

# **CITY OF STOUGHTON**

Stoughton, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# CITY OF STOUGHTON

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Stoughton  
Stoughton, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Stoughton's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stoughton's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
May 3, 2019



## CITY OF STOUGHTON

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

As of and For the Year Ended December 31, 2018

Management of the City of Stoughton offer readers of the City of Stoughton's financial statements this narrative overview and analysis of the financial activities of the City of Stoughton for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the city's financial statements.

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### FINANCIAL HIGHLIGHTS

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

- Net position increased \$5.7 million, or 6.9%, in 2018 to \$88.3 million from \$82.6 million in 2017. This indicates that 2018 operating and non-operating activities improved the city's financial status.
- Net investment in capital assets increased by \$7.0 million, or 12.3%, in 2018. The majority of the capital asset addition is from building a new electric substation and a new public works building/garage. This indicates that the city invested significant financial resources in its infrastructure to meet the future needs of residents and businesses.
- Unrestricted net position decreased in 2018 by \$2.8 million, or 15.1%, to \$15.9 million. The decrease is a direct result of the increased capital investment and is not from operating or non-operating activities. The unrestricted net position was still a healthy 45% of 2018 expenses, which indicates the city's ability to meet current expenses as well as provide support for future capital expenditures.
- The city's governmental funds reported combined fund balances of \$14.2 million at year-end. \$2.8 million of the fund balance was unassigned and able to fund future city expenditures. The remainder of the fund balance was nonspendable, restricted, committed or assigned for various purposes.
- Long-term bonds and notes outstanding increased by \$4.0 million to \$46.2 million at the end of 2018. The additional debt was incurred to fund the larger than normal capital additions in 2018.

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### 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.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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- The remaining statements are fund financial statements that focus on individual parts of city government, reporting the city's operations in more detail than the government-wide statements.

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

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

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

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

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

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

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

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

*Other Information* – In addition to the basic financial statements and accompanying notes, required supplementary information presents a detailed budgetary comparison schedule for the general fund to demonstrate compliance with the budget, followed by the city's pension related information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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

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

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Business Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 29,870,075	\$ 28,870,637	\$ 14,878,017	\$ 16,865,979	\$ 44,748,092	\$ 45,736,616
Capital assets	51,209,090	39,997,596	57,361,213	54,404,271	108,570,303	94,401,867
<b>Total Assets</b>	<b>81,079,165</b>	<b>68,868,233</b>	<b>72,239,230</b>	<b>71,270,250</b>	<b>153,318,395</b>	<b>140,138,483</b>
Pension related amounts	2,079,552	2,300,782	679,881	733,202	2,759,433	3,033,984
Total Deferred Outflows of Resources	2,079,552	2,300,782	679,881	733,202	2,759,433	3,033,984
Long-term liabilities	35,580,848	29,774,727	12,907,057	14,845,278	48,487,905	44,620,005
Other liabilities	2,668,525	1,304,824	2,698,474	3,024,711	5,366,999	4,329,535
<b>Total Liabilities</b>	<b>38,249,373</b>	<b>31,079,551</b>	<b>15,605,531</b>	<b>17,869,989</b>	<b>53,854,904</b>	<b>48,949,540</b>
Unearned revenue	10,987,696	10,338,371	-	-	10,987,696	10,338,371
Pension related amounts	2,162,394	986,164	759,394	310,056	2,921,788	1,296,220
<b>Total Deferred Inflows     of Resources</b>	<b>13,150,090</b>	<b>11,324,535</b>	<b>759,394</b>	<b>310,056</b>	<b>13,909,484</b>	<b>11,634,591</b>
Net investment in capital assets	21,358,159	18,683,527	43,606,545	39,343,187	64,491,804	57,442,764
Restricted	4,600,716	3,226,847	3,295,342	3,150,246	7,896,058	6,377,093
Unrestricted	5,800,379	6,854,555	9,652,299	11,329,974	15,925,578	18,768,479
<b>Total Net Position</b>	<b>\$ 31,759,254</b>	<b>\$ 28,764,929</b>	<b>\$ 56,554,186</b>	<b>\$ 53,823,407</b>	<b>\$ 88,313,440</b>	<b>\$ 82,588,336</b>

The largest portion of the city's net position (73.0%) 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 generally be liquidated to pay these liabilities.

