

CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

December 31, 2007

CITY OF STOUGHTON

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Stoughton
Stoughton, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2007, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Stoughton's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 65 through 68 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the City Council
City of Stoughton

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 combining financial statements and debt schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Virchow, Krause & Company, LLP

Madison, Wisconsin
April 10, 2008

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

The management of the City of Stoughton offers all persons interested in the financial position of the city this narrative overview and analysis of the city's financial performance during the fiscal year ended December 31, 2007. You are invited to read this narrative in conjunction with the city's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Stoughton exceeded its liabilities by \$54,417,415 (net assets). Of this amount, \$10,531,729 is considered unrestricted net assets, \$5,804,209 is restricted for specific purposes (restricted net assets), and \$38,081,477 is invested in capital assets, net of related debt.
- The city's total net assets increased by \$2,260,844. Governmental activities net assets increased by \$403,366, while business-type net assets increased by \$1,855,478.
- On December 31, 2007, the city's governmental funds reported combined fund balances of \$6,866,431, an increase of \$1,576,788 from 2006. Undesignated fund balance was \$1,707,045 at year end, a decrease of \$89,705 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the city's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of city government, reporting the city's operations in more detail than the government-wide statements.

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 remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE 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 assets includes all of the government's assets and liabilities. 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 assets and how they have changed. Net Assets – the difference between the city's assets and liabilities – is one way to measure the city's financial health, or position. Over time, increases or decreases in the city's net assets are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the city you need to consider additional non-financial factors such as changes in the city's property tax base and the condition of the city's roads.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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.

The government-wide financial statements include the City of Stoughton (primary government) and the Stoughton Housing Authority (component unit). The Stoughton Housing Authority is a separate legal entity for which the city is financially accountable. Financial information for the component unit is reported separately from the primary government information. Separately issued financial statements of the Stoughton Housing Authority may be obtained from the Housing Authority's office.

FUND FINANCIAL STATEMENTS

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.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The city maintains twenty-two 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 and the debt service fund, both 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The city adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The city maintains three different types of 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.

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. 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 Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the city's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

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

A summary of the city's Statement of Net Assets is presented below in Table 1.

**Table 1
Condensed Statements of Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 15,798,133	\$ 13,629,408	\$ 16,491,576	\$ 17,025,381	\$ 32,289,709	\$ 30,654,789
Capital assets	32,924,215	29,506,230	39,294,476	36,592,711	72,218,691	66,098,941
Total Assets	<u>48,722,348</u>	<u>43,135,638</u>	<u>55,786,052</u>	<u>53,618,092</u>	<u>104,508,400</u>	<u>96,753,730</u>
Long-term liabilities	21,265,062	16,969,262	18,926,512	18,662,076	40,191,574	35,631,338
Other liabilities	8,717,842	7,832,298	1,181,569	1,133,523	9,899,411	8,965,821
Total Liabilities	<u>29,982,904</u>	<u>24,801,560</u>	<u>20,108,081</u>	<u>19,795,599</u>	<u>50,090,985</u>	<u>44,597,159</u>
Invested in capital assets, net of related debt	16,760,731	16,630,968	21,685,559	22,563,808	38,081,477	39,194,776
Restricted	2,680,463	2,635,068	3,123,746	3,567,875	5,804,209	6,202,943
Unrestricted (deficit)	<u>(701,750)</u>	<u>(931,958)</u>	<u>10,868,666</u>	<u>7,690,810</u>	<u>10,531,729</u>	<u>6,758,852</u>
TOTAL NET ASSETS	<u>\$ 18,739,444</u>	<u>\$ 18,334,078</u>	<u>\$ 35,677,971</u>	<u>\$ 33,822,493</u>	<u>\$ 54,417,415</u>	<u>\$ 52,156,571</u>

The largest portion of the city's net assets (70%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (19%) may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

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

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

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program Revenues						
Charges for services	\$ 2,406,257	\$ 2,203,528	\$ 15,318,160	\$ 13,773,087	\$ 17,724,417	\$ 15,976,615
Operating grants and contributions	1,522,530	1,386,820	-	-	1,522,530	1,386,820
General Revenues						
Property taxes	6,367,377	6,125,194	-	-	6,367,377	6,125,194
Other taxes	114,656	84,700	-	-	114,656	84,700
Intergovernmental	920,871	1,001,334	-	-	920,871	1,001,334
Other	899,774	737,907	883,690	652,062	1,783,464	1,389,969
Total Revenues	<u>12,231,465</u>	<u>11,539,483</u>	<u>16,201,850</u>	<u>14,425,149</u>	<u>28,433,315</u>	<u>25,964,632</u>
EXPENSES						
General government	1,907,225	1,865,524	-	-	1,907,225	1,865,524
Public safety	3,924,522	3,624,518	-	-	3,924,522	3,624,518
Public works	2,805,126	2,536,112	-	-	2,805,126	2,536,112
Culture, education, and recreation	2,844,722	3,027,045	-	-	2,844,722	3,027,045
Water	-	-	1,044,879	934,679	1,044,879	934,679
Sewer	-	-	1,594,138	1,751,184	1,594,138	1,751,184
Electric	-	-	11,609,197	10,314,708	11,609,197	10,314,708
Interest and fiscal charges	853,111	709,543	-	-	853,111	709,543
Total Expenses	<u>12,334,706</u>	<u>11,762,742</u>	<u>14,248,214</u>	<u>13,000,571</u>	<u>26,582,920</u>	<u>24,763,313</u>
Income (Loss) Before Capital Grants and Contributions and Transfers	(103,241)	(223,259)	1,953,636	1,424,578	1,850,395	1,201,319
Capital Grants and Contributions	36,100	36,941	374,349	217,283	410,449	254,224
Transfers	472,507	419,377	(472,507)	(419,377)	-	-
Changes in Net Assets	405,366	233,059	1,855,478	1,222,484	2,260,844	1,455,543
Beginning Net Assets	<u>18,334,078</u>	<u>18,101,019</u>	<u>33,822,493</u>	<u>32,600,009</u>	<u>52,156,571</u>	<u>50,701,028</u>
CHANGES IN NET ASSETS	<u>\$ 18,739,444</u>	<u>\$ 18,334,078</u>	<u>\$ 35,677,971</u>	<u>\$ 33,822,493</u>	<u>\$ 54,417,415</u>	<u>\$ 52,156,571</u>

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

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

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

GOVERNMENTAL ACTIVITIES

Governmental activities increased the city's net assets by \$405,366. This increase is primarily a result of the following:

- The general fund had a \$177,654 excess of revenues and other sources over expenditures and other uses. See the financial analysis of the general fund in a subsequent section for further details.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net assets by \$1,855,478. This increase is primarily a result of the following items:

- Each of the utilities had a net income during the year.
- Capital contributions to the utilities totaled \$374,349.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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, unreserved 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, 2007, the city's governmental funds reported combined fund balances of \$6,866,431. Approximately 25% of this amount, \$1,707,045 constitutes unreserved and undesignated fund balance, which is available to meet the city's current and future needs. An additional \$2,937,603 is unreserved, but has been designated for specific projects or expenditures. The remaining \$2,221,783 is reserved for noncurrent asset balances, the city's investment in the mutual insurance company, and debt service.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

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

General Fund

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund increased \$177,654 or 5%. Undesignated fund balance decreased \$89,705 primarily due to favorable interest earnings and receipt of state grants in excess of budgeted amounts. Expenditures were higher than anticipated, primarily due to increased charges to the health insurance pool. See the following General Fund Budgetary Highlights section for further details.

The city evaluates general fund balance by measuring the undesignated general fund balance as a percentage of the subsequent year's general fund budget. For 2007, undesignated fund balance is \$1,707,045 and the 2008 general fund expenditure budget is \$10,524,967, resulting in an undesignated fund balance of 16%.

Debt Service Fund

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$303,697, which is an increase of \$2,966 from the prior year, is reserved for future debt service.

Outlay Fund

The city's outlay fund accounts for capital project activity. In 2007, this fund had significant spending related to property purchases for the new fire station. For 2007, the outlay fund had fund balance of \$1,265,968. Designated fund balance is \$495,334 and \$770,634 is reserved for encumbrances.

Non-Major Governmental Funds

Fund balance of all other governmental funds is \$1,869,931, which is designated for future projects and expenditures.

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.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final amended General Fund budget had total appropriations, including those for transfers out, of \$9,917,007. Actual expenditures and transfers out were \$10,370,678, resulting in a \$453,671 unfavorable variance. The City exceeded the charges to the health insurance pool by approximately \$289,000. In addition, various public works and culture, recreation, and education departments exceeded their budgets. Further details can be found on pages 66-67.

Total revenues and other sources were \$10,548,332, \$626,325 more than the budget. This was primarily a result of favorable interest earnings and receipt of state grants.

CAPITAL ASSETS

At the end of 2007, the city had invested a total of \$72,218,691 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land and other assets not being depreciated	\$ 13,301,561	\$ 9,622,368	\$ -	\$ -	\$ 13,301,561	\$ 9,622,368
Buildings and improvements	8,809,187	8,759,187	-	-	8,809,187	8,759,187
Machinery and equipment	7,856,981	7,373,171	-	-	7,856,981	7,373,171
Infrastructure	22,692,728	22,190,775	-	-	22,692,728	22,190,775
Utility plant	-	-	56,339,176	52,169,889	56,339,176	52,169,889
Total Capital Assets	52,660,457	47,945,501	56,339,176	52,169,889	108,999,633	100,115,390
Less: Accumulated depreciation	(19,738,242)	(18,439,271)	(17,044,700)	(15,577,178)	(36,782,942)	(34,016,449)
NET CAPITAL ASSETS	<u>\$ 32,922,215</u>	<u>\$ 29,506,230</u>	<u>\$ 39,294,476</u>	<u>\$ 36,592,711</u>	<u>\$ 72,216,691</u>	<u>\$ 66,098,941</u>

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

Governmental Activities

- Work in progress on the new fire station \$3,679,193.
- Infrastructure reconstruction projects totaled \$569,310.
- Various equipment and vehicle purchases totaled \$100,496.

Business-type Activities

- Utility capital assets increased \$4,169,287 mainly due to growth in the city and routine additions and replacements.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2007

LONG-TERM DEBT

At December 31, 2007, the city had \$37,923,836 of long-term bonds and notes outstanding. \$18,633,985 of this is revenue debt and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2007 increased by \$4,452,411.

