

CITY OF STOUGHTON

Stoughton, Wisconsin

FINANCIAL STATEMENTS

December 31, 2008

CITY OF STOUGHTON

TABLE OF CONTENTS December 31, 2008

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Management's Discussion and Analysis	iii - xi
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6 - 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Assets - Proprietary Funds	9 - 10
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12 - 13
Statement of Fiduciary Net Assets - Fiduciary Funds	14
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 63
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General	64 - 66
Notes to Required Supplementary Information	67
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	68 - 72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	73 - 77



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, 2008, 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, 2008, 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 as shown in the table of contents 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements 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 14, 2009

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(UNAUDITED)**

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2008

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, 2008. 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 \$56,792,724 (net assets). Of this amount, \$9,809,440 is considered unrestricted net assets, \$6,027,406 is restricted for specific purposes (restricted net assets), and \$40,955,878 is invested in capital assets, net of related debt.
- The city's total net assets increased by \$2,362,877. Governmental activities net assets increased by \$1,405,592 while business-type net assets increased by \$957,285.
- On December 31, 2008, the city's governmental funds reported combined fund balances of \$6,487,091, an decrease of \$391,772 from 2007. Undesignated fund balance was \$1,479,989 at year end, a decrease of \$227,056 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 (UNAUDITED)

December 31, 2008

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

(UNAUDITED)

December 31, 2008

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 (UNAUDITED) December 31, 2008

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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 15,179,620	\$ 15,798,133	\$ 14,438,881	\$ 16,491,576	\$ 29,618,501	\$ 32,289,709
Capital assets	33,597,352	32,924,215	39,935,977	39,294,476	73,533,329	72,218,691
Total Assets	48,776,972	48,722,348	54,374,858	55,786,052	103,151,830	104,508,400
Long-term liabilities	20,382,848	21,265,062	16,166,657	18,926,512	36,549,505	40,191,574
Other liabilities	8,236,656	8,717,842	1,572,945	1,181,569	9,809,601	9,899,411
Total Liabilities	28,619,504	29,982,904	17,739,602	20,108,081	46,359,106	50,090,985
Invested in capital assets, net of related debt	17,191,617	16,760,731	24,090,786	21,685,559	40,955,878	38,081,477
Restricted	3,325,288	2,680,463	2,702,118	3,123,746	6,027,406	5,804,209
Unrestricted (deficit)	(359,437)	(701,750)	9,842,352	10,868,666	9,809,440	10,531,729
TOTAL NET ASSETS	\$ 20,157,468	\$ 18,739,444	\$ 36,635,256	\$ 35,677,971	\$ 56,792,724	\$ 54,417,415

The largest portion of the city's net assets (72%) 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 (17%) may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2008

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

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
REVENUES						
Program Revenues						
Charges for services	\$ 2,012,109	\$ 2,406,257	\$ 16,138,069	\$ 15,318,160	\$ 18,150,178	\$ 17,724,417
Operating grants and Contributions	1,865,539	1,522,530	-	-	1,865,539	1,522,530
General Revenues						
Property taxes	6,735,752	6,367,377	-	-	6,735,752	6,367,377
Other taxes	96,063	114,656	-	-	96,063	114,656
Intergovernmental	936,511	920,871	-	-	936,511	920,871
Other	903,421	899,774	416,784	883,690	1,320,205	1,783,464
Total Revenues	<u>12,549,395</u>	<u>12,231,465</u>	<u>16,554,853</u>	<u>16,201,850</u>	<u>29,104,248</u>	<u>28,433,315</u>
EXPENSES						
General government	1,672,099	1,907,225	-	-	1,672,099	1,907,225
Public safety	3,988,593	3,924,522	-	-	3,988,593	3,924,522
Public works	3,248,006	2,805,126	-	-	3,248,006	2,805,126
Culture, education, and recreation	2,988,490	2,844,722	-	-	2,988,490	2,844,722
Water	-	-	1,407,775	1,044,879	1,407,775	1,044,879
Sewer	-	-	1,546,892	1,594,138	1,546,892	1,594,138
Electric	-	-	12,455,162	11,609,197	12,455,162	11,609,197
Interest and fiscal charges	783,854	853,111	-	-	783,854	853,111
Total Expenses	<u>12,681,042</u>	<u>12,334,706</u>	<u>15,409,829</u>	<u>14,248,214</u>	<u>28,090,871</u>	<u>26,582,920</u>
Income (Loss) Before Capital Grants and Contributions and Transfers	(131,647)	(103,241)	1,145,024	1,953,636	1,013,377	1,850,395
Capital Grants and Contributions	1,043,909	36,100	305,591	374,349	1,349,500	410,449
Transfers	493,330	472,507	(493,330)	(472,507)	-	-
Changes in Net Assets	1,405,592	405,366	957,285	1,855,478	2,362,887	2,260,844
Beginning Net Assets (restated)	<u>18,751,876</u>	<u>18,334,078</u>	<u>35,677,971</u>	<u>33,822,493</u>	<u>54,429,847</u>	<u>52,156,571</u>
CHANGES IN NET ASSETS	<u>\$ 20,157,468</u>	<u>\$ 18,739,444</u>	<u>\$ 36,635,256</u>	<u>\$ 35,677,971</u>	<u>\$ 56,792,724</u>	<u>\$ 54,417,415</u>

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2008

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 \$1,405,592. This increase is primarily a result of the addition of a new fire station, a portion of which was funded through contributions from other municipalities.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the city's net assets by \$957,295. 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 \$305,591.

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, 2008, the city's governmental funds reported combined fund balances of \$6,487,091. Approximately 23% of this amount, \$1,479,989 constitutes unreserved and undesignated fund balance, which is available to meet the city's current and future needs. An additional \$2,971,282 is unreserved, but has been designated for specific projects or expenditures. The remaining \$2,035,820 is reserved for noncurrent asset balances, the city's investment in the mutual insurance company, and debt service.

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.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2008

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

General Fund

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund increased \$395,842 or 12%. Undesignated fund balance decreased \$227,056 primarily due to an increase in long-term advances, which are shown as reserved. 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 2008, undesignated fund balance is \$1,479,989 and the 2009 general fund expenditure budget is \$11,156,648, resulting in an undesignated fund balance of 13%.

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 \$302,711 which is an decrease of \$986 from the prior year, is reserved for future debt service.

Non-Major Governmental Funds

Fund balance of all other governmental funds is \$2,431,727, 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final amended General Fund budget had total appropriations, including those for transfers out, of \$10,634,467. Actual expenditures and transfers out were \$11,079,786, resulting in a \$445,319 unfavorable variance. Various general government, public works, culture, recreation, and education departments exceeded their budgets. Total revenues and other sources were \$11,475,628, \$1,089,161 more than the budget. Further details can be found in the budget to actual section of this report and the City's year end budget to actual report.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2008

CAPITAL ASSETS

At the end of 2008, the city had invested a total of \$73,533,329 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3
Capital Assets**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land and other assets not being depreciated	\$ 8,588,092	\$ 13,301,561	\$ -	\$ -	\$ 8,588,092	\$ 13,301,561
Buildings and improvements	14,679,660	8,809,187	-	-	14,679,660	8,809,187
Machinery and equipment	8,067,933	7,856,981	-	-	8,067,933	7,856,981
Infrastructure	23,296,305	22,694,728	-	-	23,296,305	22,692,728
Utility plant	-	-	57,557,358	56,339,176	57,557,358	56,339,176
Total Capital Assets	54,631,990	52,662,457	57,557,358	56,339,176	112,189,348	108,999,633
Less: Accumulated depreciation	(21,034,638)	(19,738,242)	(17,621,381)	(17,044,700)	38,656,019	(36,782,942)
NET CAPITAL ASSETS	<u>\$ 33,597,352</u>	<u>\$ 32,924,215</u>	<u>\$ 39,935,977</u>	<u>\$ 39,294,476</u>	<u>\$ 73,533,329</u>	<u>\$ 72,216,691</u>

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

Governmental Activities

- New fire station totaled \$5,719,138.
- Infrastructure reconstruction projects totaled \$577,382.
- Various equipment and vehicle purchases totaled \$677,382.

Business-type Activities

- Utility capital assets increased \$1,316,638 mainly due to routine additions and replacements.

LONG-TERM DEBT

At December 31, 2008, the city had \$34,221,870 of long-term bonds and notes outstanding. \$15,855,181 of this is revenue debt and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2008 decreased by \$3,701,966. 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, 2008, was \$49,598,840. Total general obligation debt outstanding at year end was \$18,366,689. Therefore, the city was at 37% of the legal debt limit.

CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2008

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, 2008

	Governmental Activities	Business-type Activities	Totals	Component Unit Housing Authority
ASSETS				
Cash and investments	\$ 5,966,802	\$ 9,496,300	\$ 15,463,102	\$ 252,744
Receivables	8,441,274	2,062,373	10,503,647	1,824
Internal balances	428,080	(428,080)	-	-
Inventories and prepaid items	-	179,278	179,278	5,990
Investment in mutual insurance company	257,805	-	257,805	-
Restricted cash and investments	-	2,830,826	2,830,826	234,113
Other assets	85,659	298,184	383,843	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	8,588,092	651,111	9,239,203	117,191
Capital assets, net of depreciation	<u>25,009,260</u>	<u>39,284,866</u>	<u>64,294,126</u>	<u>1,169,805</u>
Total Assets	<u>48,776,972</u>	<u>54,374,858</u>	<u>103,151,830</u>	<u>1,781,667</u>
LIABILITIES				
Accounts payable and accrued expenses	611,511	1,557,982	2,169,493	52,205
Unearned revenue	7,625,145	-	7,625,145	-
Other noncurrent liabilities	-	14,963	14,963	-
Noncurrent liabilities				
Due within one year	1,851,691	1,156,069	3,007,760	33,915
Due in more than one year	<u>18,531,157</u>	<u>15,010,588</u>	<u>33,541,745</u>	<u>1,806,357</u>
Total Liabilities	<u>28,619,504</u>	<u>17,739,602</u>	<u>46,359,106</u>	<u>1,892,477</u>
NET ASSETS				
Invested in capital assets, net of related debt (deficit)	17,191,617	24,090,786	40,955,878	(553,276)
Restricted for				
Debt service and equipment replacement	2,356,064	2,702,118	5,058,182	234,113
Special activities	969,224	-	969,224	-
Unrestricted (deficit)	<u>(359,437)</u>	<u>9,842,352</u>	<u>9,809,440</u>	<u>208,353</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ 20,157,468</u>	<u>\$ 36,635,256</u>	<u>\$ 56,792,724</u>	<u>\$ (110,810)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,672,099	\$ 118,138	\$ 155,239	\$ -
Public safety	3,988,593	832,590	279,253	1,043,909
Public works	3,248,006	665,068	673,587	-
Culture, recreation and education	2,988,490	396,313	757,460	-
Interest and fiscal charges	783,854	-	-	-
Total Governmental Activities	12,681,042	2,012,109	1,865,539	1,043,909
Business-type Activities				
Water	1,407,775	1,289,936	-	148,584
Wastewater	1,546,892	2,183,333	-	63,644
Electric	12,455,162	12,664,800	-	93,363
Total Business-type Activities	15,409,829	16,138,069	-	305,591
Total Primary Government	\$ 28,090,871	\$ 18,150,178	\$ 1,865,539	\$ 1,349,500
Component Unit				
Housing Authority	\$ 744,697	\$ 270,717	\$ 303,743	\$ -

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Transfers

Change in net assets

NET ASSETS - Beginning of Year (as restated)

NET ASSETS (DEFICIT) - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Housing Authority
\$ (1,398,722)	\$ -	\$ (1,398,722)	\$ -
(1,832,841)	-	(1,832,841)	-
(1,909,351)	-	(1,909,351)	-
(1,834,717)	-	(1,834,717)	-
<u>(783,854)</u>	<u>-</u>	<u>(783,854)</u>	<u>-</u>
<u>(7,759,485)</u>	<u>-</u>	<u>(7,759,485)</u>	<u>-</u>
-	30,745	30,745	-
-	700,085	700,085	-
-	<u>303,001</u>	<u>303,001</u>	-
-	<u>1,033,831</u>	<u>1,033,831</u>	-
<u>(7,759,485)</u>	<u>1,033,831</u>	<u>(6,725,654)</u>	-
-	-	-	(170,237)
6,337,692	-	6,337,692	-
398,060	-	398,060	-
96,063	-	96,063	-
936,511	-	936,511	-
292,281	416,784	709,065	1,321
<u>611,140</u>	<u>-</u>	<u>611,140</u>	<u>-</u>
<u>8,671,747</u>	<u>416,784</u>	<u>9,088,531</u>	<u>1,321</u>
<u>493,330</u>	<u>(493,330)</u>	<u>-</u>	<u>-</u>
1,405,592	957,285	2,362,877	(168,916)
<u>18,751,876</u>	<u>35,677,971</u>	<u>54,429,847</u>	<u>58,106</u>
<u>\$ 20,157,468</u>	<u>\$ 36,635,256</u>	<u>\$ 56,792,724</u>	<u>\$ (110,810)</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2008

	General	Debt Service	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 4,116,088	\$ 302,790	\$ 1,547,924	\$ 5,966,802
Receivables				
Taxes	7,219,247	-	424,241	7,643,488
Delinquent personal property tax	6,085	-	-	6,085
Accounts	221,397	-	-	221,397
Special assessments	92,759	-	-	92,759
Delinquent special assessments	8,328	-	-	8,328
Leases	-	454,710	-	454,710
Other	-	-	14,507	14,507
Due from other funds	842,776	-	1,381,891	2,224,667
Other investments	<u>257,805</u>	<u>-</u>	<u>-</u>	<u>257,805</u>
TOTAL ASSETS	<u>\$ 12,764,485</u>	<u>\$ 757,500</u>	<u>\$ 3,368,563</u>	<u>\$ 16,890,548</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 201,527	\$ 79	\$ 104,295	\$ 305,901
Accrued liabilities	116,427	-	11,928	128,355
Due to other funds	1,402,935	-	393,652	1,796,587
Deferred revenues	7,198,184	454,710	426,961	8,079,855
Deferred special assessments	<u>92,759</u>	<u>-</u>	<u>-</u>	<u>92,759</u>
Total Liabilities	<u>9,011,832</u>	<u>454,789</u>	<u>936,836</u>	<u>10,403,457</u>
Fund Balances				
Reserved				
Debt service	532,000	302,711	-	834,711
Encumbrances	-	-	118,965	118,965
Investment in CVMIC	257,805	-	-	257,805
Noncurrent assets	14,413	-	-	14,413
Noncurrent interfunds	360,802	-	-	360,802
Utility PILOT	449,124	-	-	449,124
Unreserved, reported in:				
General fund designated	658,520	-	-	658,520
General fund undesignated	1,479,989	-	-	1,479,989
Special revenue funds	-	-	593,256	593,256
Capital projects funds	-	-	<u>1,719,506</u>	<u>1,719,506</u>
Total Fund Balances	<u>3,752,653</u>	<u>302,711</u>	<u>2,431,727</u>	<u>6,487,091</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,764,485</u>	<u>\$ 757,500</u>	<u>\$ 3,368,563</u>	<u>\$ 16,890,548</u>

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, 2008

Total Fund Balances - Governmental Funds	\$ 6,487,091
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.	33,597,352
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Special assessments receivable	92,759
MCCI lease receivable	454,710
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>(20,474,444)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 20,157,468</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

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

For the Year Ended December 31, 2008

	General	Debt Service	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 5,916,727	\$ -	\$ 915,088	\$ 6,831,815
Intergovernmental	1,843,957	-	327,870	2,171,827
Licenses and permits	120,953	-	-	120,953
Fines, forfeitures and penalties	116,279	-	-	116,279
Public charges for services	1,741,906	-	172,817	1,914,723
Intergovernmental charges for services	531,908	512,001	-	1,043,909
Special assessments	93,326	-	-	93,326
Investment income	267,339	11,855	13,087	292,281
Miscellaneous	349,903	195,860	423,961	969,724
Total Revenues	<u>10,982,298</u>	<u>719,716</u>	<u>1,852,823</u>	<u>13,554,837</u>
EXPENDITURES				
Current				
General government	1,588,026	-	36,572	1,624,598
Public safety	3,387,801	-	85,965	3,473,766
Public works	1,869,375	-	-	1,869,375
Culture, recreation and education	1,486,394	-	1,285,671	2,772,065
Capital Outlay	-	-	2,788,664	2,788,664
Debt Service				
Principal	-	7,943,162	-	7,943,162
Interest and fiscal charges	-	996,520	15,628	1,012,148
Total Expenditures	<u>8,331,596</u>	<u>8,939,682</u>	<u>4,212,500</u>	<u>21,483,778</u>
Excess (deficiency) of revenues over expenditures	<u>2,650,702</u>	<u>(8,219,966)</u>	<u>(2,359,677)</u>	<u>(7,928,941)</u>

See accompanying notes to financial statements.

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
OTHER FINANCING SOURCES				
(USES)				
Debt issued	-	6,015,000	1,005,000	7,020,000
Premium on debt	-	23,839	-	23,839
Transfers in	493,330	2,180,141	1,243,295	3,916,766
Transfers out	(2,748,190)	-	(675,246)	(3,423,436)
Contribution from other districts	-	-	228,425	228,425
Contribution to other districts	-	-	(228,425)	(228,425)
Total Other Financing Sources (Uses)	<u>(2,254,860)</u>	<u>8,218,980</u>	<u>1,573,049</u>	<u>7,537,169</u>
Net Change in Fund Balances	395,842	(986)	(786,628)	(391,772)
FUND BALANCES - Beginning of Year (as restated)	<u>3,356,811</u>	<u>303,697</u>	<u>3,218,355</u>	<u>6,878,863</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,752,653</u>	<u>\$ 302,711</u>	<u>\$ 2,431,727</u>	<u>\$ 6,487,091</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, 2008

Net change in fund balances - total governmental funds	\$	(391,772)
--	----	-----------

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		2,788,664
Some items reported as capital outlay were not capitalized		(590,758)
Depreciation is reported in the government-wide financial statements		(1,509,868)
Net book value of assets retired		(14,901)

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		(30,290)
New special assessments		101,152
Special assessment payments		(91,759)

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		(7,020,000)
Principal repaid		7,943,162

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

Debt issuance costs		85,659
---------------------	--	--------

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		(87,621)
Compensated absences - retirees		30,360
Self insurance health liability		13,992
Unfunded prior service cost		2,321
Accrued interest on debt		177,251

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>1,405,592</u>
--	-----------	-------------------------

