023	710,108

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

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

Single discount rate. A single discount rate of 7.00% 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 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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.

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the city's proportionate share of the net pension liability to changes in the discount rate. The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability	$7,054,824	$1,775,198	$(2,150,613)

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, 2019, 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 called CVMIC to provide coverage for losses from theft of, damage to, or destruction of assets and workers compensation. However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the city in the general fund.

Public Entity Risk Pool

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

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

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

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

NOTE V - OTHER INFORMATION (cont.)

B. Risk Management (cont.)

Public Entity Risk Pool (cont.)

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

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.

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, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

NOTE V - OTHER INFORMATION (cont.)

C. *COMMITMENTS AND CONTINGENCIES* (cont.)

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 $324 million as of December 31, 2019.

D. *EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS*

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*

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

NOTE V - OTHER INFORMATION (cont.)

E. 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, 2018, the plan's membership consisted of:

Retirees and beneficiaries	26
Inactive, nonretired members	-
Active members	30
Total	56

The city paid $40,282 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, 2019 was as follows:

	Total Pension Liability
Beginning of Year Balance	$ 1,392,181
Service cost	47,261
Interest on total pension liability	48,829
Changes of assumptions	(579,792)
Benefit payments	(40,282)
End of Year Balance	$ 868,177

NOTE V - OTHER INFORMATION (cont.)

E. FIREMEN'S PENSION PLAN (cont.)

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

Measurement Date:	December 31, 2019
Actuarial Valuation Date:	December 31, 2018
Inflation:	2.3%
Salary Changes:	2.3%
Discount Rate:	4.10%
Source of Discount Rate:	Bond Buyer GO 20-Year Municipal Bond Index
Source of Mortality Assumptions:	Wisconsin 2018 Mortality table
Dates of Experience Studies:	Experience study conducted using WRS experience from 2015-2017

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 4.10% 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 (3.10%) or 1 percentage point higher (5.10%) that the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	$ 992,434	$ 868,177	$ 767,385

Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the city recognized pension expense of $21,820.

At December 31, 2019, 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	$ -	$ 297,240
Changes in assumptions	51,806	228,822
Totals	$ 51,806	$ 526,062

NOTE V - OTHER INFORMATION (cont.)

E. FIREMEN'S PENSION PLAN (cont.)

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

Year Ended December 31:	Deferred Outflows and Deferred Inflows of Resources (net)
2020	$ (74,270)
2021	(74,270)
2022	(74,270)
2023	(74,270)
2024	(69,855)
Thereafter	(107,321)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
TAXES				
Taxes	$ 9,089,362	$ 9,089,362	$ 9,090,775	$ 1,413
INTERGOVERNMENTAL REVENUES				
Intergovernmental	1,971,980	1,971,980	1,919,896	(52,084)
LICENSES AND PERMITS				
Business and occupational licenses	37,400	37,400	59,607	22,207
Dog and cat licenses	2,500	2,500	3,440	940
Building permits	178,000	178,000	160,877	(17,123)
Total Licenses and Permits	217,900	217,900	223,924	6,024
FINES, FORFEITURES AND PENALTIES				
Fines, forfeitures and penalties	127,500	127,500	149,398	21,898
PUBLIC CHARGES FOR SERVICES				
Public charges for services	1,410,730	1,410,730	1,449,026	38,296
INTERGOVERNMENTAL CHARGES				
Intergovernmental charges for services	60,000	60,000	62,202	2,202
SPECIAL ASSESSMENTS				
Special assessments	11,500	11,500	12,678	1,178
INVESTMENT INCOME				
Investment income	95,000	95,000	236,249	141,249
MISCELLANEOUS				
Miscellaneous revenues	365,496	365,496	475,983	110,487
Total Revenues	13,349,468	13,349,468	13,620,131	270,663