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, 2007, was \$48,341,550. Total general obligation debt outstanding at year end was \$19,289,851. Therefore, the city was at 40% of the legal debt limit.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2008 city budget. None of these conditions are anticipated to change the overall financial position of the city.

REQUESTS FOR INFORMATION

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

CITY OF STOUGHTON

STATEMENT OF NET ASSETS December 31, 2007

	Governmental Activities	Business-type Activities	Totals	Component Unit Housing Authority
ASSETS				
Cash and investments	\$ 6,918,416	\$ 10,257,783	\$ 17,176,199	\$ 108,542
Receivables	8,207,855	1,840,374	10,048,229	785
Internal balances	414,057	(414,057)	-	-
Inventories and prepaid items	-	228,867	228,867	4,346
Investment in mutual insurance company	257,805	-	257,805	-
Restricted cash and investments	-	4,251,633	4,251,633	206,408
Restricted interest receivable	-	21,771	21,771	-
Other assets	-	305,205	305,205	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	13,301,561	3,224,593	16,526,154	117,191
Capital assets, net of depreciation	<u>19,622,654</u>	<u>36,069,883</u>	<u>55,692,537</u>	<u>1,250,707</u>
Total Assets	<u>48,722,348</u>	<u>55,786,052</u>	<u>104,508,400</u>	<u>1,687,979</u>
LIABILITIES				
Accounts payable and accrued expenses	1,390,216	1,174,509	2,564,725	50,251
Unearned revenue	7,327,626	-	7,327,626	-
Other noncurrent liabilities	-	7,060	7,060	-
Noncurrent liabilities				
Due within one year	8,129,560	1,419,092	9,548,652	36,372
Due in more than one year	<u>13,135,502</u>	<u>17,507,420</u>	<u>30,642,922</u>	<u>1,541,506</u>
Total Liabilities	<u>29,982,904</u>	<u>20,108,081</u>	<u>50,090,985</u>	<u>1,628,129</u>
NET ASSETS				
Invested in capital assets, net of related debt (deficit)	16,760,731	21,685,559	38,081,477	(209,980)
Restricted for				
Debt service and equipment replacement	1,634,784	3,123,746	4,758,530	206,408
Special activities	1,045,679	-	1,045,679	-
Unrestricted (deficit)	<u>(701,750)</u>	<u>10,868,666</u>	<u>10,531,729</u>	<u>63,422</u>
TOTAL NET ASSETS	<u><u>\$ 18,739,444</u></u>	<u><u>\$ 35,677,971</u></u>	<u><u>\$ 54,417,415</u></u>	<u><u>\$ 59,850</u></u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,907,225	\$ 92,792	\$ 223,393	\$ -
Public safety	3,924,522	1,076,939	171,599	36,100
Public works	2,805,126	660,970	610,956	-
Culture, education and recreation	2,844,722	575,556	516,582	-
Interest and fiscal charges	853,111	-	-	-
Total Governmental Activities	<u>12,334,706</u>	<u>2,406,257</u>	<u>1,522,530</u>	<u>36,100</u>
Business-type Activities				
Water	1,044,879	1,296,947	-	158,107
Sewer	1,594,138	2,034,414	-	100,660
Electric	11,609,197	11,986,799	-	115,582
Total Business-type Activities	<u>14,248,214</u>	<u>15,318,160</u>	<u>-</u>	<u>374,349</u>
Total Primary Government	<u>\$ 26,582,920</u>	<u>\$ 17,724,417</u>	<u>\$ 1,522,530</u>	<u>\$ 410,449</u>
Component Unit				
Housing Authority	<u>\$ 522,329</u>	<u>\$ 272,123</u>	<u>\$ 282,000</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Miscellaneous				
Total General Revenues				
Transfers				
Change in net assets				
NET ASSETS - Beginning of Year				
NET ASSETS - END OF YEAR				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Housing Authority
\$ (1,591,040)	\$ -	\$ (1,591,040)	\$ -
(2,639,884)	-	(2,639,884)	-
(1,533,200)	-	(1,533,200)	-
(1,752,584)	-	(1,752,584)	-
(853,111)	-	(853,111)	-
<u>(8,369,819)</u>	<u>-</u>	<u>(8,369,819)</u>	<u>-</u>
-	410,175	410,175	-
-	540,936	540,936	-
-	<u>493,184</u>	<u>493,184</u>	-
-	<u>1,444,295</u>	<u>1,444,295</u>	-
<u>(8,369,819)</u>	<u>1,444,295</u>	<u>(6,925,524)</u>	-
-	-	-	31,794
6,367,377	-	6,367,377	-
114,656	-	114,656	-
920,871	-	920,871	-
528,805	819,311	1,348,116	1,105
<u>370,969</u>	<u>64,379</u>	<u>435,348</u>	-
<u>8,302,678</u>	<u>883,690</u>	<u>9,186,368</u>	<u>1,105</u>
<u>472,507</u>	<u>(472,507)</u>	<u>-</u>	<u>-</u>
405,366	1,855,478	2,260,844	32,899
<u>18,334,078</u>	<u>33,822,493</u>	<u>52,156,571</u>	<u>26,951</u>
<u>\$ 18,739,444</u>	<u>\$ 35,677,971</u>	<u>\$ 54,417,415</u>	<u>\$ 59,850</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	General	Debt Service	Outlay
ASSETS			
Cash and investments	\$ 2,330,979	\$ 303,771	\$ 1,887,022
Receivables			
Taxes	6,919,273	-	-
Delinquent personal property tax	4,610	-	-
Accounts	277,569	-	-
Special assessments	83,366	-	-
Delinquent special assessments	8,798	-	-
Leases	-	485,000	-
Other	-	-	-
Due from other funds	898,557	-	-
Other investments	257,805	-	-
TOTAL ASSETS	\$ 10,780,957	\$ 788,771	\$ 1,887,022
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 250,101	\$ 74	\$ 621,054
Accrued liabilities	112,728	-	-
Due to other funds	932	-	-
Deferred revenues	6,906,995	485,000	-
Deferred special assessments	83,366	-	-
Total Liabilities	7,354,122	485,074	621,054
Fund Balances			
Reserved			
Reserved	1,147,452	303,697	770,634
Unreserved, reported in:			
General fund designated	572,338	-	-
General fund undesignated	1,707,045	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	495,334
Total Fund Balances	3,426,835	303,697	1,265,968
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,780,957	\$ 788,771	\$ 1,887,022

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,396,644	\$ 6,918,416
398,059	7,317,332
-	4,610
-	277,569
-	83,366
-	8,798
-	485,000
31,180	31,180
77,904	976,461
-	<u>257,805</u>
<u>\$ 2,903,787</u>	<u>\$ 16,360,537</u>

\$ 51,753	\$ 922,982
-	112,728
561,472	562,404
420,631	7,812,626
-	83,366
<u>1,033,856</u>	<u>9,494,106</u>

-	2,221,783
-	572,338
-	1,707,045
541,819	541,819
<u>1,328,112</u>	<u>1,823,446</u>
<u>1,869,931</u>	<u>6,866,431</u>

<u>\$ 2,903,787</u>	<u>\$ 16,360,537</u>
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See accompanying notes to financial statements.

CITY OF STOUGHTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2007

Total Fund Balances - Governmental Funds	\$ 6,866,431
Amounts reported for governmental activities in the statement of net assets 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.	32,924,215
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Special assessments receivable	83,366
MCCI lease receivable	485,000
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.	<u>(21,619,568)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 18,739,444</u>

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2007

	General	Debt Service	Outlay
REVENUES			
Taxes	\$ 5,475,398	\$ -	\$ -
Intergovernmental	1,808,949	-	-
Licenses and permits	112,536	-	-
Fines, forfeitures and penalties	241,325	-	-
Public charges for services	1,546,449	-	-
Intergovernmental charges for services	-	-	24,480
Special assessments	68,528	-	-
Investment income	470,073	29,084	6,584
Miscellaneous	347,567	206,535	-
Total Revenues	10,070,825	235,619	31,064
EXPENDITURES			
Current			
General government	1,769,763	-	-
Public safety	3,227,254	-	-
Public works	1,657,422	-	-
Culture, recreation and education	1,435,572	-	-
Capital Outlay	60,312	-	4,291,472
Debt Service			
Principal	-	1,439,879	-
Interest and fiscal charges	-	632,958	29,056
Total Expenditures	8,150,323	2,072,837	4,320,528
Excess (deficiency) of revenues over expenditures	1,920,502	(1,837,218)	(4,289,464)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	5,666,214
Transfers in	477,507	1,840,184	28,475
Transfers out	(2,220,355)	-	-
Contribution from other districts	-	-	-
Contribution to other districts	-	-	-
Total Other Financing Sources (Uses)	(1,742,848)	1,840,184	5,694,689
Net Change in Fund Balances	177,654	2,966	1,405,225
FUND BALANCES (DEFICIT) - Beginning of Year	3,249,181	300,731	(139,257)
FUND BALANCES - END OF YEAR	\$ 3,426,835	\$ 303,697	\$ 1,265,968

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,006,635	\$ 6,482,033
310,514	2,119,463
-	112,536
-	241,325
204,745	1,751,194
-	24,480
-	68,528
23,064	528,805
<u>295,748</u>	<u>849,850</u>
<u>1,840,706</u>	<u>12,178,214</u>
36,531	1,806,294
166,183	3,393,437
-	1,657,422
969,583	2,405,155
1,024,162	5,375,946
-	1,439,879
-	<u>662,014</u>
<u>2,196,459</u>	<u>16,740,147</u>
<u>(355,753)</u>	<u>(4,561,933)</u>
-	5,666,214
835,851	3,182,017
(489,155)	(2,709,510)
106,997	106,997
<u>(106,997)</u>	<u>(106,997)</u>
<u>346,696</u>	<u>6,138,721</u>
(9,057)	1,576,788
<u>1,878,988</u>	<u>5,289,643</u>
<u>\$ 1,869,931</u>	<u>\$ 6,866,431</u>

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, 2007

Net change in fund balances - total governmental funds \$ 1,576,788

Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets 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	5,375,946
Some items reported as capital outlay were not capitalized	(562,271)
Depreciation is reported in the government-wide financial statements	(1,519,698)
Net book value of assets retired	(11,316)

Governmental funds report loan repayments and special assessment payments as revenues. These activities are reported as additions and reductions of the receivables in the government-wide statements.