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2008

ASSETS	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
Current Assets				
Cash and investments	\$ 1,086,507	\$ 1,945,174	\$ 5,757,084	\$ 8,788,765
Receivables				
Other receivables	184,430	294,502	1,583,441	2,062,373
Due from other funds	2,693	4,373	13,978	21,044
Inventories	35,943	-	139,767	175,710
Prepaid items	562	718	2,288	3,568
Restricted Assets				
Redemption account	<u>70,556</u>	<u>367,603</u>	<u>461,457</u>	<u>899,616</u>
Total Current Assets	<u>1,380,691</u>	<u>2,612,370</u>	<u>7,958,015</u>	<u>11,951,076</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	235,660	-	838,094	1,073,754
Depreciation account	25,000	33,283	25,000	83,283
Replacement account	-	774,050	-	774,050
Construction account	-	123	-	123
Capital Assets				
Construction in progress	9,143	49,149	347,181	405,473
Plant in service	14,311,015	20,792,921	22,047,949	57,151,885
Less: Accumulated depreciation	(3,824,456)	(5,970,625)	(7,826,300)	(17,621,381)
Other Assets				
Plant and maintenance reserve account	366,373	-	102,971	469,344
Sick leave reserve account	79,861	61,330	97,000	238,191
Unamortized debt issuance expenses	-	-	9,867	9,867
Investment in ATC	-	-	178,133	178,133
Non-utility property (net of amortization)	<u>64,878</u>	<u>-</u>	<u>45,306</u>	<u>110,184</u>
Total Noncurrent Assets	<u>11,267,474</u>	<u>15,740,231</u>	<u>15,865,201</u>	<u>42,872,906</u>
Total Assets	<u>12,648,165</u>	<u>18,352,601</u>	<u>23,823,216</u>	<u>54,823,982</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 36,353	\$ 11,015	\$ 1,061,308	\$ 1,108,676
Accrued liabilities	10,530	17,902	166,165	194,597
Public benefits	-	-	101,135	101,135
Deposits	-	-	24,989	24,989
Due to other funds	211,710	-	237,414	449,124
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	80,000	576,069	500,000	1,156,069
Accrued interest	<u>16,509</u>	<u>28,340</u>	<u>83,736</u>	<u>128,585</u>
Total Current Liabilities	<u>355,102</u>	<u>633,326</u>	<u>2,174,747</u>	<u>3,163,175</u>
Noncurrent Liabilities				
Long-Term Debt				
Customer advances for construction	-	-	14,963	14,963
Revenue bonds payable	2,150,000	5,389,112	7,160,000	14,699,112
Compensated absences	<u>71,135</u>	<u>79,587</u>	<u>160,754</u>	<u>311,476</u>
Total Noncurrent Liabilities	<u>2,221,135</u>	<u>5,468,699</u>	<u>7,335,717</u>	<u>15,025,551</u>
Total Liabilities	<u>2,576,237</u>	<u>6,102,025</u>	<u>9,510,464</u>	<u>18,188,726</u>
NET ASSETS				
Invested in capital assets net of related debt	8,265,702	8,906,387	6,918,697	24,090,786
Restricted for				
Restricted for debt service and equipment replacement	314,707	1,146,596	1,240,815	2,702,118
Unrestricted net assets	<u>1,491,519</u>	<u>2,197,593</u>	<u>6,153,240</u>	<u>9,842,352</u>
TOTAL NET ASSETS	<u>\$ 10,071,928</u>	<u>\$ 12,250,576</u>	<u>\$ 14,312,752</u>	<u>\$ 36,635,256</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, 2008

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
OPERATING REVENUES	<u>\$ 1,289,936</u>	<u>\$ 2,183,333</u>	<u>\$ 12,664,800</u>	<u>\$ 16,138,069</u>
OPERATING EXPENSES				
Operation and maintenance	750,483	867,565	11,006,309	12,624,357
Depreciation	<u>309,071</u>	<u>562,817</u>	<u>772,081</u>	<u>1,643,969</u>
Total Operating Expenses	<u>1,059,554</u>	<u>1,430,382</u>	<u>11,778,390</u>	<u>14,268,326</u>
Operating Income	<u>230,382</u>	<u>752,951</u>	<u>886,410</u>	<u>1,869,743</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	50,641	80,131	286,012	416,784
Interest and fiscal charges	(128,124)	(176,460)	(384,996)	(689,580)
Amortization of issuance costs and discount	(6,414)	-	(13,014)	(19,428)
Miscellaneous expenses	-	-	(10,358)	(10,358)
Loss on early retirement	<u>(213,683)</u>	<u>59,950</u>	<u>(268,404)</u>	<u>(422,137)</u>
Total Nonoperating Revenues (Expenses)	<u>(297,580)</u>	<u>(36,379)</u>	<u>(390,760)</u>	<u>(724,719)</u>
Income (Loss) Before Contributions and Transfers	<u>(67,198)</u>	<u>716,572</u>	<u>495,650</u>	<u>1,145,024</u>
CONTRIBUTIONS AND TRANSFERS				
Contributions in aid of construction	148,584	63,644	93,363	305,591
Transfers out	<u>(220,720)</u>	<u>-</u>	<u>(272,610)</u>	<u>(493,330)</u>
Total Contributions and Transfers	<u>(72,136)</u>	<u>63,644</u>	<u>(179,247)</u>	<u>(187,739)</u>
Change in Net Assets	(139,334)	780,216	316,403	957,285
NET ASSETS - Beginning of Year	<u>10,211,262</u>	<u>11,470,360</u>	<u>13,996,349</u>	<u>35,677,971</u>
NET ASSETS - END OF YEAR	<u>\$ 10,071,928</u>	<u>\$ 12,250,576</u>	<u>\$ 14,312,752</u>	<u>\$ 36,635,256</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,296,420	\$ 2,142,110	\$ 12,421,153	\$ 15,859,683
Received from municipality for services	-	-	112,489	112,489
Paid to suppliers for goods and services	(481,110)	(578,851)	(9,874,451)	(10,934,412)
Paid to employees for services	(262,695)	(260,536)	(785,196)	(1,308,427)
Customer deposit	-	-	1,061	1,061
Net Cash Flows From Operating Activities	552,615	1,302,723	1,875,056	3,730,394
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	572,073	491,744	1,081,853	2,145,670
Investment income	39,762	76,097	285,269	401,128
Investments purchased	(1,334,369)	(756,828)	(1,497,072)	(3,588,269)
Investment in ATC	-	-	(20,347)	(20,347)
Net Cash Flows From Investing Activities	(722,534)	(188,987)	(150,297)	(1,061,818)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(197,030)	-	(221,700)	(418,730)
Transfers to other funds	(9,010)	-	(35,196)	(44,206)
Net Cash Flows From Noncapital Financing Activities	(206,040)	-	(256,896)	(462,936)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	123,497	-	123,497
Debt retired	(765,000)	(557,300)	(1,580,000)	(2,902,300)
Interest paid	(134,040)	(179,119)	(402,546)	(715,705)
Acquisition and construction of capital assets	(665,956)	(788,707)	(1,075,048)	(2,529,711)
Capital contributions received	-	-	101,266	101,266
Received from the sale of capital assets	32,474	59,950	-	92,424
Net Cash Flows From Capital and Related Financing Activities	(1,532,522)	(1,341,679)	(2,956,328)	(5,830,529)
Net Change in Cash and Cash Equivalents	(1,908,481)	(227,943)	(1,488,465)	(3,624,889)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,985,392	2,647,372	3,786,462	8,419,226
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 76,911	\$ 2,419,429	\$ 2,297,997	\$ 4,794,337

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	\$ 230,382	\$ 752,951	\$ 886,410	\$ 1,869,743
Nonoperating revenue (expense)	-	-	(5,994)	(5,994)
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	309,071	562,817	772,081	1,643,969
Depreciation charged to other funds	32,179	-	65,306	97,485
Changes in assets and liabilities				
Customer accounts receivable	(13,832)	(38,416)	(113,466)	(165,714)
Other accounts receivable	-	634	(19,492)	(18,858)
Due from other funds	(1,843)	(3,441)	(11,087)	(16,371)
Inventories	(4,532)	-	7,302	2,770
Prepaid items	9,315	11,629	25,875	46,819
Accounts payable	(6,040)	-	106,796	100,756
Accrued wages	1,436	-	-	1,436
Compensated absences	(3,521)	6,480	15,990	18,949
Customer deposits	-	-	1,061	1,061
Other current liabilities	-	10,069	125,393	135,462
Public benefits	-	-	18,881	18,881
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 552,615</u>	<u>\$ 1,302,723</u>	<u>\$ 1,875,056</u>	<u>\$ 3,730,394</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Cash and investments - statement of net assets	\$ 1,086,507	\$ 1,945,174	\$ 5,757,084	\$ 8,788,765
Redemption account	70,556	367,603	461,457	899,616
Reserve account	235,660	-	838,094	1,073,754
Depreciation account	25,000	33,283	25,000	83,283
Replacement account	-	774,050	-	774,050
Construction account	-	123	-	123
Plant and maintenance reserve account	366,373	-	102,971	469,344
Sick leave reserve account	<u>79,861</u>	<u>61,330</u>	<u>97,000</u>	<u>238,191</u>
Total Cash and Investments	1,863,957	3,181,563	7,281,606	12,327,126
Less: Noncash equivalents	<u>(1,787,046)</u>	<u>(762,134)</u>	<u>(4,983,609)</u>	<u>(7,532,789)</u>
CASH AND CASH EQUIVALENTS	<u>\$ 76,911</u>	<u>\$ 2,419,429</u>	<u>\$ 2,297,997</u>	<u>\$ 4,794,337</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developer financed additions to utility plant	<u>\$ 148,584</u>	<u>\$ 63,644</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF STOUGHTON

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2008

	<u>Pension Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Investments		
Deposits	\$ 416,614	\$ 8,170,004
Local government investment pool	106,312	-
Mutual fund	28,210	-
Taxes receivable	-	3,484,901
Total Assets	<u>551,136</u>	<u>11,654,905</u>
LIABILITIES		
Due to other taxing units	-	11,654,905
Total Liabilities	-	<u>11,654,905</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 551,136</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, 2008

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Fiduciary / pension trust	\$ 14,138
Total Contributions	<u>14,138</u>
Investment income	<u>10,884</u>
Total Additions	<u>25,022</u>
DEDUCTIONS	
Benefits and refunds	<u>24,630</u>
Total Deductions	<u>24,630</u>
Change in Net Assets	392
NET ASSETS - Beginning of Year	<u>550,744</u>
NET ASSETS - END OF YEAR	<u>\$ 551,136</u>

See accompanying notes to financial statements.