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, 2019

	Original	Final	Actual	Variance with Final Budget
EXPENDITURES				
GENERAL GOVERNMENT				
Council/Board	$ 47,005	$ 47,005	$ 47,926	$ (921)
Legislative support	99,723	99,723	97,402	2,321
Judicial	58,202	58,202	54,937	3,265
Administrator	229,762	229,762	202,226	27,536
Treasury	962,498	962,498	833,176	129,322
Legal	130,000	130,000	137,278	(7,278)
Personnel	187,586	187,586	167,001	20,585
General buildings/plant/hall	65,879	65,879	55,510	10,369
Assessment of property	47,500	47,500	47,809	(309)
Other general government	53,210	53,210	81,578	(28,368)
Total General Government	1,881,365	1,881,365	1,724,843	156,522
PUBLIC SAFETY				
Police	3,210,785	3,210,785	3,164,572	46,213
Fire protection	543,563	543,563	520,564	22,999
Inspection	347,258	347,258	375,296	(28,038)
Total Public Safety	4,101,606	4,101,606	4,060,432	41,174
PUBLIC WORKS				
Highway and street maintenance and construction	110,609	110,609	123,359	(12,750)
Highway and street maintenance for local	1,179,554	1,179,554	1,253,545	(73,991)
Snow and ice control	68,000	68,000	59,527	8,473
Other sanitation	715,000	715,000	716,530	(1,530)
Buildings and grounds operations	125,329	125,329	135,475	(10,146)
Total Public Works	2,198,492	2,198,492	2,288,436	(89,944)
CULTURE, RECREATION AND EDUCATION				
Parks	230,296	230,296	197,206	33,090
Recreation facilities	522,951	522,951	568,694	(45,743)
Community center	468,352	468,352	460,711	7,641
Other culture	320,792	320,792	323,037	(2,245)
School year recreation	35,000	35,000	37,421	(2,421)
Cable television	39,810	39,810	22,906	16,904
Total Culture, Recreation and Education	1,617,201	1,617,201	1,609,975	7,226
Total Expenditures	9,798,664	9,798,664	9,683,686	114,978

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, 2019

	Original	Final	Actual	Variance with Final Budget
Excess of revenues over expenditures	$ 3,550,804	$ 3,550,804	3,936,445	$ 385,641
OTHER FINANCING SOURCES (USES)				
Transfers in	615,000	947,000	1,098,665	151,665
Transfers out	(4,185,430)	(4,459,430)	(4,482,298)	(22,868)
Total Other Financing Sources (Uses)	(3,570,430)	(3,512,430)	(3,383,633)	128,797
Net Change in Fund Balance	(19,626)	38,374	552,812	514,438
FUND BALANCE - Beginning of Year	6,250,769	6,250,769	6,250,769	-
FUND BALANCE - END OF YEAR	$ 6,231,143	$ 6,289,143	$ 6,803,581	$ 514,438

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, 2019

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
12/31/19	0.04989755%	$ 1,775,198	$ 6,864,771	25.86%	96.45%
12/31/18	0.04873732%	(1,447,068)	6,542,867	22.12%	102.93%
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, 2019

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
12/31/19	$ 533,847	$ 533,847	$ -	$ 7,034,407	7.59%
12/31/18	533,009	533,009	-	6,864,764	7.76%
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, 2019

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
12/31/19	$ 1,392,161	$ 47,261	$ 48,829	$ -	$ -	$ (579,792)	$ (40,282)	868,177
12/31/18	1,268,731	41,400	48,805	-	-	71,580	(38,355)	1,392,161
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, 2019

Fiscal Year Ending	Total Pension Liability	Covered Payroll	Total Pension Liability as a Percentage of Covered Payroll
12/31/19	$ 868,177	$ 92,307	941%
12/31/18	1,392,161	102,773	1355%
12/31/17	1,268,731	93,830	1352%

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. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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. Actuarial assumptions are based upon an experience study conducted in 2019 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
ASSETS				
Cash and investments	$ 272,412	$ 17,821	$ 1,023	$ 6,745
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	82,875	-
TOTAL ASSETS	$ 272,412	$ 17,821	$ 83,898	$ 6,745
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 3,114	$ -	$ 76,247	$ -
Accrued liabilities	14,206	-	5,405	-
Other liabilities	-	-	280,670	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	17,320	-	362,322	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	82,875	-
Restricted	255,092	-	-	-
Committed	-	17,821	-	6,745
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(361,299)	-
Total Fund Balances (deficit)	255,092	17,821	(278,424)	6,745
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 272,412	$ 17,821	$ 83,898	$ 6,745