An additional portion of the city's net position (8.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (18.1%) may be used to meet the government's ongoing obligation to citizens and creditors.



# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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

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

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

	Governmental Activities		Business Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program Revenues						
Charges for services	\$ 3,194,280	\$ 3,153,669	\$ 20,500,400	\$ 20,698,407	\$ 23,694,680	\$ 23,852,076
Operating grants and contributions	1,751,419	1,970,337	53,730	39,527	1,805,149	2,009,864
Capital grants and contributions	2,192,906	871,798	1,148,641	826,708	3,341,547	1,698,506
General Revenues						
Property taxes	9,603,316	9,035,500	-	-	9,603,316	9,035,500
Other taxes	137,688	138,899	-	-	137,688	138,899
Intergovernmental	1,025,797	952,028	-	-	1,025,797	952,028
Other	986,150	696,717	189,176	159,538	1,175,326	856,255
Total Revenues	<u>18,891,556</u>	<u>16,818,948</u>	<u>21,891,947</u>	<u>21,724,180</u>	<u>40,783,503</u>	<u>38,543,128</u>
<b>EXPENSES</b>						
General government	2,053,284	1,707,389	-	-	2,053,284	1,707,389
Public safety	4,677,585	5,985,472	-	-	4,677,585	5,985,472
Public works	4,110,559	2,949,608	-	-	4,110,559	2,949,608
Culture, education and recreation	3,527,824	4,840,325	-	-	3,527,824	4,840,325
Conservation and development	939,747	1,045,047	-	-	939,747	1,045,047
Water	-	-	1,478,914	1,547,915	1,478,914	1,547,915
Wastewater	-	-	1,902,959	1,958,873	1,902,959	1,958,873
Electric	-	-	14,278,273	14,392,196	14,278,273	14,392,196
EMS	-	-	602,256	466,301	602,256	466,301
Storm sewer	-	-	579,275	692,035	579,275	692,035
Interest and fiscal charges	907,723	591,872	-	-	907,723	591,872
Total Expenses	<u>16,216,722</u>	<u>17,119,713</u>	<u>18,841,677</u>	<u>19,057,320</u>	<u>35,058,399</u>	<u>36,177,033</u>
Income Before Transfers	2,674,834	(300,765)	3,050,270	2,666,860	5,725,104	2,366,095
Transfers	319,491	247,837	(319,491)	(247,837)	-	-
Change in Net Position	2,994,325	(52,928)	2,730,779	2,419,023	5,725,104	2,366,095
Beginning Net Position	<u>28,764,929</u>	<u>28,817,857</u>	<u>53,823,407</u>	<u>51,404,384</u>	<u>82,588,336</u>	<u>80,222,241</u>
<b>ENDING NET POSITION</b>	<u>\$ 31,759,254</u>	<u>\$ 28,764,929</u>	<u>\$ 56,554,186</u>	<u>\$ 53,823,407</u>	<u>\$ 88,313,440</u>	<u>\$ 82,588,336</u>

# CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2018

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

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

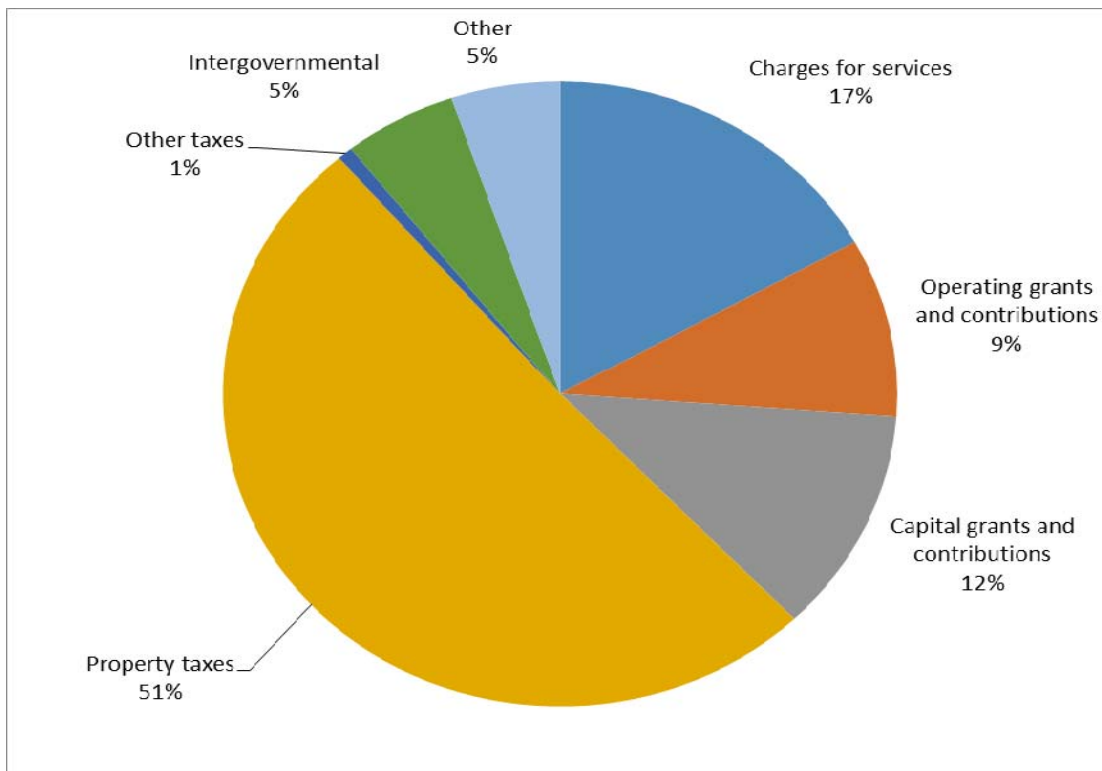
### Governmental Activities – Revenues

Governmental activities increased the city's net position by \$2,994,325. The increase is due primarily to increased public works capital grants and contributions and decreased public safety and public works expenses.

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. General revenues include state aids and investment income. Charges for services are primarily made up of licenses, permits, public charges for services such as library, garbage, recycling, park, and recreation fees. Operating grants are mainly from state resources received for highway maintenance and recycling programs. Capital grants fluctuate annually and are received to assist the city in capital asset purchases.

Property taxes are the largest revenue source for the governmental activities accounting for 51% of total revenues.

**Governmental Activities by Revenue Source**



# CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2018

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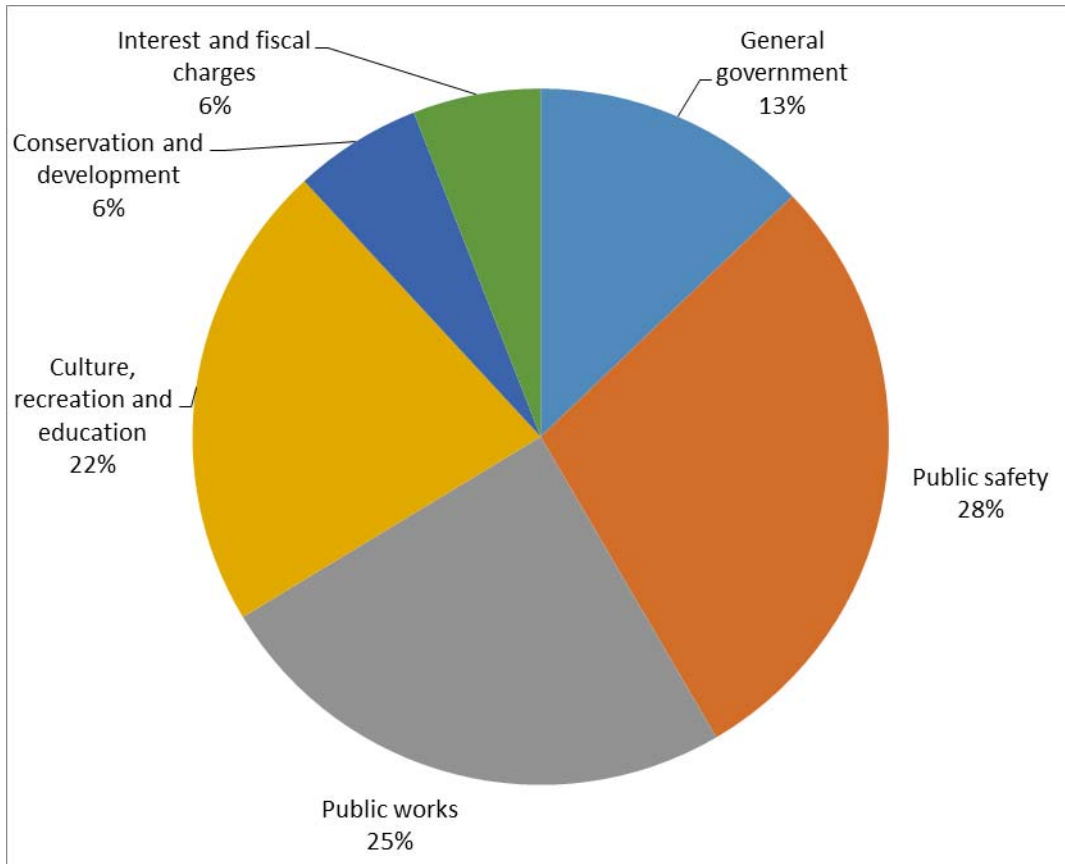
## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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### Governmental Activities – Expenses