CITY OF STOUGHTON

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE	Page
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	20
D. Assets, Liabilities, and Net Assets or Equity	22
1. Deposits and Investments	22
2. Receivables	23
3. Inventories and Prepaid Items	24
4. Restricted Assets	25
5. Capital Assets	25
6. Other Assets	26
7. Compensated Absences	26
8. Long-Term Obligations/Conduit Debt	27
9. Claims and Judgments	28
10. Equity Classifications	28
II Reconciliation of Government-Wide and Fund Financial Statements	29
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	29
III Stewardship, Compliance, and Accountability	30
A. Budgetary Information	30
B. Excess Expenditures and Other Financing Uses Over Appropriations	31
C. Deficit Balances	31
D. Limitations on the City's Tax Levy	31
IV Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	35
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables and Advances	41
F. Long-Term Obligations	44
G. Lease Disclosures	49
H. Net Assets/Fund Balances	49
I. Restatement of Fund Balances/Net Assets	53
J. Component Unit	55
V Other Information	59
A. Employees' Retirement System	59
B. Risk Management	60
C. Commitments and Contingencies	62
D. Subsequent Events	63

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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, 2008. 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, 2008

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, 2008

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.

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 | Tourism |
| Sick Leave | Seniors in Need |
| Ambulance | Holiday |
| Safety Building | Food Pantry |
| Opera House | Landmarks |
| Opera House Repair | Preserve America Grant |
| Landfill | Fire Department Special |
| Township Outreach | |

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Fund Financial Statements (cont.)

The city reports the following non-major governmental and enterprise funds: (cont.)

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	Outlay

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Government-Wide Financial Statements (cont.)

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.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Fund Financial Statements (cont.)

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

The 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

1. Deposits and Investments (cont.)

- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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, 2008, 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, 2008

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

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

2. Receivables (cont.)

Property tax calendar - 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes in full	January 31, 2009
Tax sale - 2008 delinquent real estate taxes	October 2011

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, 2008

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.

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:

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

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, some of which is paid in cash and some of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued at original cost plus additional contributions and reinvested dividends.

Electric utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,158 at December 31, 2008. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2008. The costs are being amortized on a straight-line basis over their useful life.

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, 2008 are determined on the basis of current salary rates and include salary related payments.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

7. *Compensated Absences* (cont.)

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 \$35,808. Six participants are currently eligible to receive benefits. The total amount outstanding at year end to be paid in the future is \$80,668. The city does not incur an implicit rate subsidy on these benefits.

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.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

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 debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net 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, 2008

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 \$392 was available for the year ended December 31, 2008.

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	\$	8,588,092
Capital assets, net of depreciation		<u>25,009,260</u>
Combined Adjustment for Capital Assets	\$	<u>33,597,352</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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	\$	18,366,689
Compensated absences		1,046,341
Compensated absences - retirees		80,668
Self-insurance auto and general liability		10,611
Self-insurance health liability		70,665
Unfunded prior service cost		807,874
Accrued interest		177,255
Unamortized debt issuance costs		<u>(85,659)</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>20,474,444</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.

A budget has been adopted for all funds except for the tourism, seniors in need, holiday, food pantry, preserve America grant, fire department, ambulance or river trail funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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 \$658,520. Budgets are adopted at the object level of expenditure.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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	\$ 10,634,467	\$ 11,079,786	\$ 445,319
Debt Service	8,839,868	8,939,682	99,814
Ambulance	5,040	12,955	7,915
Opera House	172,741	196,632	23,891
Township Outreach Fund	220	2,018	1,798
Construction	1,055,000	1,350,758	295,758
TIF District No. 2	92,234	95,265	3,031
TIF District No. 3	181,625	316,303	134,678
TIF District No. 4	221,529	222,263	734
Outlay	958,940	1,320,771	361,831

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, 2008, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital projects - TIF District No. 4	\$ 254,362	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.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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	\$ 17,670,786	\$ 17,072,310	Custodial credit
US agencies	2,030,580	2,030,580	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	4,421,110	4,421,110	Credit, custodial credit, concentration of credit, interest rate
Mutual funds	28,210	28,210	Credit, interest rate
LGIP	2,863,422	2,863,422	Credit, interest rate
Petty cash	960	-	N/A
Total Deposits and Investments	<u>\$ 27,015,068</u>	<u>\$ 26,415,632</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 15,463,102		
Restricted cash and investments	2,830,826		
Per statement of net assets- fiduciary funds			
Pension trust	551,136		
Agency	8,170,004		
Total Deposits and Investments	<u>\$ 27,015,068</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

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. This coverage expired on February 15, 2009.

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).

The city maintains collateral agreements with its banks. At December 31, 2008, the banks had pledged various government securities in the amount of \$11,657,224 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, 2008, \$16,399,299 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	4,742,075
Uninsured and collateral held by the pledging financial institution's trust department or agent		<u>11,657,224</u>
Total	\$	<u>16,399,299</u>

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.

<hr/> U.S. Agencies <hr/>	
Neither insured nor registered and held by counterparty	\$ <u>1,530,580</u>
<hr/> Corporate Bonds <hr/>	
Neither insured nor registered and held by counterparty	\$ <u>4,421,110</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2008, the city's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services	Morning-Star
U.S. Agencies	AAA	Aaa	
Corporate Bonds	A - AAA	A2 - Aaa	
Mutual Fund - Fidelity Puritan			3 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.

At December 31, 2008, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FHLB	U.S. agencies	31.00%
Morgan Stanley	Corporate Bond	7.00%
GE Capital	Corporate Bond	15.00%
Goldman Sachs	Corporate Bond	8.00%
HSBC	Corporate Bond	16.00%
Citigroup Inc.	Corporate Bond	7.00%
Wachovia Corp	Corporate Bond	7.00%
Wells Fargo Corp	Corporate Bond	8.00%

Interest Rate Risk

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

As of December 31, 2008, the city's investments were as follows:

Investment Type	Maturity (In Years)			
	Fair Value	Less than 1	1-3	3 or more
US agencies	\$ 2,030,580	\$ -	\$ -	\$ 2,030,580
Corporate bonds	<u>4,421,110</u>	<u>-</u>	<u>2,483,790</u>	<u>1,937,320</u>
Totals	<u>\$ 6,451,690</u>	<u>\$ -</u>	<u>\$ 2,483,790</u>	<u>\$ 3,967,900</u>

In addition, the local government investment pool (LGIP) has a weighted average maturity of 80 days. The mutual fund does not have a maturity date.

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor 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	\$ 7,219,247	\$ -	\$ -	\$ -	\$ -	\$ 424,241	\$ 7,643,488
Delinquent personal property tax	6,085	-	-	-	-	-	6,085
Accounts	419,942	-	184,430	294,502	1,583,441	-	2,482,315
Special assessments	92,759	-	-	-	-	-	92,759
Delinquent special assessments	8,328	-	-	-	-	-	8,328
Leases	-	454,710	-	-	-	-	454,710
Other	-	-	-	-	-	14,507	14,507
Gross receivables	7,746,361	454,710	184,430	294,502	1,583,441	438,748	10,702,192
Less: Allowance for uncollectibles	<u>(198,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(198,545)</u>
Net Total Receivables	<u>\$ 7,547,816</u>	<u>\$ 454,710</u>	<u>\$ 184,430</u>	<u>\$ 294,502</u>	<u>\$ 1,583,441</u>	<u>\$ 438,748</u>	<u>\$ 10,503,647</u>
Amounts not expected to be collected within one year	<u>\$ 92,759</u>	<u>\$ 414,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,720</u>	<u>\$ 510,162</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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:

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 7,625,145	\$ 7,625,145
Special assessments not yet due	92,759	-	92,759
Lease receivable	454,710	-	454,710
Total Deferred/Unearned Revenue for Governmental Funds	\$ 547,469	\$ 7,625,145	\$ 8,172,614

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, 2008

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2008:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 899,616	\$ 128,585	\$ 771,031
Bond reserve account	1,073,754		1,073,754
Bond depreciation account	83,283	-	83,283
Construction account	123	-	n/a
Equipment replacement account	774,050	-	774,050
Total Restricted Assets	\$ 2,830,826	\$ 128,585	\$ 2,702,118

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, 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	4,813,443	99,974	4,813,443	99,974
Total Capital Assets Not Being Depreciated	13,301,561	99,974	4,813,443	8,588,092
Capital assets being depreciated				
Buildings and improvements	8,809,187	5,873,821	3,348	14,679,660
Machinery and equipment	7,856,981	360,172	149,220	8,067,933
Streets	12,879,076	397,664	45,652	13,231,088
Storm sewers	4,440,497	171,852	19,729	4,592,620
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	3,889,641	107,866	10,424	3,987,083
Traffic signals	411,974	-	-	411,974
Total Capital Assets Being Depreciated	39,360,896	6,911,375	228,373	46,043,898
Total Capital Assets	52,662,457	7,011,349	5,041,816	54,631,990

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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	\$ (3,892,184)	\$ (294,335)	\$ 3,348	\$ (4,183,171)
Machinery and equipment	(4,655,798)	(517,650)	134,319	(5,039,129)
Streets	(7,310,635)	(440,594)	45,652	(7,705,577)
Storm sewers	(1,821,192)	(152,934)	19,729	(1,954,397)
Street lighting	(16,887)	(3,034)	-	(19,921)
Bridges	(97,806)	(11,280)	-	(109,086)
Sidewalks	(1,867,555)	(79,742)	10,424	(1,936,873)
Traffic signals	(76,185)	(10,299)	-	(86,484)
Total Accumulated Depreciation	<u>(19,738,242)</u>	<u>(1,509,868)</u>	<u>213,472</u>	<u>(21,034,638)</u>
Net Capital Assets Being Depreciated	<u>19,622,654</u>	<u>5,401,507</u>	<u>14,901</u>	<u>25,009,260</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 32,924,215</u>	<u>\$ 5,501,481</u>	<u>\$ 4,828,344</u>	<u>\$ 33,597,352</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 67,309
Public safety	310,621
Public works, which includes the depreciation of infrastructure	867,324
Culture, recreation and education	<u>264,614</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,509,868</u>