Loan activity	(33,614)
New special assessments	68,147
Special assessment payments	(60,259)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(5,666,214)
Principal repaid	1,439,879

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	(65,729)
Compensated absences - retirees	25,401
Self insurance health liability	(29,876)
Unfunded prior service cost	739
Accrued interest on debt	(132,557)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 405,366</u>
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CITY OF STOUGHTON

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,807,735	\$ 2,027,719	\$ 4,724,704	\$ 8,560,158
Receivables				
Other receivables	137,948	252,686	1,449,740	1,840,374
Due from other funds	-	932	-	932
Inventories	31,411	-	147,069	178,480
Prepaid items	9,877	12,347	28,163	50,387
Restricted Assets				
Redemption account	166,179	400,741	588,677	1,155,597
Interest receivable	21,771	-	-	21,771
Total Current Assets	<u>2,174,921</u>	<u>2,694,425</u>	<u>6,938,353</u>	<u>11,807,699</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	349,660	-	1,046,094	1,395,754
Depreciation account	25,000	25,283	25,000	75,283
Replacement account	-	629,226	-	629,226
Construction account	195,358	123	800,292	995,773
Capital Assets				
Land and land rights	24,841	-	220,797	245,638
Construction in progress	336,948	2,047,719	594,288	2,978,955
Plant in service	13,881,840	18,141,168	21,091,575	53,114,583
Less: Accumulated depreciation	(4,012,162)	(5,571,369)	(7,461,169)	(17,044,700)
Other Assets				
Plant and maintenance reserve account	386,349	-	1,072,620	1,458,969
Sick leave reserve account	79,861	61,330	97,465	238,656
Unamortized debt issuance expenses	6,414	-	22,881	29,295
Investment in ATC	-	-	157,786	157,786
Non-utility property (net of amortization)	<u>69,158</u>	<u>-</u>	<u>48,966</u>	<u>118,124</u>
Total Noncurrent Assets	<u>11,343,267</u>	<u>15,333,480</u>	<u>17,716,595</u>	<u>44,393,342</u>
Total Assets	<u>13,518,188</u>	<u>18,027,905</u>	<u>24,654,948</u>	<u>56,201,041</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Electric	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 9,571	\$ 46,547	\$ 799,726	\$ 855,844
Accrued liabilities	9,094	7,908	41,596	58,598
Public benefits	-	-	82,254	82,254
Deposits	-	-	23,928	23,928
Due to other funds	196,180	-	218,809	414,989
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	215,000	554,092	650,000	1,419,092
Accrued interest	<u>22,425</u>	<u>30,998</u>	<u>100,462</u>	<u>153,885</u>
Total Current Liabilities	<u>452,270</u>	<u>639,545</u>	<u>1,916,775</u>	<u>3,008,590</u>
Noncurrent Liabilities				
Long-Term Debt				
Customer advances for construction	-	-	7,060	7,060
Revenue bonds payable	2,780,000	5,844,893	8,590,000	17,214,893
Compensated absences	<u>74,656</u>	<u>73,107</u>	<u>144,764</u>	<u>292,527</u>
Total Noncurrent Liabilities	<u>2,854,656</u>	<u>5,918,000</u>	<u>8,741,824</u>	<u>17,514,480</u>
Total Liabilities	<u>3,306,926</u>	<u>6,557,545</u>	<u>10,658,599</u>	<u>20,523,070</u>
NET ASSETS				
Invested in capital assets net of related debt	7,438,239	8,218,656	6,028,664	21,685,559
Restricted for				
Restricted for debt service and equipment replacement	540,185	1,024,252	1,559,309	3,123,746
Unrestricted net assets	<u>2,232,838</u>	<u>2,227,452</u>	<u>6,408,376</u>	<u>10,868,666</u>
TOTAL NET ASSETS	<u>\$ 10,211,262</u>	<u>\$ 11,470,360</u>	<u>\$ 13,996,349</u>	<u>\$ 35,677,971</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
OPERATING REVENUES	<u>\$ 1,296,947</u>	<u>\$ 2,034,414</u>	<u>\$ 11,986,799</u>	<u>\$ 15,318,160</u>
OPERATING EXPENSES				
Operation and maintenance	611,254	897,266	10,480,716	11,989,236
Depreciation	<u>291,161</u>	<u>513,823</u>	<u>711,395</u>	<u>1,516,379</u>
Total Operating Expenses	<u>902,415</u>	<u>1,411,089</u>	<u>11,192,111</u>	<u>13,505,615</u>
Operating Income	<u>394,532</u>	<u>623,325</u>	<u>794,688</u>	<u>1,812,545</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	196,303	149,704	473,304	819,311
Income from merchandising and jobbing	-	-	5,812	5,812
Rent	-	-	58,567	58,567
Interest and fiscal charges	(138,251)	(166,905)	(407,634)	(712,790)
Amortization of issuance costs and discount	(1,069)	-	(6,129)	(7,198)
Miscellaneous expenses	(3,144)	(771)	(3,323)	(7,238)
Loss on early retirement	<u>-</u>	<u>(15,373)</u>	<u>-</u>	<u>(15,373)</u>
Total Nonoperating Revenues (Expenses)	<u>53,839</u>	<u>(33,345)</u>	<u>120,597</u>	<u>141,091</u>
Income (Loss) Before Contributions and Transfers	<u>448,371</u>	<u>589,980</u>	<u>915,285</u>	<u>1,953,636</u>
CONTRIBUTIONS AND TRANSFERS				
Contributions in aid of construction	158,107	100,660	115,582	374,349
Transfers out	<u>(212,932)</u>	<u>-</u>	<u>(259,575)</u>	<u>(472,507)</u>
Total Contributions and Transfers	<u>(54,825)</u>	<u>100,660</u>	<u>(143,993)</u>	<u>(98,158)</u>
Change in Net Assets	393,546	690,640	771,292	1,855,478
NET ASSETS - Beginning of Year	<u>9,817,716</u>	<u>10,779,720</u>	<u>13,225,057</u>	<u>33,822,493</u>
NET ASSETS - END OF YEAR	<u><u>\$ 10,211,262</u></u>	<u><u>\$ 11,470,360</u></u>	<u><u>\$ 13,996,349</u></u>	<u><u>\$ 35,677,971</u></u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,356,143	\$ 2,031,394	\$ 11,983,093	\$ 15,370,630
Received from municipality for services	-	-	112,548	112,548
Paid to suppliers for goods and services	(335,237)	(601,697)	(9,642,089)	(10,579,023)
Paid to employees for services	(264,503)	(278,616)	(769,283)	(1,312,402)
Customer deposit	-	-	(8,256)	(8,256)
Net Cash Flows From Operating Activities	<u>756,403</u>	<u>1,151,081</u>	<u>1,676,013</u>	<u>3,583,497</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	-	883,480	-	883,480
Investment income	174,532	148,412	413,605	736,549
Investments purchased	(1,024,750)	(497,050)	(4,568,390)	(6,090,190)
Investment in ATC	-	-	95,207	95,207
Net Cash Flows From Investing Activities	<u>(850,218)</u>	<u>534,842</u>	<u>(4,059,578)</u>	<u>(4,374,954)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(186,125)	-	(214,965)	(401,090)
Transfers to other funds	(14,720)	-	(32,075)	(46,795)
Net Cash Flows From Noncapital Financing Activities	<u>(200,845)</u>	<u>-</u>	<u>(247,040)</u>	<u>(447,885)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	1,539,762	-	1,539,762
Debt retired	(210,000)	(478,686)	(625,000)	(1,313,686)
Interest paid	(135,912)	(163,078)	(398,752)	(697,742)
Acquisition and construction of capital assets	(880,841)	(1,985,046)	(1,414,566)	(4,280,453)
Capital contributions received	1,000	1,250	110,867	113,117
Salvage on retirement of capital assets	-	1,801	-	1,801
Net Cash Flows From Capital and Related Financing Activities	<u>(1,225,753)</u>	<u>(1,083,997)</u>	<u>(2,327,451)</u>	<u>(4,637,201)</u>
Net Change in Cash and Cash Equivalents	(1,520,413)	601,926	(4,958,056)	(5,876,543)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,506,805</u>	<u>2,045,446</u>	<u>8,744,518</u>	<u>14,296,769</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,986,392</u>	<u>\$ 2,647,372</u>	<u>\$ 3,786,462</u>	<u>\$ 8,420,226</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 394,532	\$ 623,325	\$ 794,688	\$ 1,812,545
Nonoperating revenue (expense)	1,140	(771)	61,056	61,425
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	291,161	513,823	711,395	1,516,379
Depreciation charged to other funds	33,919	-	65,947	99,866
Changes in assets and liabilities				
Customer accounts receivable	34,344	(4,556)	44,666	74,454
Other accounts receivable	924	3,022	(13,372)	(9,426)
Due from other funds	(583)	(715)	(2,891)	(4,189)
Inventories	(5,185)	-	(7,208)	(12,393)
Prepaid items	3,703	7,386	4,221	15,310
Accounts payable	9,494	-	(43,809)	(34,315)
Accrued wages	3,250	1,700	-	4,950
Compensated absences	(10,296)	7,867	40,789	38,360
Customer deposits	-	-	(8,256)	(8,256)
Other current liabilities	-	-	9,404	9,404
Public benefits	-	-	19,383	19,383
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 756,403	\$ 1,151,081	\$ 1,676,013	\$ 3,583,497
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Cash and investments - statement of net assets	\$ 1,807,735	\$ 2,027,719	\$ 4,724,704	\$ 8,560,158
Redemption account	166,179	400,741	588,677	1,155,597
Reserve account	349,660	-	1,046,094	1,395,754
Depreciation account	25,000	25,283	25,000	75,283
Replacement account	-	629,226	-	629,226
Construction account	195,358	123	800,292	995,773
Plant and maintenance reserve account	386,349	-	1,072,620	1,458,969
Sick leave reserve account	79,861	61,330	97,465	238,656
Total Cash and Investments	3,010,142	3,144,422	8,354,852	14,509,416
Less: Noncash equivalents	(1,024,750)	(497,050)	(4,568,390)	(6,090,190)
CASH AND CASH EQUIVALENTS	\$ 1,986,392	\$ 2,647,372	\$ 3,786,462	\$ 8,420,226
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developer financed additions to utility plant	\$ 157,107	\$ 99,410	\$ -	

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2007

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and investments	\$ 550,744	\$ 5,993,318
Taxes receivable	-	5,103,232
Total Assets	<u>550,744</u>	<u>11,096,550</u>
LIABILITIES		
Due to other taxing units	-	11,096,550
Total Liabilities	<u>-</u>	<u>11,096,550</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 550,744</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the Year Ended December 31, 2007

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Fiduciary / pension trust	\$ 586
Total Contributions	<u>586</u>
Investment income	<u>25,703</u>
Total Additions	<u>26,289</u>
DEDUCTIONS	
Benefits and refunds	<u>24,630</u>
Total Deductions	<u>24,630</u>
Change in Net Assets	1,659
NET ASSETS - Beginning of Year	<u>549,085</u>
NET ASSETS - END OF YEAR	<u><u>\$ 550,744</u></u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

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CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the City of Stoughton. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

City of Stoughton Housing Authority

The government-wide financial statements include the City of Stoughton Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the city. See Note IV.J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2007. Separately issued financial statements of the City of Stoughton Housing Authority may be obtained from the Housing Authority's office.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets 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 reporting entity 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, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major 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, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

Fund Financial Statements (cont.)