Special Revenue Funds					
Township Outreach	Tourism	Seniors in Need	Food Pantry	Landmarks	Fire Department Special
$ 10,785	$ 24,132	$ 58,700	$ 179,245	$ -	$ 63,406
-	-	-	-	-	-
-	17,296	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 10,785	$ 41,428	$ 58,700	$ 179,245	$ -	$ 63,406
$ -	$ 15,566	$ 809	$ 7,132	$ 1,834	$ -
198	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
198	15,566	809	7,132	1,834	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,587	25,862	57,891	172,113	-	63,406
-	-	-	-	-	-
-	-	-	-	(1,834)	-
10,587	25,862	57,891	172,113	(1,834)	63,406
$ 10,785	$ 41,428	$ 58,700	$ 179,245	$ -	$ 63,406

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special	Economic Development	Redevelop-ment Authority
ASSETS				
Cash and investments	$ 6,702	$ 477,147	$ -	$ -
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	$ 6,702	$ 477,147	$ -	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 34	$ 105	$ -	$ 342
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	66,574
Advances from other funds	-	-	-	-
Total Liabilities	34	105	-	66,916
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	6,668	477,042	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	(66,916)
Total Fund Balances (deficit)	6,668	477,042	-	(66,916)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,702	$ 477,147	$ -	$ -

Special Revenue Funds						
Special Assessments	CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund
$ 318,354	$ 6,453	$ 17,731	$ 4,466	$ 28,243	$ 5,569	$ 846,101
118,784	-	-	-	-	-	-
-	-	1	-	-	3,817	-
-	-	-	-	-	-	2,091
464,808	-	-	-	-	-	-
-	-	-	-	-	110,972	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 901,946	$ 6,453	$ 17,732	$ 4,466	$ 28,243	$ 120,358	$ 848,192
$ 13,700	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
48,932	-	-	-	-	-	-
-	-	-	-	-	-	-
62,632	-	-	-	-	-	-
12,378	-	-	-	-	-	-
464,808	-	-	-	-	-	-
477,186	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,453	-	-	-	-	848,192
362,128	-	17,732	4,466	28,243	120,358	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
362,128	6,453	17,732	4,466	28,243	120,358	848,192
$ 901,946	$ 6,453	$ 17,732	$ 4,466	$ 28,243	$ 120,358	$ 848,192

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Fund	Capital Projects Funds		
	Refuse Fund	Fire Equipment	Park Acquisition	River Trail
ASSETS				
Cash and investments	$ -	$ 20,783	$ 463,222	$ -
Receivables (net)				
Taxes	791,950	-	-	-
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	$ 791,950	$ 20,783	$ 463,222	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ 5,133	$ -
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	-	5,133	-
Deferred Inflows of Resources				
Unearned revenues	791,950	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	791,950	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	458,089	-
Committed	-	-	-	-
Assigned	-	20,783	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	-	20,783	458,089	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 791,950	$ 20,783	$ 463,222	$ -

Capital Projects Funds					
TIF District No. 3	TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 8	Equipment Replacement
$ 292,736	$ 1,118,938	$ 83,726	$ 1,830,548	$ 253,420	$ 499,774
494,843	180,369	50,678	24,831	-	-
-	-	-	51,714	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	29,600
-	-	-	-	-	-
$ 787,579	$ 1,299,307	$ 134,404	$ 1,907,093	$ 253,420	$ 529,374
$ -	$ 190	$ -	$ 623,639	$ 125,797	$ 1,606
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	761,320	140,399	144,304	-
-	190	761,320	764,038	270,101	1,606
494,843	180,369	50,678	76,545	-	-
-	-	-	-	-	-
494,843	180,369	50,678	76,545	-	-
-	-	-	-	-	-
292,736	1,118,748	-	1,066,510	-	-
-	-	-	-	-	-
-	-	-	-	-	527,768
-	-	(677,594)	-	(16,681)	-
292,736	1,118,748	(677,594)	1,066,510	(16,681)	527,768
$ 787,579	$ 1,299,307	$ 134,404	$ 1,907,093	$ 253,420	$ 529,374