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

### Governmental Activities Expenses Shown by Function



# CITY OF STOUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2018

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

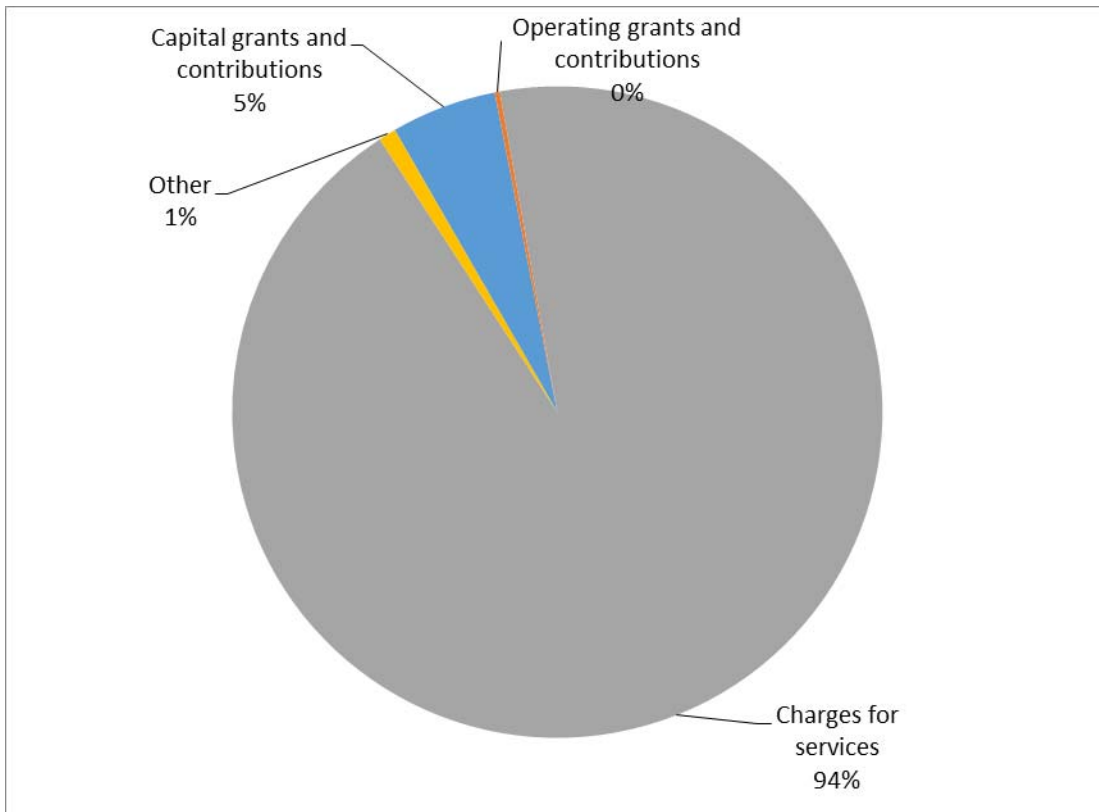
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### Business Type Activities

Business-type activities increased the City of Stoughton's net position by \$2,730,779. The electric utility accounted for 29.7%, the water utility accounted for 23.4%, the wastewater accounted for 18.5% and storm sewer accounted for 25.7% of the net increase.