- 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 and 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 all financial resources except those required to be accounted for in another fund.
- Debt Service Fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.
- Outlay capital project fund - accounts for resources to be used for the acquisition or construction of equipment and/or capital facilities.

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

The city reports the following non-major governmental funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- | | |
|-----------------|--------------------|
| Library | Opera House Repair |
| Sick Leave | Landfill |
| Ambulance | Township Outreach |
| Safety Building | CDBG |
| Opera House | Tourism |

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- | | |
|------------------|--------------------|
| Fire Equipment | River Trail |
| Park Acquisition | TIF District No. 2 |
| Storm Sewer | TIF District No. 3 |
| Ambulance | TIF District No. 4 |
| Construction | |

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

Fund Financial Statements (cont.)

In addition, the city reports the following fund types:

Pension (and other employee benefit) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Firemen's Pension Trust

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

Tax Collections Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets 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 revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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 utility 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

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 revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 deferred revenues. Delinquent special assessments being held by the county are reported as receivables and deferred revenue.

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.

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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, and electric utility funds 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 and liabilities 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, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- 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 quoted market prices. 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, 2007, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar - 2007 tax roll:

Lien date and levy date	December 2007
Tax bills mailed	December 2007
Payment in full, or	January 31, 2008
First installment due	January 31, 2008
Second installment due	July 31, 2008
Personal property taxes in full	January 31, 2008
Tax sale - 2007 delinquent real estate taxes	October 2010

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 assets. 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 fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

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 assets.

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 fair value at the date of donation.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until , when GASB No. 34 requires the city to retroactively report all major general infrastructure assets acquired since January 1, 1980. As of December 31, 2007, the city has retroactively reported all infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

These accounts include bond issuance costs which are being amortized using the effective interest method, preliminary survey and investigation costs, and costs related to the utility's conservation program.

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.

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, 80% of which is paid in cash and 20% 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 original cost plus additional contributions and reinvested dividends.

Electric utility and non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,158 at December 31, 2007. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2007. The costs are being amortized on a straight-line basis over their useful life.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

7. 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, 2007 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 a separate fund set up for that purpose. The contributions are financed out of the existing resources of the sick leave fund. The general fund contributes to the sick leave fund on an as-needed basis. Total expenditures for premiums during the year were \$36,530. Eight participants are currently eligible to receive benefits. The total amount outstanding at year end to be paid in the future is \$111,028.

8. Long-Term Obligations/Conduit Debt

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 deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

The city may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

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

The net asset 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 "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the city believes it is in compliance with all significant restrictions. Net appreciation of \$1,658 was available for the year ended December 31, 2007.

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 ASSETS

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

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

Capital assets not being depreciated	\$	13,301,561
Capital assets, net of depreciation		<u>19,622,654</u>
Combined Adjustment for Capital Assets	\$	<u><u>32,924,215</u></u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (cont.)

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

Bonds and notes payable	\$	19,289,851
Compensated absences		958,720
Compensated absences - retirees		111,028
Self-insurance auto and general liability		10,611
Self-insurance health liability		84,657
Unfunded prior service cost		810,195
Accrued interest		<u>354,506</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>21,619,568</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

Department heads submit budget requests by mid-August. The mayor and finance director produce the executive budget, which is reviewed with the finance committee in mid-September. The city council then reviews the budget and holds a public hearing. Council adoption of the budget follows the public hearing, usually in November.

Department heads have the authority to make budget transfers within their own department, except for wage accounts and capital outlay items. Council action is required for adjustments to wage and outlay accounts, and to change a department's total budget.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$572,338. Budgets are adopted at the object level of expenditure.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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
General	\$ 9,917,008	\$ 10,370,678	\$ 453,670
Safety Building	77,000	77,232	232
TIF District No. 4	218,361	220,477	2,116
Library	724,835	738,140	13,305
TIF District No. 3	118,737	126,525	7,788
Fire Equipment	-	36,025	36,025
River Trail	-	121	121
Construction	585,000	615,922	30,922
Township Outreach Fund	520	7,659	7,139
Sick Leave	33,600	36,531	2,931
Ambulance	19,160	92,927	73,767
Opera House	135,908	179,461	43,553
Tourism	50,000	61,363	11,363

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, 2007, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital projects - construction	\$ 64,057	Expenditures in excess of revenues
Capital projects - TIF District No. 4	360,802	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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 20 (2007), legislation was passed that 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 3.86% for the 2007 levy collected in 2008 and 2% for the 2008 levy collected in 2009. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2008 levy.

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	\$ 14,429,816	\$ 15,055,483	Custodial credit
US agencies	3,312,699	3,312,699	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	3,076,990	3,076,990	Credit, custodial credit, concentration of credit, interest rate
Mutual funds	41,106	41,106	Credit, concentration of credit, interest rate
LGIP	7,110,332	7,110,332	Credit, interest rate
Petty cash	951	-	N/A
Total Deposits and Investments	\$ 27,971,894	\$ 28,596,610	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 17,176,199		
Restricted cash and investments	4,251,633		
Per statement of net assets- fiduciary funds			
Pension trust	550,744		
Agency	5,993,318		
Total Deposits and Investments	\$ 27,971,894		

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$100,000 for all share draft accounts and \$100,000 for all share certificate and regular share accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Investments in the LGIP are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

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.

The city maintains collateral agreements with its banks. At December 31, 2007, the banks had pledged various government securities in the amount of \$14,751,896 to secure the city's deposits.

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, 2007, \$14,855,360 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 103,464
Uninsured and collateral held by the pledging financial institution's trust department or agent	<u>14,751,896</u>
Total	<u>\$ 14,855,360</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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	<u>\$ 2,812,700</u>
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Corporate Bonds

Neither insured nor registered and held by counterparty	<u>\$ 3,076,990</u>
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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, 2007, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services	Morning-Star
Vining Sparks - U.S. Agencies	AA	Aa	N/A
Vining Sparks - Corporate bonds	A or AA	Aa	N/A
Wells Fargo - IBG	AA	Aa	N/A
Mutual Fund - Fidelity Puritan	N/A	N/A	4 star

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

Local Government Investment Pool

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2007, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLB	U.S. agencies	26.00%
FHLMC	U.S. agencies	25.00%
Fidelity	Mutual fund	1.00%
Home Savings Bank	Corporate bond	48.00%

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, 2007, the city's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1 - 3	3 or More
US agencies	\$ 3,312,699	\$ 497,050	\$ 996,850	\$ 1,818,799
Corporate bonds	<u>3,076,990</u>	-	<u>2,572,480</u>	<u>504,510</u>
Totals	<u>\$ 6,389,689</u>	<u>\$ 497,050</u>	<u>\$ 3,569,330</u>	<u>\$ 2,323,309</u>

In addition, the local government investment pool (LGIP) has a weighted average maturity of 56 days. The mutual fund does not have a maturity date.

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Water Utility	Wastewater Utility	Electric Utility	Nonmajor and Other Funds	Totals
Receivables							
Taxes	\$ 6,919,273	\$ -	\$ -	\$ -	\$ -	\$ 398,059	\$ 7,317,332
Delinquent personal property tax	4,610	-	-	-	-	-	4,610
Accounts	416,750	-	137,948	252,686	1,449,740	31,180	2,288,304
Special assessments	83,366	-	-	-	-	-	83,366
Delinquent special assessments	8,798	-	-	-	-	-	8,798
Leases	-	485,000	-	-	-	-	485,000
Gross receivables	7,432,797	485,000	137,948	252,686	1,449,740	429,239	10,187,410
Less: Allowance for uncollectibles	(139,181)	-	-	-	-	-	(139,181)
Net Total Receivables	<u>\$ 7,293,616</u>	<u>\$ 485,000</u>	<u>\$ 137,948</u>	<u>\$ 252,686</u>	<u>\$ 1,449,740</u>	<u>\$ 429,239</u>	<u>\$ 10,048,229</u>
Amounts not expected to be collected within one year	<u>\$ -</u>	<u>\$ 454,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,572</u>	<u>\$ 477,282</u>

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	<u>\$ (139,181)</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ (139,181)</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

B. RECEIVABLES (cont.)

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 7,305,054	\$ 7,305,054
Special assessments not yet due	83,366	-	83,366
Lease receivable	485,000	-	485,000
Developer receivable	-	<u>22,572</u>	<u>22,572</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 568,366</u>	<u>\$ 7,327,626</u>	<u>\$ 7,895,992</u>