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Capital Projects Funds		
	Building Maintenance	Technology	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 567,791	$ 100,394	$ 7,576,367
Receivables (net)			
Taxes	-	-	1,661,455
Accounts	16	-	72,844
Accrued interest	-	-	2,091
Special assessments	-	-	464,808
Loans	-	-	110,972
Due from other governments	-	-	29,600
Prepaid items	-	-	82,875
TOTAL ASSETS	$ 567,807	$ 100,394	$ 10,001,012
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	$ 94	$ -	$ 875,342
Accrued liabilities	-	-	19,809
Other liabilities	-	-	280,670
Due to other funds	-	-	115,506
Advances from other funds	-	-	1,046,023
Total Liabilities	94	-	2,337,350
Deferred Inflows of Resources			
Unearned revenues	-	-	1,606,763
Unavailable revenues	-	-	464,808
Total Deferred Inflows of Resources	-	-	2,071,571
Fund Balances (Deficit)			
Nonspendable	-	-	82,875
Restricted	-	-	4,045,820
Committed	-	-	1,371,062
Assigned	567,713	100,394	1,216,658
Unassigned (deficit)	-	-	(1,124,324)
Total Fund Balances (deficit)	567,713	100,394	5,592,091
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 567,807	$ 100,394	$ 10,001,012

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	228,305	-	-	-
Public charges for services	26,673	-	847,869	-
Special assessments	-	-	-	-
Investment income	6,857	215	473	137
Miscellaneous revenues	70,840	22,428	19,072	-
Total Revenues	332,675	22,643	867,414	137
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	21,745	-	-
Culture, recreation and education	922,158	-	1,070,409	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	922,158	21,745	1,070,409	-
Excess (deficiency) of revenues over expenditures	(589,483)	898	(202,995)	137
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Premium on debt	-	-	-	-
Sales of fixed assets	-	-	-	-
Transfers in	593,813	-	165,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	593,813	-	165,000	-
Net Change in Fund Balances	4,330	898	(37,995)	137
FUND BALANCES (DEFICIT) - Beginning of Year	250,762	16,923	(240,429)	6,608
FUND BALANCES (DEFICIT) - END OF YEAR	$ 255,092	$ 17,821	$ (278,424)	$ 6,745

Special Revenue Funds						
Township Outreach	Tourism	Seniors in Need	Food Pantry	Landmarks	Fire Department Special	Senior Center Wood Shop
$ -	$ 72,146	$ -	$ -	$ -	$ -	$ -
6,443	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
109	309	870	2,481	104	629	76
2,500	-	25,012	72,395	-	45,089	2,334
9,052	72,455	25,882	74,876	104	45,718	2,410
-	-	-	-	-	-	-
-	-	-	-	-	10,674	-
7,473	64,932	22,099	73,374	16,467	-	832
-	-	-	-	-	-	-
-	-	-	-	-	4,339	-
-	-	-	-	-	-	-
7,473	64,932	22,099	73,374	16,467	15,013	832
1,579	7,523	3,783	1,502	(16,363)	30,705	1,578
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	11,207	-	-
-	(5,485)	-	-	-	-	-
-	(5,485)	-	-	11,207	-	-
1,579	2,038	3,783	1,502	(5,156)	30,705	1,578
9,008	23,824	54,108	170,611	3,322	32,701	5,090
$ 10,587	$ 25,862	$ 57,891	$ 172,113	$ (1,834)	$ 63,406	$ 6,668

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds			
	Senior Center Special	Economic Develop-ment	Redevelop-ment Authority	Special Assessments
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Special assessments	-	-	-	178,328
Investment income	7,572	377	108	13,258
Miscellaneous revenues	20,177	7,796	-	-
Total Revenues	27,749	8,173	108	191,586
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	8,948	-	-	-
Conservation and development	-	75	7,325	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	8,948	75	7,325	-
Excess (deficiency) of revenues over expenditures	18,801	8,098	(7,217)	191,586
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Premium on debt	-	-	-	-
Sales of fixed assets	-	-	-	-
Transfers in	-	11	8,150	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	11	8,150	-
Net Change in Fund Balances	18,801	8,109	933	191,586
FUND BALANCES (DEFICIT) - Beginning of Year	458,241	(8,109)	(67,849)	170,542
FUND BALANCES (DEFICIT) - END OF YEAR	$ 477,042	$ -	$ (66,916)	$ 362,128