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	336,948	601,050	928,855	9,143
Total Capital Assets Not Being Depreciated	<u>361,789</u>	<u>601,050</u>	<u>928,855</u>	<u>33,984</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water (cont.)</u>				
Capital assets being depreciated				
Source of supply	\$ 552,160	\$ -	\$ -	\$ 552,160
Pumping	1,482,499	-	-	1,482,499
Treatment	90,763	-	-	90,763
Transmission and distribution	11,099,801	1,077,438	705,157	11,472,082
Administrative and general assets	656,617	97,728	65,675	688,670
Total Capital Assets Being Depreciated	13,881,840	1,175,166	770,832	14,286,174
Total Capital Assets	14,243,629	1,776,216	1,699,687	14,320,158
Less: Accumulated depreciation for				
Source of supply	(221,532)	(16,013)	-	(237,545)
Pumping	(801,877)	(58,315)	-	(860,192)
Treatment	(73,652)	(2,981)	-	(76,633)
Transmission and distribution	(2,523,883)	(442,196)	705,157	(2,260,922)
Administrative and general assets	(391,218)	(63,621)	65,675	(389,164)
Total Accumulated Depreciation	(4,012,162)	(583,126)	770,832	(3,824,456)
Net Capital Assets Being Depreciated	9,869,678	592,040	-	10,461,718
Net Water Plant	\$ 10,231,467	\$ 1,193,090	\$ 928,855	\$ 10,495,702
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 2,047,719	\$ 487,632	\$ 2,486,202	\$ 49,149
Total Capital Assets Not Being Depreciated	2,047,719	487,632	2,486,202	49,149
Capital assets being depreciated				
Collection system	6,929,777	337,459	2,710	7,264,526
Collection system pumping	387,063	-	-	387,063
Treatment and disposal	10,369,729	2,212,387	-	12,582,116
Administrative and general assets	454,599	265,467	160,850	559,216
Total Capital Assets Being Depreciated	18,141,168	2,815,313	163,560	20,792,921
Total Capital Assets	20,188,887	3,302,945	2,649,762	20,842,070

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater (cont.)</u>				
Less: Accumulated depreciation for				
Collection system	\$ (5,571,369)	\$ (562,816)	\$ 163,560	\$ (5,970,625)
Total Accumulated Depreciation	(5,571,369)	(562,816)	163,560	(5,970,625)
Net Capital Assets Being Depreciated	12,569,799	2,252,497	-	14,822,296
Net Wastewater Plant	\$ 14,617,518	\$ 2,740,129	\$ 2,486,202	\$ 14,871,445
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 220,797	\$ -	\$ -	\$ 220,797
Construction in progress	594,288	1,006,441	1,253,548	347,181
Total Capital Assets Not Being Depreciated	815,085	1,006,441	1,253,548	567,978
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	18,397,991	1,275,330	722,624	18,950,697
Administrative and general assets	2,678,565	209,282	26,411	2,861,436
Total Capital Assets Being Depreciated	21,091,575	1,484,612	749,035	21,827,152
Total Capital Assets	21,906,660	2,491,053	2,002,583	22,395,130
Less: Accumulated depreciation for				
Transmission	(18,910)	(456)	-	(19,366)
Distribution	(5,911,275)	(958,722)	722,624	(6,147,373)
Administrative and general assets	(1,530,984)	(154,987)	26,410	(1,659,561)
Total Accumulated Depreciation	(7,461,169)	(1,114,165)	749,034	(7,826,300)
Net Capital Assets Being Depreciated	13,630,406	370,447	1	14,000,852
Net Electric Plant	\$ 14,445,491	\$ 1,376,888	\$ 1,253,549	\$ 14,568,830
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 39,294,476	\$ 5,310,107	\$ 4,668,606	\$ 39,935,977

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$	750,483
Waste collection		562,817
Electric		<u>772,081</u>

Total Business-type Activities Depreciation Expense	\$	<u><u>2,085,381</u></u>
---	----	-------------------------

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

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	\$ 30,067	\$ -
General	Township Outreach	605	-
General	Opera House	2,178	-
General	TIF District No. 4	360,802	360,802
General	Water utility	211,710	-
General	Electric utility	237,414	-
TIF District No. 3	General	1,381,891	1,381,891
Wastewater utility	General	4,373	-
Water utility	General	2,693	-
Electric utility	General	<u>13,978</u>	-
Total - Fund Financial Statements		2,245,711	
Less: Fund eliminations		<u>(1,817,631)</u>	
Total Internal Balances - Government-Wide Statement of Net Assets		<u><u>\$ 428,080</u></u>	

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

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

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 449,124
Business-type Activities	Governmental Activities	<u>(21,044)</u>
Total Government-Wide Financial Statements		<u><u>\$ 428,080</u></u>

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, 2008

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	Water utility	\$ 220,720	Payment in lieu of taxes and dividend
General	Electric utility	272,610	Payment in lieu of taxes and dividend
Debt service	General	1,638,845	Payments on all other city debt
Debt service	Landfill	138,142	Payments on landfill debt
Debt service	TIF District No. 3	181,625	Payments on TIF District debt
Debt service	TIF District No. 4	221,529	Payments on TIF District debt
Library	General	567,554	Fund annual operations
Safety building	General	68,169	Fund annual operations
Opera house	General	20,000	Fund annual operations
Opera house repair	Opera house	6,450	Fund repair reserve
Landfill	General	138,142	Payments on landfill debt
Ambulance capital projects	General	33,000	Fund annual operations
Sick leave	General	35,230	Sick leave contributions
Outlay	General	22,500	Fund annual operations
Landmark	General	4,250	Fund annual operations
Construction	General	220,500	Fund capital projects
Construction	Fire Equipment	32,500	Fund capital projects
Construction	Storm Sewer	95,000	Fund capital projects
TIF District No. 4	TIF District No. 2	94,532	Donor/donee district agreement
TIF District No. 4	TIF District No. 3	<u>133,893</u>	Donor/donee district agreement
Total - Fund Financial Statements		4,145,191	
Less: Fund eliminations		<u>(3,651,861)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 493,330</u>	

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

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

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 19,289,851	\$ 7,020,000	\$ 7,943,162	\$ 18,366,689	\$ 1,678,178
Sub-totals	19,289,851	7,020,000	7,943,162	18,366,689	1,678,178
Other Liabilities					
Compensated absences (Note I.D.7)	958,720	91,650	4,029	1,046,341	7,774
Compensated absences - retirees (See Note I.D.7)	111,028	-	30,360	80,668	23,687
Self-insurance auto and general liability (Note V.B)	10,611	-	-	10,611	10,611
Self-insurance health liability (Note V.B)	84,657	-	13,992	70,665	70,665
Unfunded prior service costs (Note V.A)	810,195	56,958	59,279	807,874	60,776
Total Other Liabilities	1,975,211	148,608	107,660	2,016,159	173,513
Total Governmental Activities Long-Term Liabilities	\$ 21,265,062	\$ 7,168,608	\$ 8,050,822	\$ 20,382,848	\$ 1,851,691
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 18,633,985	\$ 123,496	\$ 2,902,300	\$ 15,855,181	\$ 1,156,069
Sub-totals	18,633,985	123,496	2,902,300	15,855,181	1,156,069
Other Liabilities					
Vested compensated absences	292,527	63,443	44,494	311,476	-
Customer advances for construction	7,060	7,903	-	14,963	-
Total Other Liabilities	299,587	71,346	44,494	326,439	-
Total Business-type Activities Long-Term Liabilities	\$ 18,933,572	\$ 194,842	\$ 2,946,794	\$ 16,181,620	\$ 1,156,069

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, 2008, was \$49,598,840. Total general obligation debt outstanding at year end was \$18,366,689.

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
1999 General Obligation Refunding Bonds	2/1/99	3/1/10	4.25-5.25%	\$ 1,330,000	\$ 235,000
1999 State Trust Fund Loan	4/14/99	3/15/09	5.25	349,000	43,294
2000 State Trust Fund Loan	8/9/00	3/15/10	5.25	848,280	202,070
2000 EPA Refunding Note	8/11/00	3/1/09	5.00-5.65	1,535,000	1,045,000
2001 General Obligation Notes	6/1/01	6/1/11	4.10-4.60	1,025,000	1,050,000
2001 General Obligation Notes	6/1/01	6/1/11	4.10-4.60	1,360,000	790,000
2002 General Obligation Refunding Bonds	2/15/02	8/1/18	3.125-4.80	2,110,000	1,520,000
2002 General Obligation Refunding Bonds	9/16/02	10/1/13	3.00-3.75	2,025,000	1,475,000
2002 General Obligation Notes	5/1/02	11/1/12	3.50-4.375	2,090,000	1,700,000
2003 General Obligation Notes	6/15/03	6/13/13	3.00-3.375	1,110,000	610,000
2004 State Trust Fund Loan	6/22/04	3/15/14	4.00	1,063,312	680,092
2005 State Trust Fund Loan	5/6/05	3/15/15	4.25	1,125,400	830,658
2006 State Trust Fund Loan	5/30/06	3/15/16	4.75	597,723	494,611
2007 State Trust Fund Loan	5/17/07	3/15/12	5.00	61,340	49,832
2007 State Trust Fund Loan	5/17/07	3/15/17	5.25	679,874	621,132
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50	485,000	485,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	1,005,000
2008 General Obligation Bonds	2/13/08	4/1/26	3.25 - 3.75	5,530,000	<u>5,530,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 18,366,689</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2009	\$ 1,678,178	\$ 714,966
2010	1,719,745	645,781
2011	3,131,218	542,196
2012	2,846,872	417,352
2013	1,509,593	329,202
2014-2018	4,561,083	980,858
2019-2023	1,745,000	373,102
2024-2026	<u>1,175,000</u>	<u>66,548</u>
Totals	<u>\$ 18,366,689</u>	<u>\$ 4,070,005</u>

Revenue Debt

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

The utilities have pledged future revenues, net of specified operating expenses, to repay \$15,855,181 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 2027. Annual principal and interest payments on the bonds are expected to require 6%, 15%, and 34%, respectively, of electric, water and wastewater of net revenues. The total principal and interest remaining to be paid on the bonds is \$20,596,924. Principal and interest paid for the current year and total customer net revenues were \$3,617,181 and \$16,554,853, respectively.