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2007:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 1,155,597	\$ 153,885	\$ 1,001,712
Bond reserve account	1,395,754		1,395,754
Bond depreciation account	75,283	-	75,283
Construction account	995,773	-	n/a
Equipment replacement account	629,226	-	629,226
Interest receivable	<u>21,771</u>	-	<u>21,771</u>
 Total Restricted Assets	 <u>\$ 4,273,404</u>	 <u>\$ 153,885</u>	 <u>\$ 3,123,746</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,111,699	\$ -	\$ -	\$ 7,111,699
Inexhaustible portion of streets	1,376,419	-	-	1,376,419
Construction in progress	<u>1,134,250</u>	<u>3,679,193</u>	-	<u>4,813,443</u>
Total Capital Assets Not Being Depreciated	<u>9,622,368</u>	<u>3,679,193</u>	-	<u>13,301,561</u>
Capital assets being depreciated				
Buildings and improvements	8,759,187	50,000	-	8,809,187
Machinery and equipment	7,373,171	650,496	166,686	7,856,981
Streets	12,601,364	313,728	36,016	12,879,076
Storm sewers	4,282,143	178,891	20,537	4,440,497
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	3,821,754	76,691	8,804	3,889,641
Traffic signals	<u>411,974</u>	-	-	<u>411,974</u>
Total Capital Assets Being Depreciated	<u>38,323,133</u>	<u>1,269,806</u>	<u>232,043</u>	<u>39,360,896</u>
Total Capital Assets	<u>47,945,501</u>	<u>4,948,999</u>	<u>232,043</u>	<u>52,662,457</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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	\$ (3,671,595)	\$ (220,589)	\$ -	\$ (3,892,184)
Machinery and equipment	(4,191,207)	(619,961)	155,370	(4,655,798)
Streets	(6,917,778)	(428,873)	36,016	(7,310,635)
Storm sewers	(1,693,860)	(147,869)	20,537	(1,821,192)
Street lighting	(13,853)	(3,034)	-	(16,887)
Bridges	(86,526)	(11,280)	-	(97,806)
Sidewalks	(1,798,566)	(77,793)	8,804	(1,867,555)
Traffic signals	(65,886)	(10,299)	-	(76,185)
Total Accumulated Depreciation	<u>(18,439,271)</u>	<u>(1,519,698)</u>	<u>220,727</u>	<u>(19,738,242)</u>
Net Capital Assets Being Depreciated	<u>19,883,862</u>	<u>(249,892)</u>	<u>11,316</u>	<u>19,622,654</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,506,230</u>	<u>\$ 3,429,301</u>	<u>\$ 11,316</u>	<u>\$ 32,924,215</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 67,719
Public safety	223,977
Public works, which includes the depreciation of infrastructure	843,460
Culture, education and recreation	384,542
Total Governmental Activities Depreciation Expense	<u>\$ 1,519,698</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 24,841	\$ -	\$ -	\$ 24,841
Construction in progress	<u>554,462</u>	<u>918,366</u>	<u>1,135,880</u>	<u>336,948</u>
Total Capital Assets Not Being Depreciated	<u>579,303</u>	<u>918,366</u>	<u>1,135,880</u>	<u>361,789</u>
Capital assets being depreciated				
Source of supply	480,354	89,339	17,533	552,160
Pumping	1,482,499	-	-	1,482,499
Treatment	90,763	-	-	90,763
Transmission and distribution	10,046,394	1,119,007	65,600	11,099,801
Administrative and general assets	<u>630,131</u>	<u>26,486</u>	<u>-</u>	<u>656,617</u>
Total Capital Assets Being Depreciated	<u>12,730,141</u>	<u>1,234,832</u>	<u>83,133</u>	<u>13,881,840</u>
Total Capital Assets	<u>13,309,444</u>	<u>2,153,198</u>	<u>1,219,013</u>	<u>14,243,629</u>
Less: Accumulated depreciation for				
Source of supply	(234,169)	(14,971)	27,608	(221,532)
Pumping	(743,562)	(58,315)	-	(801,877)
Treatment	(70,671)	(2,981)	-	(73,652)
Transmission and distribution	(2,397,862)	(212,626)	86,605	(2,523,883)
Administrative and general assets	<u>(345,581)</u>	<u>(45,637)</u>	<u>-</u>	<u>(391,218)</u>
Total Accumulated Depreciation	<u>(3,791,845)</u>	<u>(334,530)</u>	<u>114,213</u>	<u>(4,012,162)</u>
Net Capital Assets Being Depreciated	<u>8,938,296</u>	<u>900,302</u>	<u>(31,080)</u>	<u>9,869,678</u>
Net Water Plant	<u>\$ 9,517,599</u>	<u>\$ 1,818,668</u>	<u>\$ 1,104,800</u>	<u>\$ 10,231,467</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 484,910	\$ 2,064,843	\$ 502,034	\$ 2,047,719
Total Capital Assets Not Being Depreciated	<u>484,910</u>	<u>2,064,843</u>	<u>502,034</u>	<u>2,047,719</u>
Capital assets being depreciated				
Collection system	6,381,536	550,011	1,770	6,929,777
Collection system pumping	387,063	-	-	387,063
Treatment and disposal	10,369,729	-	-	10,369,729
Administrative and general assets	<u>460,066</u>	<u>18,183</u>	<u>23,650</u>	<u>454,599</u>
Total Capital Assets Being Depreciated	<u>17,598,394</u>	<u>568,194</u>	<u>25,420</u>	<u>18,141,168</u>
Total Capital Assets	<u>18,083,304</u>	<u>2,633,037</u>	<u>527,454</u>	<u>20,188,887</u>
Less: Accumulated depreciation for				
Collection system	<u>(5,065,792)</u>	<u>(530,997)</u>	<u>25,420</u>	<u>(5,571,369)</u>
Total Accumulated Depreciation	<u>(5,065,792)</u>	<u>(530,997)</u>	<u>25,420</u>	<u>(5,571,369)</u>
Net Capital Assets Being Depreciated	<u>12,532,602</u>	<u>37,197</u>	<u>-</u>	<u>12,569,799</u>
Net Wastewater Plant	<u>\$ 13,017,512</u>	<u>\$ 2,102,040</u>	<u>\$ 502,034</u>	<u>\$ 14,617,518</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 209,437	\$ 11,360	\$ -	\$ 220,797
Construction in progress	<u>212,502</u>	<u>1,465,708</u>	<u>1,083,922</u>	<u>594,288</u>
Total Capital Assets Not Being Depreciated	<u>421,939</u>	<u>1,477,068</u>	<u>1,083,922</u>	<u>815,085</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric (cont.)</u>				
Capital assets being depreciated				
Transmission	\$ 22,295	\$ -	\$ 7,276	\$ 15,019
Distribution	17,723,588	972,681	298,278	18,397,991
Administrative and general assets	<u>2,609,319</u>	<u>69,246</u>	<u>-</u>	<u>2,678,565</u>
Total Capital Assets Being Depreciated	<u>20,355,202</u>	<u>1,041,927</u>	<u>305,554</u>	<u>21,091,575</u>
Total Capital Assets	<u>20,777,141</u>	<u>2,518,995</u>	<u>1,389,476</u>	<u>21,906,660</u>
Less: Accumulated depreciation for				
Transmission	(23,306)	(2,880)	7,276	(18,910)
Distribution	(5,288,305)	(921,248)	298,278	(5,911,275)
Administrative and general assets	<u>(1,407,930)</u>	<u>(123,054)</u>	<u>-</u>	<u>(1,530,984)</u>
Total Accumulated Depreciation	<u>(6,719,541)</u>	<u>(1,047,182)</u>	<u>305,554</u>	<u>(7,461,169)</u>
Net Capital Assets Being Depreciated	<u>13,635,661</u>	<u>(5,255)</u>	<u>-</u>	<u>13,630,406</u>
Net Electric Plant	<u>\$ 14,057,600</u>	<u>\$ 1,471,813</u>	<u>\$ 1,083,922</u>	<u>\$ 14,445,491</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,592,711</u>	<u>\$ 5,392,521</u>	<u>\$ 2,690,756</u>	<u>\$ 39,294,476</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 291,161
Waste	513,823
Electric	<u>711,395</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,516,379</u>

Expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

E. INTERFUND RECEIVABLES/PAYABLES AND ADVANCES

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	Sick leave	\$ 24,433	\$ -
General	Ambulance	44,401	44,401
General	River Trail	121	-
General	Construction	53,811	53,811
General	TIF District No. 4	360,802	360,802
General	Water utility	196,180	-
General	Electric utility	218,809	-
Opera house repair	Opera house	77,904	-
Wastewater utility	General	932	-
Total - Fund Financial Statements		977,393	
Less: Fund eliminations		(563,336)	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 414,057	

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.

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Tourism	\$ 5,000	Room tax revenue
General	Water utility	212,932	Payment in lieu of taxes and dividend
General	Electric utility	259,575	Payment in lieu of taxes and dividend
Debt service	General	1,368,069	Payments on all other city debt
Debt service	Landfill	137,017	Payments on landfill debt
Debt service	TIF District No. 3	116,737	Payments on TIF District debt
Debt service	TIF District No. 4	218,361	Payments on TIF District debt
Library	General	488,869	Fund annual operations
Safety building	General	67,506	Close fund
Opera house	General	20,000	Fund annual operations
Opera house repair	Opera house	12,040	Fund repair reserve
Landfill	General	137,017	Payments on landfill debt
Ambulance capital projects	General	30,000	Fund annual operations
Sick leave	General	53,375	Close fund
CDBG	General	27,044	Close fund
Outlay	General	<u>28,475</u>	Fund annual operations
Total - Fund Financial Statements		3,182,017	
Less: Fund eliminations		<u>(2,709,510)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 472,507</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 472,507	
Business-type Activities	Governmental Activities	<u>(472,507)</u>	
Total Government-wide Financial Statements		<u>\$ -</u>	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

Transfers (cont.)

The following is a schedule of contributions between TIF Districts:

<u>Fund Contributed To</u>	<u>Fund Contributed From</u>	<u>Amount</u>	<u>Purpose</u>
TIF District No. 4	TIF District No. 2	<u>\$ 106,997</u>	Donor/donee district agreement

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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

F. SHORT-TERM DEBT ACTIVITY

The city issues short-term debt for temporarily financing capital outlay.

Short-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Promissory note	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ -</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 15,063,516	\$ 5,666,214	\$ 1,439,879	\$ 19,289,851	\$ 7,943,162
Sub-totals	<u>15,063,516</u>	<u>5,666,214</u>	<u>1,439,879</u>	<u>19,289,851</u>	<u>7,943,162</u>
Other Liabilities					
Compensated absences (Note I.D.7)	892,991	75,971	10,242	958,720	4,029
Compensated absences - retirees (See Note I.D.7)	136,429	11,129	36,530	111,028	27,822
Self-insurance auto and general liability (Note V.B)	10,611	-	-	10,611	10,611
Self-insurance health liability (Note V.B)	54,781	1,027,710	997,834	84,657	84,657
Unfunded prior service costs (Note V.A)	810,934	58,990	59,729	810,195	59,279
Total Other Liabilities	<u>1,905,746</u>	<u>1,173,800</u>	<u>1,104,335</u>	<u>1,975,211</u>	<u>186,398</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 16,969,262</u>	<u>\$ 6,840,014</u>	<u>\$ 2,544,214</u>	<u>\$ 21,265,062</u>	<u>\$ 8,129,560</u>
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 18,407,909	\$ 1,539,762	\$ 1,313,686	\$ 18,633,985	\$ 1,419,092
Sub-totals	<u>18,407,909</u>	<u>1,539,762</u>	<u>1,313,686</u>	<u>18,633,985</u>	<u>1,419,092</u>
Other Liabilities					
Vested compensated absences	254,167	38,360	-	292,527	-
Total Other Liabilities	<u>254,167</u>	<u>38,360</u>	<u>-</u>	<u>292,527</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 18,662,076</u>	<u>\$ 1,578,122</u>	<u>\$ 1,313,686</u>	<u>\$ 18,926,512</u>	<u>\$ 1,419,092</u>