Special Revenue Funds							Capital Projects Fund
CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund	Refuse Fund	Fire Equipment
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79	217	42	695	9,358	19,772	-	330
-	8,537	2,975	-	50,000	19,460	-	-
79	8,754	3,017	695	59,358	39,232	-	330
-	-	-	-	-	-	-	-
-	8,344	-	-	-	-	-	-
-	-	-	5,904	-	-	-	-
-	-	1,346	-	4,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,344	1,346	5,904	4,000	-	-	-
79	410	1,671	(5,209)	55,358	39,232	-	330
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	65,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	65,000	-	-	-
79	410	1,671	(5,209)	120,358	39,232	-	330
6,374	17,322	2,795	33,452	-	808,960	-	20,453
$ 6,453	$ 17,732	$ 4,466	$ 28,243	$ 120,358	$ 848,192	$ -	$ 20,783

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Capital Projects Funds			
	Park Acquisition	River Trail	TIF District No. 3	TIF District No. 4
REVENUES				
Taxes	$ -	$ -	$ 475,729	$ 174,694
Intergovernmental	-	-	5,698	2,634
Public charges for services	95,945	-	-	-
Special assessments	-	-	-	-
Investment income	7,006	-	6,466	23,264
Miscellaneous revenues	6,396	809	-	-
Total Revenues	109,347	809	487,893	200,592
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	7,303	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	1,455	49,868
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	7,303	-	1,455	49,868
Excess (deficiency) of revenues over expenditures	102,044	809	486,438	150,724
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Premium on debt	-	-	-	-
Sales of fixed assets	-	-	-	5,000
Transfers in	70,000	-	-	-
Transfers out	-	-	(618,533)	(169,800)
Total Other Financing Sources (Uses)	70,000	-	(618,533)	(164,800)
Net Change in Fund Balances	172,044	809	(132,095)	(14,076)
FUND BALANCES (DEFICIT) - Beginning of Year	286,045	(809)	424,831	1,132,824
FUND BALANCES (DEFICIT) - END OF YEAR	$ 458,089	$ -	$ 292,736	$ 1,118,748

Capital Projects Funds						
TIF District No. 5	TIF District No. 6	TIF District No. 8	Equipment Replacement	Building Maintenance	Technology	Total Nonmajor Governmental Funds
$ -	$ 24,537	$ -	$ -	$ -	$ -	$ 747,106
39,592	-	-	29,600	-	-	312,272
-	-	-	-	-	-	970,487
-	-	-	-	-	-	178,328
1,311	30,468	4,669	2,811	1,317	394	141,774
-	465	-	-	180,677	-	556,962
40,903	55,470	4,669	32,411	181,994	394	2,906,929
-	-	-	-	154,730	-	154,730
-	-	-	-	-	-	40,763
-	-	-	-	-	-	2,199,899
75	6,538	9,648	-	-	-	29,007
22,678	1,396,216	508,073	175,859	-	-	2,158,488
-	32,789	3,783	-	-	-	36,572
22,753	1,435,543	521,504	175,859	154,730	-	4,619,459
18,150	(1,380,073)	(516,835)	(143,448)	27,264	394	(1,712,530)
-	2,618,709	302,159	-	-	-	2,920,868
-	14,080	1,625	-	-	-	15,705
-	-	-	24,061	-	-	29,061
-	-	-	220,000	-	100,000	1,233,181
(107,661)	(55,162)	(22,928)	-	-	-	(979,569)
(107,661)	2,577,627	280,856	244,061	-	100,000	3,219,246
(89,511)	1,197,554	(235,979)	100,613	27,264	100,394	1,506,716
(588,083)	(131,044)	219,298	427,155	540,449	-	4,085,375
$ (677,594)	$ 1,066,510	$ (16,681)	$ 527,768	$ 567,713	$ 100,394	$ 5,592,091