Revenue debt payable at December 31, 2008, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
<u>Water Utility</u>					
2003 Water Utility Revenue Bonds	3/25/03	2013	3.50-4.80%	\$ 520,000	\$ 355,000
2006 Water Utility Revenue Bonds	11/15/06	2023	4.00-4.50	1,925,000	<u>1,875,000</u>
				Total Water Utility	<u>2,230,000</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/08
<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	\$ 4,365,561
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	2027	2.475	1,539,762	<u>1,599,620</u>
			Total Wastewater Utility		<u>5,965,181</u>
<u>Electric Utility</u>					
2003 Electric Utility Revenue Bonds	4/1/03	2023	2.25-5.10%	4,580,000	4,330,000
2004 Electric Utility Revenue Bonds	9/15/04	2010	2.83	2,090,000	830,000
2006 Electric Utility Revenue Bonds	11/15/06	2023	4.00-4.50	2,550,000	<u>2,500,000</u>
			Total Electric Utility		<u>7,660,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 15,855,181</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2009	\$ 1,156,069	\$ 585,429
2010	1,238,657	545,791
2011	1,106,788	505,945
2012	1,160,476	466,748
2013	1,209,736	425,371
2014-2018	4,457,267	1,599,467
2019-2023	5,125,106	592,835
2024-2027	<u>401,082</u>	<u>20,157</u>
Totals	<u>\$ 15,855,181</u>	<u>\$ 4,741,743</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

Capital Leases

Refer to Note IV. G.

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, 2008.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

G. 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:

<u>Years</u>	Governmental Activities	
	Principal	Interest
2009	\$ 40,027	\$ 13,965
2010	44,516	12,534
2011	45,532	11,022
2012	45,604	9,524
2013	49,795	8,063
2014-2018	229,236	17,135
Totals	\$ 454,710	\$ 72,243

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2008, includes the following:

Governmental Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 7,111,699
Construction in progress	99,974
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	25,009,260
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(18,262,260)
Plus: Non-capital debt proceeds	1,856,525
Total Invested in Capital Assets, Net of Related Debt	17,191,617

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted	
Debt service	\$ 2,356,064
Youth special gift fund	16,864
Seniors in need	45,078
Senior donations	306,755
Bryant grant	3,766
Library	265,680
Ambulance	67,061
Opera house repair	71,454
Township outreach	16,246
Tourism	30,981
Fire equipment	17,886
Park acquisition	120,558
Storm sewer	3,808
River trail	<u>3,087</u>
Total Restricted	<u>3,325,288</u>
Unrestricted (deficit)	<u>(359,437)</u>
Total Governmental Activities Net Assets	<u>\$ 20,157,468</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2008, include the following:

Reserved	
Major Funds	
General Fund	
Investment in mutual insurance company	\$ 257,805
Noncurrent assets	14,413
Noncurrent interfund balances	360,802
Utility PILOT	449,124
Debt service	<u>532,000</u>
Total	<u>\$ 1,614,144</u>
Debt Service Funds	
Reserved for debt service	<u>\$ 302,711</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Reserved (cont.)

Non-Major Funds

Capital Project Funds

Reserved for encumbrances

\$ 118,965

Unreserved (designated)

Major Funds

General Fund

Liability insurance losses

\$ 70,000

Cable TV operations

84,873

Cable equipment

13,425

Youth special gift fund

16,864

Senior woodshop

73

Bryant grant

3,766

Senior donations

306,755

Economic development

64,601

Safety camp

10,036

Curb and gutter

19,006

Sidewalk

69,121

Total

\$ 658,520

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unreserved (designated) (cont.)

Non-Major Funds

Special Revenue Funds

Library	\$	265,680
Ambulance		67,061
Opera house		16,284
Opera house repair		71,454
Township outreach		16,246
Tourism		30,981
Seniors in need		45,078
Holiday		9,281
Food pantry		38,139
Landmarks		9,614
Preserve America grant		5,552
Fire department		<u>17,886</u>
Sub-Total		<u>593,256</u>

Capital Project Funds

Fire equipment		7,982
Park acquisition		120,558
Storm sewer		3,808
Ambulance		48,035
River trail		3,087
TIF District No. 2		6,241
TIF District No. 3		1,425,202
Construction		27,696
Outlay		<u>331,259</u>
Sub-Total		<u>1,973,868</u>

Total \$ 2,567,124

Unreserved (undesignated)

Major Fund

General fund \$ 1,479,989

Non-Major Funds

Capital Projects Fund

TIF District No. 4 \$ (254,362)

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

H. NET ASSETS/FUND BALANCES (cont.)

Businee-Type Activities

Invested in Capital Assets, Net of Related Debt	
Land	\$ 245,638
Construction in progress	405,473
Other capital assets, net of accumulated depreciation	39,284,866
Less: Long-term debt outstanding	(15,855,181)
Plus: Unspent capital related debt proceeds	123
Plus: Unamortized debt issuance costs	<u>9,867</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 24,090,786</u>

I. RESTATEMENT OF FUND BALANCES/NET ASSETS

Fund balance has been restated due to the creation of new funds that were previously reported as designated fund balance in the general fund. In addition, the city began reporting a fund that was previously not presented in the financial statements.

General Fund

General Fund balance - December 31, 2007 (as reported)	\$ 3,426,835
Less: Seniors in need	(33,287)
Holiday	(16,661)
Food pantry	(14,163)
Landmarks	<u>(5,913)</u>
Fund Balance - January 1, 2008 (as restated)	<u>\$ 3,356,811</u>

Seniors in Need Fund

Seniors in Need Fund balance - December 31, 2007 (as reported)	\$ -
Add: Activity previously reported in the general fund	<u>33,287</u>
Fund Balance - January 1, 2008 (as restated)	<u>\$ 33,287</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

I. RESTATEMENT OF FUND BALANCES/NET ASSETS (cont.)

Holiday Fund

Holiday Fund balance - December 31, 2007 (as reported)	\$ -
Add: Activity previously reported in the general fund	<u>16,661</u>
Fund Balance - January 1, 2008 (as restated)	<u><u>\$ 16,661</u></u>

Food Pantry Fund

Food Pantry Fund balance - December 31, 2007 (as reported)	\$ -
Add: Activity previously reported in the general fund	<u>14,163</u>
Fund Balance - January 1, 2008 (as restated)	<u><u>\$ 14,163</u></u>

Landmarks Fund

Landmarks Fund balance - December 31, 2007 (as reported)	\$ -
Add: Activity previously reported in the general fund	<u>5,913</u>
Fund Balance - January 1, 2008 (as restated)	<u><u>\$ 5,913</u></u>

Fire Department Fund

Fire Department Fund balance - December 31, 2007 (as reported)	\$ -
Add: Activity not previously recorded	<u>12,432</u>
Fund Balance - January 1, 2008 (as restated)	<u><u>\$ 12,432</u></u>

Net assets has been restated due to activity in the fire department fund that was not previously presented.

Governmental Activities Net Assets - December 31, 2007 (as reported)	\$ 18,739,444
Add: Fire department fund activity not previously presented	<u>12,432</u>
Net Assets - January 1, 2008 (as restated)	<u><u>\$ 18,751,876</u></u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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 and 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 full 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	Statement Balances	Associated Risks
Deposits	\$ 486,597	\$ 514,387	Custodial
Petty cash	260	-	N/A
Total Deposits and Investments	\$ 486,857	\$ 514,387	

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.

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

The Housing Authority does not have an investment policy.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

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 \$265,000 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, 2008, Greenspire I had no excess funds in the general account. At December 31, 2008, Greenspire III had no excess funds in the general account.

Following is a list of restricted assets at December 31, 2008:

	<u>Restricted Assets</u>
Replacement reserve account - Greenspire I	\$ 136,583
Replacement reserve account - Greenspire III	<u>97,530</u>
Total Restricted Assets	<u>\$ 234,113</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 117,191	\$ -	\$ -	\$ 117,191	N/A
Land improvements	146,178	-	-	146,178	10-20
Buildings	2,392,639	20,240	9,467	2,403,412	40
Building improvements	532,209	19,102	5,620	545,691	10-20
Furniture and fixtures	117,029	-	-	117,029	5-10
Equipment	47,167	-	-	47,167	5-10
Less: Accumulated depreciation	<u>(1,984,515)</u>	<u>(111,651)</u>	<u>(6,494)</u>	<u>(2,089,672)</u>	
Totals	<u>\$ 1,367,898</u>	<u>\$ (72,309)</u>	<u>\$ 8,593</u>	<u>\$ 1,286,996</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.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Mortgage notes	<u>\$ 1,577,878</u>	<u>\$ 297,705</u>	<u>\$ (35,311)</u>	<u>\$ 1,840,272</u>	<u>\$ 33,915</u>

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

J. COMPONENT UNIT (cont.)

CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

e. Long-Term Obligations (cont.)

Mortgage Notes

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

	<u>2008</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.	\$ 505,622
\$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.	431,966
\$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.	400,214
\$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>502,470</u>
Total Mortgage Notes Payable	<u>\$ 1,840,272</u>

* The Housing Authority received a refund of \$126,580 from the Department of Agriculture during 2008 for the overpayment on their mortgage notes. In addition to the amount refunded the allocation between principal and interest expense was adjusted, which caused an increase in the mortgage notes balance in the amount of \$171,125.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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:

	Principal	Interest	Totals
2009	\$ 33,915	\$ 160,569	\$ 194,484
2010	34,309	157,646	191,955
2011	34,707	154,691	189,398
2012	35,111	151,700	186,811
2013	35,521	148,674	184,195
2014-2018	183,932	696,734	880,666
2019-2023	195,010	615,568	810,578
2024-2028	424,888	529,465	954,353
2029-2033	104,118	361,711	465,829
2034-2038	358,592	305,425	664,017
2039	400,169	36,015	436,184
Totals	\$ 1,840,272	\$ 3,318,198	\$ 5,158,470

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 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2008, was \$5,174,148; the employer's total payroll was \$5,541,393. The total required contribution for the year ended December 31, 2008, was \$669,640 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, 2007, and 2006 were \$653,425 and \$623,461, respectively, equal to the required contributions for each year.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) 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, 2008, was \$807,874. 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, 2008, the balance in the Firemen's Pension Fund is \$551,136 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 \$45,000 per incident and \$1,743,624 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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

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.