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.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2007, was \$48,341,550. Total general obligation debt outstanding at year end was \$19,289,851.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2007
1993 Refunding Bonds	10/1/93	12/1/08	2.90-5.15%	\$ 770,000	\$ 90,000
1998 Promissory Note	3/1/98	3/1/08	4.10-4.65	870,000	525,000
1998 General Obligation Notes - Series B	3/1/98	3/1/08	4.00-4.65	1,350,000	120,000
1999 General Obligation Refunding Bonds	2/1/99	3/1/10	4.25-5.25	1,330,000	385,000
1999 State Trust Fund Loan	4/14/99	3/15/09	5.25	349,000	84,420
2000 State Trust Fund Loan	8/9/00	3/15/10	5.25	848,280	1,125,000
2000 EPA Refunding Note	8/11/00	3/1/09	5.00-5.65	1,535,000	295,491
2001 General Obligation Notes	6/1/01	6/1/11	4.10-4.60	1,025,000	1,105,000
2001 General Obligation Notes	6/1/01	6/1/11	4.10-4.60	1,360,000	835,000
2002 General Obligation Refunding Bonds	2/15/02	8/1/18	3.125-4.80	2,110,000	1,635,000
2002 General Obligation Refunding Bonds	9/16/02	10/1/13	3.00-3.75	2,025,000	1,675,000
2002 General Obligation Notes	5/1/02	11/1/12	3.50-4.375	2,090,000	1,775,000
2003 General Obligation Notes	6/15/03	6/13/13	3.00-3.375	1,110,000	720,000
2004 State Trust Fund Loan	6/22/04	3/15/14	4.00	1,063,312	778,604
2005 State Trust Fund Loan	5/6/05	3/15/15	4.25	1,125,400	930,681
2006 State Trust Fund Loan	5/30/06	3/15/16	4.75	597,723	544,441
2006 Note Anticipation Notes	9/25/06	10/1/08	4.25	1,000,000	1,000,000
2007 State Trust Fund Loan	5/17/07	3/15/12	5.00	61,340	61,340
2007 State Trust Fund Loan	5/17/07	3/15/17	5.25	679,874	679,874
2007 Note Anticipation Note	6/15/07	4/1/08	4.375	4,925,000	4,925,000
Total Governmental Activities - General Obligation Debt					<u>\$ 19,289,851</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2008	\$ 7,943,162	\$ 745,705
2009	1,323,181	484,589
2010	1,359,742	426,605
2011	2,751,218	334,655
2012	2,456,872	222,001
2013-2017	3,135,676	414,517
2018	320,000	10,775
Totals	<u>\$ 19,289,851</u>	<u>\$ 2,638,847</u>

Revenue Debt

Business-type Activities Revenue Debt

The utilities have pledged future revenues, net of specified operating expenses to repay \$18,633,985 in revenue bonds. Proceeds from the bonds provided financing for the utility construction, improvements, and additions. The bonds are payable solely from revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require \$24,225,588 of net revenues. The total principal and interest remaining to be paid on the bonds is \$24,225,588. Principal and interest paid for the current year and total customer net revenues were \$2,021,128 and \$4,205,632, respectively.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2007
<u>Water Utility</u>					
1998 Water Utility Revenue Bonds	5/1/98	2013	4.00-5.00	\$ 1,535,000	\$ 690,000
2003 Water Utility Revenue Bonds	3/25/03	2013	3.50-4.80	520,000	405,000
2006 Water Utility Revenue Bonds	11/15/06	2023	4.00-4.50	1,925,000	<u>1,900,000</u>
				Total Water Utility	<u>2,995,000</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2007</u>
<u>Wastewater Utility</u>					
1994 Wastewater Utility Clean Water Fund Loan	3/9/94-9/10/03	2023	2.766-3.244	6,882,705	4,859,223
2007 Wastewater Utility Clean Water Fund Loan				1,539,762	<u>1,539,762</u>
			Total Wastewater Utility		<u>6,398,985</u>
	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2007</u>
<u>Electric Utility</u>					
1998 Electric Utility Revenue Bonds	5/1/98	2013	4.00-5.00	\$ 2,225,000	\$ 1,090,000
2003 Electric Utility Revenue Bonds	4/1/03	2023	2.25-5.10	4,580,000	4,405,000
2004 Electric Utility Revenue Bonds	9/15/04	2010	2.83	2,090,000	1,220,000
2006 Electric Utility Revenue Bonds	11/15/06	2023	4.00-4.50	2,550,000	<u>2,525,000</u>
			Total Electric Utility		<u>9,240,000</u>
					 Total Business-type Activities Revenue Debt <u>\$ 18,633,985</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,419,092	\$ 697,939
2009	1,471,034	647,164
2010	1,386,501	540,121
2011	1,508,497	593,421
2012	1,450,057	486,772
2013-2017	4,981,548	1,776,999
2018-2022	4,976,824	798,923
2023	<u>1,440,432</u>	<u>50,264</u>
Totals	<u>\$ 18,633,985</u>	<u>\$ 5,591,603</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

G. LONG-TERM OBLIGATIONS (cont.)

Capital Leases

Refer to Note IV. H.

Other Debt Information

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

A statutory mortgage lien upon the city's system and any additions, improvements and extensions thereto is created by Section 66.066 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.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

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, 2007.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

H. LEASE DISCLOSURES

Lessee - Capital Leases

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

Years	Governmental Activities		
	Principal	Interest	Totals
2008	\$ 30,290	\$ 15,170	\$ 45,460
2009	40,027	13,965	53,992
2010	44,516	12,534	57,050
2011	45,532	11,022	56,554
2012	45,604	9,524	55,128
2013-2017	269,099	24,927	294,026
2018	<u>9,932</u>	<u>294</u>	<u>10,226</u>
Totals	<u>\$ 485,000</u>	<u>\$ 87,436</u>	<u>\$ 572,436</u>

I. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2007, includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 7,111,699
Inexhaustible portion of streets	1,376,419
Construction in progress	4,813,443
Other capital assets, net of accumulated depreciation	19,622,654
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(18,178,297)
Plus: Non-capital debt proceeds	<u>2,014,813</u>
Total Invested in Capital Assets, Net of Related Debt	<u>16,760,731</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted	
Debt service	1,634,784
Youth special gift fund	15,861
Seniors in need	33,287
Senior donations	127,148
Bryant grant	11,085
Senior endowments	1,500
Library	362,576
Ambulance	36,178
Opera house repair	77,904
Township outreach	11,387
Tourism	18,502
Fire equipment	100,583
Park acquisition	154,570
Storm sewer	92,205
River trail	<u>2,893</u>
Total Restricted	<u>2,680,463</u>
Unrestricted (deficit)	<u>(701,750)</u>
Total Governmental Activities Net Assets	<u>\$ 18,739,444</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2007, include the following:

Reserved	
Major Funds	
General Fund	
Investment in mutual insurance company	\$ 257,805
Noncurrent assets	13,408
Noncurrent interfund balances	462,700
Utility pilot	<u>413,539</u>
Total	<u>\$ 1,147,452</u>
Debt Service Funds	
Reserved for debt service	<u>\$ 303,697</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Reserved (cont.)

Major Funds (cont.)

Capital Projects Funds

Reserved for encumbrances	\$ <u>770,634</u>
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Unreserved (designated)

Major Funds

General Fund

Liability insurance losses	\$ 70,000
Cable TV operations	129,234
Cable equipment	5,181
Youth special gift fund	15,861
Seniors wood shop	3,144
Seniors in need	33,287
Economic development	74,601
Senior donations	127,148
Bryant grant	11,085
Senior endowments	1,500
Landmarks	4,291
Safety camp	9,943
Youth center	47,117
CLG grant	1,622
DNR river plan	7,500
Holiday fund	16,661
Food pantry	14,163
Sub-Total	<u>572,338</u>

Outlay Fund

495,334

Total

\$ 1,067,672

Non-Major Funds

Special Revenue Funds

Library	\$ 362,576
Ambulance	36,178
Opera house	26,664
Opera house repair	77,904
Township outreach	11,387
Tourism	27,110
Sub-Total	<u>541,819</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (designated) (cont.)

Non-Major Funds (cont.)

Capital Project Funds

Fire equipment	\$ 100,583
Park acquisition	154,570
Storm sewer	92,205
Ambulance	15,035
River trail	2,936
TIF District No. 2	6,241
TIF District No. 3	1,381,891
Sub-Total	1,753,461

Total \$ 2,295,280

Unreserved (undesignated)

Major Funds

General fund \$ 1,707,045

Total \$ 1,707,045

Non-Major Funds

Capital Projects Funds

Construction	\$ (64,547)
TIF District No. 4	(360,802)

Total \$ (425,349)

Business-type Activities

Invested in capital assets, net of related debt

Land	\$ 245,638
Construction in progress	2,978,955
Other capital assets, net of accumulated depreciation	36,069,883
Less: Long-term debt outstanding	(18,633,985)
Plus: Unspent capital related debt proceeds	995,773
Plus: Unamortized debt issuance costs	29,295

Total Invested in Capital Assets, Net of Related Debt \$ 21,685,559

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

J. COMPONENT UNIT

CITY OF STOUGHTON HOUSING AUTHORITY

This report contains the City of Stoughton Housing Authority (Housing Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets, statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Housing Authority follows the modified accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

The housing authority's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Deposits	\$ 314,690	\$ 322,397	Custodial
Petty cash	260	-	N/A
Total Deposits and Investments	\$ 314,950	\$ 322,397	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 108,542		
Restricted cash and investments	206,408		
Total Deposits and Investments	\$ 314,950		

Custodial Credit Risk

Deposits

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk (cont.)

As of December 31, 2007 \$58,744 of the Housing Authority's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>58,744</u>
Total	\$ <u><u>58,744</u></u>

The Housing Authority does not have an investment policy.

c. Restricted Assets

The following represent the balances of the restricted assets:

Replacement Reserve Accounts and Reserve Accounts

Provisions in the loan agreement require establishment of various cash accounts. All receipts must be deposited into the General Fund Account. Monthly, cash is to be transferred into an Operation and Maintenance Account to cover necessary expenses. Any balance remaining in the General Fund Account is to be transferred to the Debt Service Account until the amount in this account equals the amount of the next installment due on the mortgage. The housing authority is permitted to retain operating reserves equal to 10% of the current approved operating budget. Any balance still remaining in the General Fund Account in excess of allowable reserves is to be transferred to the Reserve Account until the Reserve Account reaches \$256,000 for Greenspire I and \$97,400 for Greenspire III. Any funds which exceed the required reserves and not approved by FmHA for other authorized uses shall be applied promptly against the loan obligations, or made as additional contributions to the reserve funds. At December 31, 2007, Greenspire I had no excess funds in the general account. At December 31, 2007, Greenspire III had no excess funds in the general account.