CITY OF STOUGHTON

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2019

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets			
Cash and investments	$ 467,402	$ 356,631	$ 824,033
Receivables	5,346	132,928	138,274
Due from other funds	47,202	-	47,202
Total Current Assets	519,950	489,559	1,009,509
Noncurrent Assets			
Capital Assets			
Land	9,986	-	9,986
Construction in progress	975,350	-	975,350
Property and equipment	4,035,720	2,181,896	6,217,616
Less: Accumulated depreciation	(441,617)	(948,766)	(1,390,383)
Total Noncurrent Assets	4,579,439	1,233,130	5,812,569
Total Assets	5,099,389	1,722,689	6,822,078
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	-	65,519	65,519
Total Deferred Outflows of Resources	-	65,519	65,519
LIABILITIES			
Current Liabilities			
Accounts payable	148,271	9,413	157,684
Accrued liabilities	18,327	14,517	32,844
Due to other funds	-	306,745	306,745
Current portion of general obligation debt	216,562	135,000	351,562
Total Current Liabilities	383,160	465,675	848,835
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt payable	1,275,530	-	1,275,530
Net pension liability	-	25,329	25,329
Compensated absences	-	37,943	37,943
Total Liabilities	1,658,690	528,947	2,187,637
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	-	34,830	34,830
Total Deferred Inflows of Resources	-	34,830	34,830
NET POSITION			
Net investment in capital assets	3,217,965	1,098,130	4,316,095
Unrestricted	222,734	126,301	349,035
TOTAL NET POSITION	$ 3,440,699	$ 1,224,431	$ 4,665,130

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	$ 654,681	$ 602,173	$ 1,256,854
Total Operating Revenues	654,681	602,173	1,256,854
OPERATING EXPENSES			
Operation and maintenance	373,312	544,945	918,257
Depreciation expense	134,524	102,095	236,619
Total Operating Expenses	507,836	647,040	1,154,876
Operating Income (Loss)	146,845	(44,867)	101,978
NONOPERATING REVENUES (EXPENSES)			
Investment income	14,993	5,211	20,204
Interest and fiscal charges	(32,376)	(6,850)	(39,226)
Interest subsidy	-	3,035	3,035
Intergovernmental grants	-	20,540	20,540
Total Nonoperating Revenues (Expenses)	(17,383)	21,936	4,553
Net Income (Loss) Before Contributions and Transfers	129,462	(22,931)	106,531
CONTRIBUTIONS AND TRANSFERS			
Capital contributions - city	1,181,861	-	1,181,861
Transfers in	-	80,000	80,000
Total Contributions and Transfers	1,181,861	80,000	1,261,861
Change in Net Position	1,311,323	57,069	1,368,392
NET POSITION - Beginning of Year	2,129,376	1,167,362	3,296,738
NET POSITION - END OF YEAR	$ 3,440,699	$ 1,224,431	$ 4,665,130

CITY OF STOUGHTON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	$ 690,564	$ 616,774	$ 1,307,338
Paid to suppliers for goods and services	(58,666)	(209,655)	(268,321)
Paid to employees for services	(190,870)	(317,238)	(508,108)
Net Cash Flows From Operating Activities	441,028	89,881	530,909
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	14,993	5,211	20,204
Net Cash Flows From Investing Activities	14,993	5,211	20,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	-	80,000	80,000
Repayment of due to other funds	-	(3,035)	(3,035)
Net Cash Flows From Noncapital Financing Activities	-	76,965	76,965
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	450,000	-	450,000
Debt retired	(182,289)	(130,000)	(312,289)
Interest paid	(25,573)	(8,670)	(34,243)
Acquisition and construction of capital assets	(454,000)	-	(454,000)
Net Cash Flows From Capital and Related Financing Activities	(211,862)	(138,670)	(350,532)
Net Change in Cash and Cash Equivalents	244,159	33,387	277,546
CASH AND CASH EQUIVALENTS - Beginning of Year	223,243	323,244	546,487
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 467,402	$ 356,631	$ 824,033

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ 146,845	$ (44,867)	$ 101,978
Nonoperating revenue	-	23,575	23,575
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	134,524	102,095	236,619
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(4,808)	(8,974)	(13,782)
Other accounts receivable	40,691	-	40,691
Compensated absences	-	(267)	(267)
Accounts payable	122,019	3,401	125,420
Other current liabilities	1,757	5,171	6,928
Pension related deferrals and liabilities	-	9,747	9,747
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 441,028	$ 89,881	$ 530,909
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	$ 467,402	$ 356,631	$ 824,033
CASH AND CASH EQUIVALENTS	$ 467,402	$ 356,631	$ 824,033
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
City contributed assets	$ 1,181,861	$ -	$ 1,181,861