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

**Revenues by Source - Business Type Activities**



# CITY OF STOUGHTON

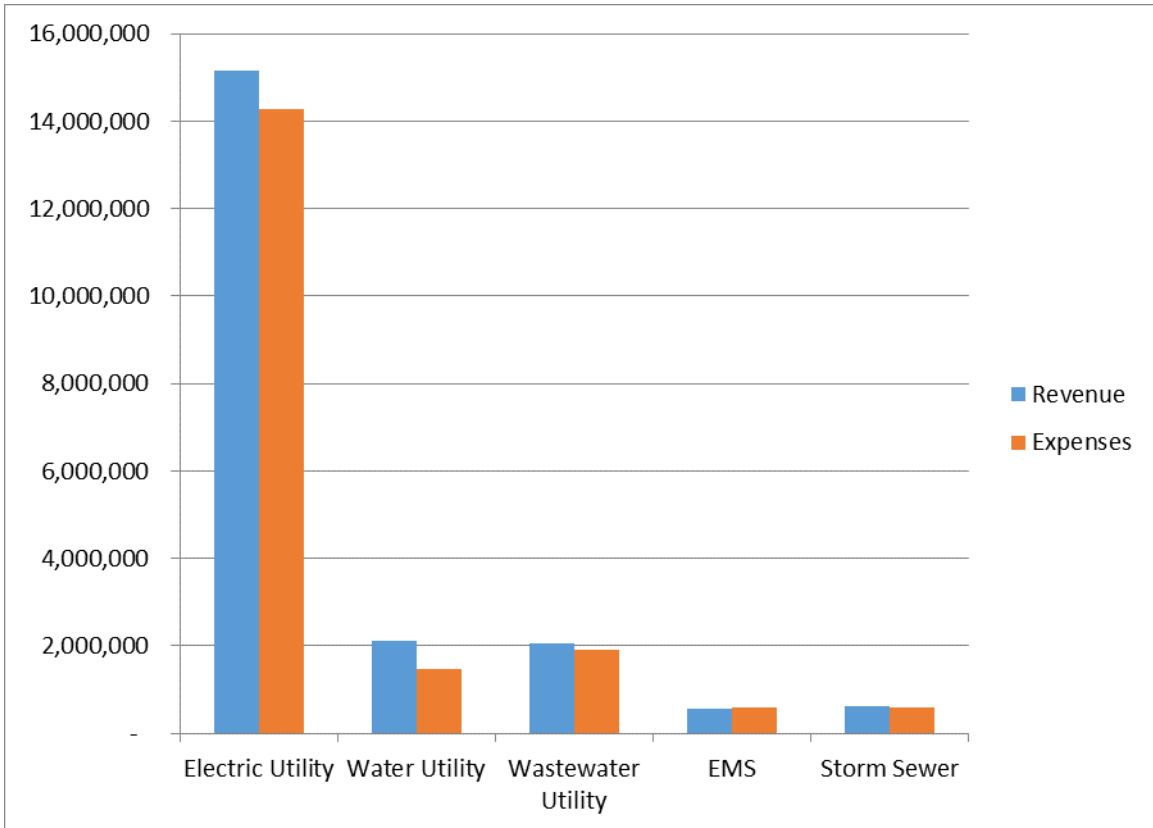
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
As of and For the Year Ended December 31, 2018

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

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### Operating Expenses and Revenues - Business-type Activities



### Governmental Funds

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

At December 31, 2018, the city's governmental funds reported combined fund balances of \$14,196,336. Approximately 19.7% of this amount, \$2,803,157, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional \$10,188,860 is included in the restricted, committed, or assigned category which has been designated for specific projects or expenditures. The remaining \$1,204,319 is nonspendable for prepaid expenditures, long-term receivables, noncurrent assets, or other investments.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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

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#### **General Fund**

The city's general fund is the chief operating fund of the city. Total fund balance in the general fund increased \$371,470 or 6.3%. The increase is primarily due to investment income and miscellaneous revenues exceeding budgeted amounts. See the following General Fund Budgetary Highlights section for further details.