Following is a list of restricted assets at December 31, 2007:

	<u>Restricted Assets</u>
Replacement reserve account - Greenspire I	\$ 109,008
Replacement reserve account - Greenspire III	<u>97,400</u>
Total Restricted Assets	<u><u>\$ 206,408</u></u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

d. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 117,191	\$ -	\$ -	\$ 117,191	N/A
Land improvements	138,524	7,654	-	146,178	40
Buildings	2,392,639	-	-	2,392,639	10-20
Building improvements	502,960	41,568	12,319	532,209	10-15
Furniture and fixtures	115,184	1,845	-	117,029	5-10
Equipment	42,667	4,500	-	47,167	5-10
Less: Accumulated depreciation	<u>(1,888,674)</u>	<u>(107,285)</u>	<u>(11,444)</u>	<u>(1,984,515)</u>	
Totals	<u>\$ 1,420,491</u>	<u>\$ (51,718)</u>	<u>\$ 875</u>	<u>\$ 1,367,898</u>	

e. Long-Term Obligations

The Housing Authority notes payable are secured by a first pledge of the annual contributions payable to the Housing Authority, pursuant to an Annual Contributions Contract between the Housing Authority and United States Department of Agriculture and by a lien on all revenues of the Housing Authority's Low Income Housing Program. The Housing Authority notes are not a general obligation of the city nor are they guaranteed by the city.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Mortgage notes	\$ 1,615,568	\$ -	\$ (37,780)	\$ 1,577,788	\$ 36,372
Totals	<u>\$ 1,615,568</u>	<u>\$ -</u>	<u>\$ (37,780)</u>	<u>\$ 1,577,788</u>	<u>\$ 36,372</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations (cont.)

Housing Project Notes

The Housing Authority has the following mortgages through the Rural Housing Service of the United States Department of Agriculture:

	<u>2007</u>
\$712,600 loan for Greenspire I construction, at 8%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,510 including principal and interest. Due December 6, 2028.	\$ 397,224
\$819,000 loan for Greenspire II construction, at 9%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,735 including principal and interest. Due May 15, 2030.	271,831
\$427,802 loan for Greenspire III - Phase I construction, at 9%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$911 including principal and interest. Due October 1, 2037.	403,013
\$535,180 loan for Greenspire III - Phase II construction, at 8.75%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$1,144 including principal and interest. Due July 21, 2039.	<u>505,810</u>
Total Mortgages Payable	<u>\$ 1,577,878</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2008	\$ 36,462	\$ 76,691	\$ 113,153
2009	36,879	73,835	110,714
2010	37,302	70,950	108,252
2011	37,730	68,034	105,764
2012	38,164	65,088	103,252
2013-2017	197,521	280,166	477,687
2018-2022	189,655	201,764	391,419
2023-2027	114,535	147,087	261,622
2028-2032	120,159	95,782	215,941
2033-2037	362,788	84,874	447,662
2038-2039	<u>406,683</u>	<u>18,199</u>	<u>424,882</u>
Totals	<u>\$ 1,577,878</u>	<u>\$ 1,182,470</u>	<u>\$ 2,760,348</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for city employees covered by the system for the year ended December 31, 2007, was \$5,047,130; the employer's total payroll was \$5,446,444. The total required contribution for the year ended December 31, 2007, was \$653,425 or 12.9 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2006, and 2005 were \$623,461 and \$602,848, respectively, equal to the required contributions for each year.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension-related debt for the city as of December 31, 2007, was \$810,195. This liability was determined in accordance with provisions of GASB Statement No. 27 regarding pension-related debt. Depending on actuarial assumptions, this estimate can vary significantly.

The city has a defined benefit pension plan for 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. Historically, the investment earnings of the pension fund are sufficient to cover annual pension payments. As of December 31, 2007, the balance in the Firemen's Pension Fund is \$550,744 and is recorded as a pension trust fund of the city. The plan has not had an actuarial valuation.

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 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.

Self Insurance

For health claims, the uninsured risk of loss is \$40,000 per incident and \$1,394,895 in the aggregate for a policy year. The city has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the city participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The city does not allocate overhead costs to other nonincremental costs to the claims liability. The liability is recorded in the government-wide statement of net assets. The self-insurance activity is recorded in the general fund of the city.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 70,010	\$ 54,781
Current year claims and changes in estimates	642,231	1,027,710
Claim payments	<u>(657,460)</u>	<u>(997,834)</u>
 Unpaid Claims - End of Year	 <u>\$ 54,781</u>	 <u>\$ 84,657</u>

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 19, 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 less than one percent.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The 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 are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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.)

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 \$17,500 per occurrence and an annual aggregate limit of \$70,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2007. A total liability of approximately \$10,611 at December 31, 2007, was recorded as claims payable in the governmental activities column of government-wide statements of net assets. Changes in the fund's claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2007	\$ 10,611	\$ -	\$ -	\$ 10,611
2006	10,611	-	-	10,611

C. COMMITMENTS AND CONTINGENCIES

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.

Funding for the operating budget of the city comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the city. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the city.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI

The electric utility is one of 49 WPPI member municipalities located throughout the States of Wisconsin, Iowa, and Michigan. On December 1, 1989, each initial WPPI member commenced purchasing electric service from WPPI under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI 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 members to pay for power and energy requirements supplied or made available by WPPI at rates sufficient to cover WPPI's revenue requirement including power supply costs, administrative expenses and debt service. WPPI'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 obligations. The long-term contract provides that all payments to WPPI constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

In 2002, all WPPI members ratified a thirteen year extension to their original thirty-five year contracts. The new contract expires at midnight on December 31, 2037.

WPPI'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 \$401 million as of December 31, 2007.

D. SUBSEQUENT EVENTS

On February 13, 2008 the City Council approved the issuance of three general obligation notes. The first issue is in the amount of \$485,000 with principal and interest payable between 2009 and 2018 with an interest rate between 3.0% to 3.5% to refinance the 1998 General Obligation Notes. The second issue is in the amount of \$1,005,000 with principal due between 2009 to 2018 with an interest rate between 2.85% to 3.40% to finance capital projects. The third issue is in the amount of \$5,530,000 with principal and interest payable 2009 to 2026 with an interest rate between 3.25% to 3.75% to refinance the 2006 and 2007 Note Anticipation Notes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Taxes	\$ 5,473,437	\$ 5,473,437	\$ 5,475,398	\$ 1,961
INTERGOVERNMENTAL REVENUES				
Intergovernmental	1,746,243	1,746,243	1,808,949	62,706
LICENSES AND PERMITS				
Business and occupational licenses	24,250	24,250	35,766	11,516
Dog and cat licenses	1,300	1,300	1,534	234
Building permits	70,000	70,000	75,236	5,236
Total Licenses and Permits	95,550	95,550	112,536	16,986
FINES, FORFEITURES AND PENALTIES				
Fines, forfeitures and penalties	195,000	195,000	241,325	46,325
PUBLIC CHARGES FOR SERVICES				
Public charges for services	1,453,135	1,453,135	1,546,449	93,314
SPECIAL ASSESSMENTS				
Special assessments	41,347	41,347	68,528	27,181
INVESTMENT INCOME				
Investment income	231,200	231,200	470,073	238,873
MISCELLANEOUS				
Miscellaneous	284,095	284,095	347,567	63,472
Total Revenues	9,520,007	9,520,007	10,070,825	550,818

See accompanying notes to required supplementary information.

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative and executive	\$ 122,525	\$ 121,775	\$ 117,348	\$ 4,427
Judicial	135,594	135,172	156,270	(21,098)
General administration	286,411	281,397	283,475	(2,078)
Financial administration	640,232	639,831	926,759	(286,928)
Legal	101,617	101,617	87,379	14,238
City buildings	89,100	89,100	96,211	(7,111)
Assessor	32,150	36,150	40,584	(4,434)
Contingency	<u>80,000</u>	<u>100,065</u>	<u>61,737</u>	<u>38,328</u>
Total General Government	<u>1,487,629</u>	<u>1,505,107</u>	<u>1,769,763</u>	<u>(264,656)</u>
PUBLIC SAFETY				
Police department	2,216,937	2,215,184	2,187,973	27,211
Fire department	425,578	423,611	384,115	39,496
Planning/Inspection	321,962	319,527	310,665	8,862
Ambulance	<u>318,461</u>	<u>318,461</u>	<u>344,501</u>	<u>(26,040)</u>
Total Public Safety	<u>3,282,938</u>	<u>3,276,783</u>	<u>3,227,254</u>	<u>49,529</u>
PUBLIC WORKS				
Highway and street maintenance and construction	114,387	113,680	105,861	7,819
Highway and street maintenance for local	1,004,350	999,368	1,012,759	(13,391)
Snow and ice control	-	-	7,135	(7,135)
Weed and nuisance control	2,000	2,000	1,935	65
Other sanitation	<u>510,923</u>	<u>510,923</u>	<u>529,732</u>	<u>(18,809)</u>
Total Public Works	<u>1,631,660</u>	<u>1,625,971</u>	<u>1,657,422</u>	<u>(31,451)</u>
CULTURE, RECREATION AND EDUCATION				
Park maintenance	230,970	230,233	222,181	8,052
Senior Center	575,843	572,859	615,543	(42,684)
Culture	243,577	242,211	288,979	(46,768)
Recreation	257,849	257,302	281,637	(24,335)
Cemetery	<u>28,945</u>	<u>28,945</u>	<u>27,232</u>	<u>1,713</u>
Total Culture, Recreation and Education	<u>1,337,184</u>	<u>1,331,550</u>	<u>1,435,572</u>	<u>(104,022)</u>
CAPITAL OUTLAY				
Capital Outlay	<u>-</u>	<u>-</u>	<u>60,312</u>	<u>(60,312)</u>
Total Expenditures	<u>7,739,411</u>	<u>7,739,411</u>	<u>8,150,323</u>	<u>(410,912)</u>

See accompanying notes to required supplementary information.