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

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 54,781	\$ 84,657
Current year claims and changes in estimates	1,027,710	833,912
Claim payments	(997,834)	(847,901)
Unpaid Claims - End of Year	\$ 84,657	\$ 70,668

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.

CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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.)**

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

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, 2008. A total liability of approximately \$10,611 at December 31, 2008, 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:

	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2008	\$ 10,611	\$ 23,565	\$ 23,565	\$ 10,611
2007	10,611	1,418	1,418	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, 2008

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI

The electric utility is one of 50 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 \$429 million as of December 31, 2008.

D. SUBSEQUENT EVENTS

In March 2009, the city issued \$5,070,000 of general obligation promissory notes to refund \$3,450,000 of general obligation debt and to fund \$1,620,000 in capital projects. The interest rate on the new notes ranges from 1.95 - 3.80% and the debt matures in 2019.

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
Taxes	\$ 5,914,307	\$ 5,914,307	\$ 5,916,727	\$ 2,420
INTERGOVERNMENTAL REVENUES				
Intergovernmental	1,783,594	1,783,594	1,843,957	60,363
LICENSES AND PERMITS				
Business and occupational licenses	27,700	27,700	58,004	30,304
Dog and cat licenses	1,300	1,300	3,224	1,924
Building permits	70,000	70,000	59,725	(10,275)
Total Licenses and Permits	99,000	99,000	120,953	21,953
FINES, FORFEITURES AND PENALTIES				
Fines, forfeitures and penalties	140,000	140,000	116,279	(23,721)
PUBLIC CHARGES FOR SERVICES				
Public charges for services	1,473,086	1,473,086	1,741,906	268,820
INTERGOVERNMENTAL CHARGES				
Intergovernmental charges for services	-	-	531,908	531,908
SPECIAL ASSESSMENTS				
Special assessments	41,454	41,454	93,326	51,872
INVESTMENT INCOME				
Investment income	230,450	230,450	267,339	36,889
MISCELLANEOUS				
Miscellaneous	242,076	242,076	349,903	107,827
Total Revenues	9,923,967	9,923,967	10,982,298	1,058,331

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
Council/Board	\$ 43,700	\$ 43,700	\$ 44,875	\$ (1,175)
Legislative and executive	74,239	74,239	81,620	(7,381)
Judicial	79,749	79,749	80,013	(264)
General administration	290,103	290,103	250,259	39,844
Financial administration	686,969	686,969	891,142	(204,173)
Legal	94,809	94,809	86,242	8,567
City buildings	79,900	79,900	98,600	(18,700)
Assessor	33,285	33,285	38,286	(5,001)
Contingency	<u>80,000</u>	<u>80,000</u>	<u>16,989</u>	<u>63,011</u>
Total General Government	<u>1,462,754</u>	<u>1,462,754</u>	<u>1,588,026</u>	<u>(125,272)</u>
PUBLIC SAFETY				
Police department	2,289,211	2,289,211	2,278,983	10,228
Fire department	428,385	428,385	422,824	5,561
Planning/Inspection	340,012	340,012	300,831	39,181
Ambulance	<u>383,677</u>	<u>383,677</u>	<u>385,163</u>	<u>(1,486)</u>
Total Public Safety	<u>3,441,285</u>	<u>3,441,285</u>	<u>3,387,801</u>	<u>53,484</u>
PUBLIC WORKS				
Highway and street maintenance and construction	116,955	116,955	109,407	7,548
Highway and street maintenance for local	1,002,525	1,002,525	1,082,637	(80,112)
Snow and ice control	45,030	45,030	116,703	(71,673)
Other sanitation	<u>547,915</u>	<u>547,915</u>	<u>560,628</u>	<u>(12,713)</u>
Total Public Works	<u>1,712,425</u>	<u>1,712,425</u>	<u>1,869,375</u>	<u>(156,950)</u>
CULTURE, RECREATION AND EDUCATION				
Park maintenance	243,177	243,177	232,113	11,064
Senior Center	586,829	586,829	604,142	(17,313)
Culture	257,590	257,590	337,905	(80,315)
Recreation	258,814	258,814	271,474	(12,660)
Cemetery	<u>28,945</u>	<u>28,945</u>	<u>40,760</u>	<u>(11,815)</u>
Total Culture, Recreation and Education	<u>1,375,355</u>	<u>1,375,355</u>	<u>1,486,394</u>	<u>(111,039)</u>
Total Expenditures	<u>7,991,819</u>	<u>7,991,819</u>	<u>8,331,596</u>	<u>(339,777)</u>
Excess of revenues over expenditures	<u>1,932,148</u>	<u>1,932,148</u>	<u>\$ 2,650,702</u>	<u>718,554</u>

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

CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 462,500	\$ 462,500	\$ 493,330	\$ 30,830
Transfers out	<u>(2,642,648)</u>	<u>(2,642,648)</u>	<u>(2,748,190)</u>	<u>(105,542)</u>
Total Other Financing Sources (Uses)	<u>(2,180,148)</u>	<u>(2,180,148)</u>	<u>(2,254,860)</u>	<u>(74,712)</u>
Net Change in Fund Balance	(248,000)	(248,000)	395,842	643,842
FUND BALANCE - Beginning of Year	<u>3,356,811</u>	<u>3,356,811</u>	<u>3,356,811</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,108,811</u>	<u>\$ 3,108,811</u>	<u>\$ 3,752,653</u>	<u>\$ 643,842</u>

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

CITY OF STOUGHTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2008

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	\$ 1,462,754	\$ 1,588,026	\$ 125,272
Public works	1,712,425	1,869,375	156,950
Culture, recreation and education	1,375,355	1,486,394	111,039

SUPPLEMENTARY INFORMATION

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Special Revenue Funds				
	Library	Sick Leave	Ambulance	Safety Building	Opera House
ASSETS					
Cash and investments	\$ 297,342	\$ 30,067	\$ 67,396	\$ 4,722	\$ 21,915
Taxes receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 297,342</u>	<u>\$ 30,067</u>	<u>\$ 67,396</u>	<u>\$ 4,722</u>	<u>\$ 21,915</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 20,659	\$ -	\$ 335	\$ 4,722	\$ 2,528
Accrued liabilities	11,003	-	-	-	925
Due to other funds	-	30,067	-	-	2,178
Deferred revenues	-	-	-	-	-
Total Liabilities	<u>31,662</u>	<u>30,067</u>	<u>335</u>	<u>4,722</u>	<u>5,631</u>
Fund Balances (Deficit)					
Reserved for					
Encumbrances	-	-	-	-	-
Unreserved fund balance	<u>265,680</u>	<u>-</u>	<u>67,061</u>	<u>-</u>	<u>16,284</u>
Total Fund Balances (deficit)	<u>265,680</u>	<u>-</u>	<u>67,061</u>	<u>-</u>	<u>16,284</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 297,342</u>	<u>\$ 30,067</u>	<u>\$ 67,396</u>	<u>\$ 4,722</u>	<u>\$ 21,915</u>

Special Revenue Funds

Opera House Repair	Landfill	Township Outreach	Tourism	Seniors in Need	Holiday	Food Pantry
\$ 71,454	\$ -	\$ 17,030	\$ 19,194	\$ 46,949	\$ 14,961	\$ 38,977
-	-	-	-	-	-	-
-	-	-	11,787	-	-	-
-	-	-	-	-	-	-
<u>\$ 71,454</u>	<u>\$ -</u>	<u>\$ 17,030</u>	<u>\$ 30,981</u>	<u>\$ 46,949</u>	<u>\$ 14,961</u>	<u>\$ 38,977</u>
\$ -	\$ -	\$ 179	\$ -	\$ 1,871	\$ 5,680	\$ 838
-	-	-	-	-	-	-
-	-	605	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>784</u>	-	<u>1,871</u>	<u>5,680</u>	<u>838</u>
-	-	-	-	-	-	-
<u>71,454</u>	<u>-</u>	<u>16,246</u>	<u>30,981</u>	<u>45,078</u>	<u>9,281</u>	<u>38,139</u>
<u>71,454</u>	<u>-</u>	<u>16,246</u>	<u>30,981</u>	<u>45,078</u>	<u>9,281</u>	<u>38,139</u>
<u>\$ 71,454</u>	<u>\$ -</u>	<u>\$ 17,030</u>	<u>\$ 30,981</u>	<u>\$ 46,949</u>	<u>\$ 14,961</u>	<u>\$ 38,977</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Special Revenue Funds			Capital Projects Funds	
	Landmarks	Preserve America Grant	Fire Department Special	Fire Equipment	Park Acquisition
ASSETS					
Cash and investments	\$ 9,614	\$ 5,552	\$ 18,774	\$ 35,282	\$ 122,181
Taxes receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 9,614</u>	<u>\$ 5,552</u>	<u>\$ 18,774</u>	<u>\$ 35,282</u>	<u>\$ 122,181</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 888	\$ 27,300	\$ 1,623
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>888</u>	<u>27,300</u>	<u>1,623</u>
Fund Balances (Deficit)					
Reserved for					
Encumbrances	-	-	-	-	-
Unreserved fund balance	<u>9,614</u>	<u>5,552</u>	<u>17,886</u>	<u>7,982</u>	<u>120,558</u>
Total Fund Balances (deficit)	<u>9,614</u>	<u>5,552</u>	<u>17,886</u>	<u>7,982</u>	<u>120,558</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,614</u>	<u>\$ 5,552</u>	<u>\$ 18,774</u>	<u>\$ 35,282</u>	<u>\$ 122,181</u>