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	\$ 1,780,596	\$ 1,780,596	\$ 1,920,502	\$ 139,906
OTHER FINANCING SOURCES (USES)				
Transfers in	402,000	402,000	477,507	75,507
Transfers out	<u>(2,177,596)</u>	<u>(2,177,596)</u>	<u>(2,220,355)</u>	<u>(42,759)</u>
Total Other Financing Sources (Uses)	<u>(1,775,596)</u>	<u>(1,775,596)</u>	<u>(1,742,848)</u>	<u>32,748</u>
Net Change in Fund Balance	5,000	5,000	177,654	172,654
FUND BALANCE - Beginning of Year	<u>3,249,181</u>	<u>3,249,181</u>	<u>3,249,181</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,254,181</u>	<u>\$ 3,254,181</u>	<u>\$ 3,426,835</u>	<u>\$ 172,654</u>

See accompanying notes to required supplementary information.

CITY OF STOUGHTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2007

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
General government	\$ 1,505,107	\$ 1,769,763	\$ 264,656
Public works	1,625,971	1,657,422	31,451
Culture, recreation and education	1,331,550	1,435,572	104,022
Capital outlay	-	60,312	60,312

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

Special Revenue Funds

	<u>Library</u>	<u>Sick Leave</u>	<u>Ambulance</u>	<u>Safety Building</u>	<u>Opera House</u>
ASSETS					
Cash and investments	\$ 374,007	\$ 24,433	\$ 80,668	\$ 12,036	\$ 105,537
Taxes receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 374,007</u>	<u>\$ 24,433</u>	<u>\$ 80,668</u>	<u>\$ 12,036</u>	<u>\$ 105,537</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 11,431	\$ -	\$ 89	\$ 12,036	\$ 969
Due to other funds	-	24,433	44,401	-	77,904
Deferred revenues	-	-	-	-	-
Total Liabilities	<u>11,431</u>	<u>24,433</u>	<u>44,490</u>	<u>12,036</u>	<u>78,873</u>
Fund Balances (Deficit)					
Unreserved (deficit)	<u>362,576</u>	-	<u>36,178</u>	-	<u>26,664</u>
Total Fund Balances (Deficit)	<u>362,576</u>	-	<u>36,178</u>	-	<u>26,664</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 374,007</u>	<u>\$ 24,433</u>	<u>\$ 80,668</u>	<u>\$ 12,036</u>	<u>\$ 105,537</u>

Special Revenue Funds				Capital Projects Funds		
Opera House Repair	Township Outreach Fund	CDBG	Tourism	Fire Equipment	Park Acquisition	Storm Sewer
\$ -	\$ 11,597	\$ -	\$ 18,502	\$ 102,483	\$ 154,597	\$ 104,824
-	-	-	-	-	-	-
-	-	-	8,608	-	-	-
<u>77,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 77,904</u>	<u>\$ 11,597</u>	<u>\$ -</u>	<u>\$ 27,110</u>	<u>\$ 102,483</u>	<u>\$ 154,597</u>	<u>\$ 104,824</u>
\$ -	\$ 210	\$ -	\$ -	\$ 1,900	\$ 27	\$ 12,619
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>1,900</u>	<u>27</u>	<u>12,619</u>
<u>77,904</u>	<u>11,387</u>	<u>-</u>	<u>27,110</u>	<u>100,583</u>	<u>154,570</u>	<u>92,205</u>
<u>77,904</u>	<u>11,387</u>	<u>-</u>	<u>27,110</u>	<u>100,583</u>	<u>154,570</u>	<u>92,205</u>
<u>\$ 77,904</u>	<u>\$ 11,597</u>	<u>\$ -</u>	<u>\$ 27,110</u>	<u>\$ 102,483</u>	<u>\$ 154,597</u>	<u>\$ 104,824</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

Capital Projects Funds

	<u>Ambulance</u>	<u>Construction</u>	<u>River Trail</u>	<u>TIF District No. 2</u>	<u>TIF District No. 3</u>
ASSETS					
Cash and investments	\$ 15,035	\$ -	\$ 3,057	\$ 6,241	\$ 1,383,627
Taxes receivable	-	-	-	95,037	206,581
Other receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 15,035</u>	<u>\$ -</u>	<u>\$ 3,057</u>	<u>\$ 101,278</u>	<u>\$ 1,590,208</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 10,736	\$ -	\$ -	\$ 1,736
Due to other funds	-	53,811	121	-	-
Deferred revenues	-	-	-	95,037	206,581
Total Liabilities	<u>-</u>	<u>64,547</u>	<u>121</u>	<u>95,037</u>	<u>208,317</u>
Fund Balances (Deficit)					
Unreserved (deficit)	<u>15,035</u>	<u>(64,547)</u>	<u>2,936</u>	<u>6,241</u>	<u>1,381,891</u>
Total Fund Balances (Deficit)	<u>15,035</u>	<u>(64,547)</u>	<u>2,936</u>	<u>6,241</u>	<u>1,381,891</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,035</u>	<u>\$ -</u>	<u>\$ 3,057</u>	<u>\$ 101,278</u>	<u>\$ 1,590,208</u>

<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TIF District No. 4</u>	
\$ -	\$ 2,396,644
96,441	398,059
22,572	31,180
-	77,904
<u>\$ 119,013</u>	<u>\$ 2,903,787</u>

\$ -	\$ 51,753
360,802	561,472
119,013	420,631
<u>479,815</u>	<u>1,033,856</u>

(360,802)	1,869,931
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(360,802)	1,869,931
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<u>\$ 119,013</u>	<u>\$ 2,903,787</u>
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CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2007

	Special Revenue Funds			
	Library	Sick Leave	Ambulance	Safety Building
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	190,288	-	6,211	-
Public charges for services	27,759	-	6,202	-
Investment income	14,211	1,195	3,540	-
Miscellaneous	105,241	-	36,100	-
Total Revenues	337,499	1,195	52,053	-
EXPENDITURES				
Current				
General government	-	36,531	-	-
Public safety	-	-	92,927	73,256
Culture, recreation and education	738,140	-	-	-
Capital Outlay	-	-	-	3,976
Total Expenditures	738,140	36,531	92,927	77,232
Excess (deficiency) of revenues over expenditures	(400,641)	(35,336)	(40,874)	(77,232)
OTHER FINANCING SOURCES (USES)				
Transfers in	488,869	53,375	-	67,506
Transfers out	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	488,869	53,375	-	67,506
Net Change in Fund Balances	88,228	18,039	(40,874)	(9,726)
FUND BALANCES (DEFICIT) -				
Beginning of Year	274,348	(18,039)	77,052	9,726
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 362,576	\$ -	\$ 36,178	\$ -

Special Revenue Funds						Capital Projects Funds
Opera House	Opera House Repair	Landfill	Township Outreach Fund	CDBG Grant	Tourism	Fire Equipment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,695	\$ -
-	-	-	4,515	-	-	104,617
158,891	-	-	-	-	-	-
3,954	-	-	-	-	-	-
<u>2,635</u>	-	-	<u>3,000</u>	<u>1,768</u>	-	<u>(476)</u>
<u>165,480</u>	-	-	<u>7,515</u>	<u>1,768</u>	<u>76,695</u>	<u>104,141</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
167,421	-	-	7,659	-	56,363	-
-	-	-	-	-	-	36,025
<u>167,421</u>	-	-	<u>7,659</u>	-	<u>56,363</u>	<u>36,025</u>
<u>(1,941)</u>	-	-	<u>(144)</u>	<u>1,768</u>	<u>20,332</u>	<u>68,116</u>
20,000	12,040	137,017	-	27,044	-	-
(12,040)	-	(137,017)	-	-	(5,000)	-
-	-	-	-	-	-	-
<u>7,960</u>	<u>12,040</u>	-	-	<u>27,044</u>	<u>(5,000)</u>	-
6,019	12,040	-	(144)	28,812	15,332	68,116
<u>20,645</u>	<u>65,864</u>	-	<u>11,531</u>	<u>(28,812)</u>	<u>11,778</u>	<u>32,467</u>
<u>\$ 26,664</u>	<u>\$ 77,904</u>	<u>\$ -</u>	<u>\$ 11,387</u>	<u>\$ -</u>	<u>\$ 27,110</u>	<u>\$ 100,583</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Capital Projects Funds			
	Park Acquisition	Storm Sewer	Ambulance CPF	Construction
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 574,490
Intergovernmental	-	-	-	-
Public charges for services	7,122	4,771	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	7,122	4,771	-	574,490
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	-	-	-	-
Capital Outlay	37,294	168,920	150,000	615,922
Total Expenditures	37,294	168,920	150,000	615,922
Excess (deficiency) of revenues over expenditures	(30,172)	(164,149)	(150,000)	(41,432)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	30,000	-
Transfers out	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	-	-	30,000	-
Net Change in Fund Balances	(30,172)	(164,149)	(120,000)	(41,432)
FUND BALANCES (DEFICIT) - Beginning of Year	184,742	256,354	135,035	(23,115)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 154,570	\$ 92,205	\$ 15,035	\$ (64,547)

<u>Capital Projects Funds</u>				
<u>River Trail</u>	<u>TIF District No. 2</u>	<u>TIF District No. 3</u>	<u>TIF District No. 4</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 106,635	\$ 177,725	\$ 71,090	\$ 1,006,635
-	362	376	4,145	310,514
-	-	-	-	204,745
164	-	-	-	23,064
-	-	147,480	-	295,748
<u>164</u>	<u>106,997</u>	<u>325,581</u>	<u>75,235</u>	<u>1,840,706</u>
-	-	-	-	36,531
-	-	-	-	166,183
-	-	-	-	969,583
<u>121</u>	<u>-</u>	<u>9,788</u>	<u>2,116</u>	<u>1,024,162</u>
<u>121</u>	<u>-</u>	<u>9,788</u>	<u>2,116</u>	<u>2,196,459</u>
<u>43</u>	<u>106,997</u>	<u>315,793</u>	<u>73,119</u>	<u>(355,753)</u>
-	-	-	-	835,851
-	-	(116,737)	(218,361)	(489,155)
-	(106,997)	-	106,997	-
-	(106,997)	(116,737)	(111,364)	346,696
43	-	199,056	(38,245)	(9,057)
<u>2,893</u>	<u>6,241</u>	<u>1,182,835</u>	<u>(322,557)</u>	<u>1,878,988</u>
<u>\$ 2,936</u>	<u>\$ 6,241</u>	<u>\$ 1,381,891</u>	<u>\$ (360,802)</u>	<u>\$ 1,869,931</u>