Capital Projects Funds

Storm Sewer	Ambulance CPF	Construction	River Trail	TIF District No. 2	TIF District No. 3	TIF District No. 4
\$ 3,808	\$ 48,035	\$ 157,871	\$ 3,087	\$ 6,241	\$ 43,311	\$ 106,440
-	-	-	-	95,557	220,762	107,922
-	-	-	-	-	-	2,720
-	-	-	-	-	1,381,891	-
<u>\$ 3,808</u>	<u>\$ 48,035</u>	<u>\$ 157,871</u>	<u>\$ 3,087</u>	<u>\$ 101,798</u>	<u>\$ 1,645,964</u>	<u>\$ 217,082</u>
\$ -	\$ -	\$ 30,201	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	360,802
-	-	-	-	95,557	220,762	110,642
-	-	30,201	-	95,557	220,762	471,444
-	-	99,974	-	-	-	-
<u>3,808</u>	<u>48,035</u>	<u>27,696</u>	<u>3,087</u>	<u>6,241</u>	<u>1,425,202</u>	<u>(254,362)</u>
<u>3,808</u>	<u>48,035</u>	<u>127,670</u>	<u>3,087</u>	<u>6,241</u>	<u>1,425,202</u>	<u>(254,362)</u>
<u>\$ 3,808</u>	<u>\$ 48,035</u>	<u>\$ 157,871</u>	<u>\$ 3,087</u>	<u>\$ 101,798</u>	<u>\$ 1,645,964</u>	<u>\$ 217,082</u>

CITY OF STOUGHTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	<u>Capital Projects Fund</u>	Total Nonmajor Governmental Funds
	<u>Outlay</u>	
ASSETS		
Cash and investments	\$ 357,721	\$ 1,547,924
Taxes receivable	-	424,241
Other receivables	-	14,507
Due from other funds	-	<u>1,381,891</u>
TOTAL ASSETS	<u>\$ 357,721</u>	<u>\$ 3,368,563</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 7,471	\$ 104,295
Accrued liabilities	-	11,928
Due to other funds	-	393,652
Deferred revenues	-	<u>426,961</u>
Total Liabilities	<u>7,471</u>	<u>936,836</u>
Fund Balances (Deficit)		
Reserved for		
Encumbrances	18,991	118,965
Unreserved fund balance	<u>331,259</u>	<u>2,312,762</u>
Total Fund Balances (deficit)	<u>350,250</u>	<u>2,431,727</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 357,721</u>	<u>\$ 3,368,563</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2008

	Special Revenue Funds			
	Library	Sick Leave	Ambulance	Safety Building
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	198,217	-	6,361	-
Public charges for services	27,647	-	7,488	-
Investment income	6,678	608	1,172	-
Miscellaneous	<u>23,435</u>	<u>-</u>	<u>28,817</u>	<u>-</u>
Total Revenues	<u>255,977</u>	<u>608</u>	<u>43,838</u>	<u>-</u>
EXPENDITURES				
Current				
General government	-	35,838	-	-
Public safety	-	-	12,955	68,169
Culture, recreation and education	920,427	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>920,427</u>	<u>35,838</u>	<u>12,955</u>	<u>68,169</u>
Excess (deficiency) of revenues over expenditures	<u>(664,450)</u>	<u>(35,230)</u>	<u>30,883</u>	<u>(68,169)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	567,554	35,230	-	68,169
Transfers out	-	-	-	-
Contribution from other districts	-	-	-	-
Contribution to other districts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>567,554</u>	<u>35,230</u>	<u>-</u>	<u>68,169</u>
Net Change in Fund Balances	(96,896)	-	30,883	-
FUND BALANCES (DEFICIT) -				
Beginning of Year	<u>362,576</u>	<u>-</u>	<u>36,178</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 265,680</u>	<u>\$ -</u>	<u>\$ 67,061</u>	<u>\$ -</u>

Special Revenue Funds

Opera House	Opera House Repair	Landfill	Township Outreach	Tourism	Seniors in Need	Holiday
\$ -	\$ -	\$ -	\$ -	\$ 59,258	\$ -	\$ -
-	-	-	4,877	-	-	-
127,643	-	-	-	-	-	-
2,179	-	-	-	-	762	352
<u>29,980</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>39,127</u>	<u>14,317</u>
<u>159,802</u>	<u>-</u>	<u>-</u>	<u>6,877</u>	<u>59,258</u>	<u>39,889</u>	<u>14,669</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
196,632	-	-	2,018	55,387	28,098	22,049
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>196,632</u>	<u>-</u>	<u>-</u>	<u>2,018</u>	<u>55,387</u>	<u>28,098</u>	<u>22,049</u>
<u>(36,830)</u>	<u>-</u>	<u>-</u>	<u>4,859</u>	<u>3,871</u>	<u>11,791</u>	<u>(7,380)</u>
-	-	-	-	-	-	-
26,450	-	138,142	-	-	-	-
-	(6,450)	(138,142)	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,450</u>	<u>(6,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(10,380)	(6,450)	-	4,859	3,871	11,791	(7,380)
<u>26,664</u>	<u>77,904</u>	<u>-</u>	<u>11,387</u>	<u>27,110</u>	<u>33,287</u>	<u>16,661</u>
<u>\$ 16,284</u>	<u>\$ 71,454</u>	<u>\$ -</u>	<u>\$ 16,246</u>	<u>\$ 30,981</u>	<u>\$ 45,078</u>	<u>\$ 9,281</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Special Revenue Funds			
	Food Pantry	Landmarks	Preserve America Grant	Fire Department Special
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Investment income	384	-	-	-
Miscellaneous	84,103	-	5,552	18,563
Total Revenues	<u>84,487</u>	<u>-</u>	<u>5,552</u>	<u>18,563</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	4,841
Culture, recreation and education	60,511	549	-	-
Capital Outlay	-	-	-	8,268
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>60,511</u>	<u>549</u>	<u>-</u>	<u>13,109</u>
Excess (deficiency) of revenues over expenditures	<u>23,976</u>	<u>(549)</u>	<u>5,552</u>	<u>5,454</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	-	4,250	-	-
Transfers out	-	-	-	-
Contribution from other districts	-	-	-	-
Contribution to other districts	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,250</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,976	3,701	5,552	5,454
FUND BALANCES (DEFICIT) - Beginning of Year	<u>14,163</u>	<u>5,913</u>	<u>-</u>	<u>12,432</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 38,139</u>	<u>\$ 9,614</u>	<u>\$ 5,552</u>	<u>\$ 17,886</u>

Capital Projects Funds

Fire Equipment	Park Acquisition	Storm Sewer	Ambulance CPF	Construction	River Trail	TIF District No. 2
\$ -	\$ -	\$ -	\$ -	\$ 96,571	\$ -	\$ 95,037
-	-	-	-	93,404	-	228
-	1,526	6,603	-	-	-	-
-	-	-	-	-	89	-
<u>23,600</u>	<u>3,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
<u>23,600</u>	<u>5,126</u>	<u>6,603</u>	<u>-</u>	<u>189,975</u>	<u>289</u>	<u>95,265</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
83,701	39,138	-	-	1,335,130	138	733
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,628</u>	<u>-</u>	<u>-</u>
<u>83,701</u>	<u>39,138</u>	<u>-</u>	<u>-</u>	<u>1,350,758</u>	<u>138</u>	<u>733</u>
<u>(60,101)</u>	<u>(34,012)</u>	<u>6,603</u>	<u>-</u>	<u>(1,160,783)</u>	<u>151</u>	<u>94,532</u>
-	-	-	-	1,005,000	-	-
-	-	-	33,000	348,000	-	-
(32,500)	-	(95,000)	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,532)</u>
<u>(32,500)</u>	<u>-</u>	<u>(95,000)</u>	<u>33,000</u>	<u>1,353,000</u>	<u>-</u>	<u>(94,532)</u>
(92,601)	(34,012)	(88,397)	33,000	192,217	151	-
<u>100,583</u>	<u>154,570</u>	<u>92,205</u>	<u>15,035</u>	<u>(64,547)</u>	<u>2,936</u>	<u>6,241</u>
<u>\$ 7,982</u>	<u>\$ 120,558</u>	<u>\$ 3,808</u>	<u>\$ 48,035</u>	<u>\$ 127,670</u>	<u>\$ 3,087</u>	<u>\$ 6,241</u>

CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2008

	Capital Projects Funds			Total Nonmajor Governmental Funds
	TIF District No. 3	TIF District No. 4	Outlay	
REVENUES				
Taxes	\$ 206,582	\$ 96,441	\$ 361,199	\$ 915,088
Intergovernmental	455	3,837	20,491	327,870
Public charges for services	1,910	-	-	172,817
Investment income	-	-	863	13,087
Miscellaneous	150,667	-	-	423,961
Total Revenues	359,614	100,278	382,553	1,852,823
EXPENDITURES				
Current				
General government	-	734	-	36,572
Public safety	-	-	-	85,965
Culture, recreation and education	-	-	-	1,285,671
Capital Outlay	785	-	1,320,771	2,788,664
Debt Service				
Interest and fiscal charges	-	-	-	15,628
Total Expenditures	785	734	1,320,771	4,212,500
Excess (deficiency) of revenues over expenditures	358,829	99,544	(938,218)	(2,359,677)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	1,005,000
Transfers in	-	-	22,500	1,243,295
Transfers out	(181,625)	(221,529)	-	(675,246)
Contribution from other districts	-	228,425	-	228,425
Contribution to other districts	(133,893)	-	-	(228,425)
Total Other Financing Sources (Uses)	(315,518)	6,896	22,500	1,573,049
Net Change in Fund Balances	43,311	106,440	(915,718)	(786,628)
FUND BALANCES (DEFICIT) - Beginning of Year	1,381,891	(360,802)	1,265,968	3,218,355
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,425,202	\$ (254,362)	\$ 350,250	\$ 2,431,727