The city has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year-end including deficits in funds potentially funded by the General Fund was \$3,523,092 or 26.83% of 2018 general fund budgeted expenditures.

#### **Debt Service Fund**

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The fund balance at the end of 2018 was \$562,002, which is an increase of \$81,526 from the prior year. The increase is mainly due to premium on new debt issuance.

#### **Construction Capital Projects Fund**

The city's construction capital projects fund accounts for the funds accumulated for the purpose of obtaining capital assets or for capital projects and other expenditures that are unique and are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds. The total fund balance as of December 31, 2018 is \$2,653,595. \$2,587,344 of this is assigned for the completion of projects that were begun but were not fully complete by year-end and the remaining \$66,251 is restricted.

#### **Outlay – Capital Projects Fund**

The city's outlay fund accounts for the funds accumulated for the purpose of obtaining capital equipment and other capital assets. \$373,768 of the fund balance is restricted and the remaining \$80,132 is assigned.

#### **Tax Incremental District No. 7**

TID No. 7 was created in 2015. The entire fund balance of \$190,695, which decreased \$898,954 in 2018, is restricted for future TID 7 projects.

#### **Nonmajor Governmental Funds**

Fund balance of all other governmental funds is \$4,085,375, an increase of \$241,884 from the prior year.

#### **Proprietary Funds**

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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

#### Internal Service Fund

In December 2011, the city paid off its Wisconsin Retirement System Unfunded Actuarial Accrued Liability. The city borrowed money from the Electric Utility to pay off its portion of liability. This advance has been recorded in the Retirement Fund, which is an Internal Service Fund that the city created for this purpose. The internal service fund had a deficit of \$296,088 as of December 31, 2018, which represents the amount to be paid to the Electric Utility and funded through future years' charges to governmental funds.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget had total appropriations, including those for transfers out, of \$13,128,988. Actual expenditures and transfers out were \$13,447,850, resulting in a \$318,862 unfavorable variance. Total revenues and other sources were \$13,819,320, \$699,629 more than the budget. Further details can be found in the budget to actual section of this report and the city's year-end budget to actual report.

#### CAPITAL ASSETS

At the end of 2018, the city had invested a total of \$108,570,303 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3  
Capital Assets**

	Governmental Activities		Business Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land and other assets						
not being depreciated	\$ 20,168,555	\$ 12,413,292	\$ 1,319,233	\$ 3,436,585	\$ 21,487,788	\$ 15,849,877
Buildings & improvements	17,708,322	15,865,366	1,240,308	1,240,308	18,948,630	17,105,674
Machinery & equipment	11,373,741	10,731,759	941,588	842,543	12,315,329	11,574,302
Infrastructure	32,255,881	30,586,683	-	-	32,255,881	30,586,683
Utility plant	-	-	89,698,369	83,352,170	89,698,369	83,352,170
Total Capital Assets	81,506,499	69,597,100	93,199,498	88,871,606	174,705,997	158,468,706
Less: Accumulated depreciation	(30,297,409)	(29,599,504)	(35,838,285)	(34,467,335)	(66,135,694)	(64,066,839)
<b>NET CAPITAL ASSETS</b>	<b>\$ 51,209,090</b>	<b>\$ 39,997,596</b>	<b>\$ 57,361,213</b>	<b>\$ 54,404,271</b>	<b>\$ 108,570,303</b>	<b>\$ 94,401,867</b>

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

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### CAPITAL ASSETS (cont.)

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

#### Governmental Activities

- Infrastructure reconstruction projects of sidewalks throughout the city and street reconstruction.
- Various equipment purchases.
- A new public works building, garage, cold storage building and salt storage building totaling over 82,000 square feet.

#### Business-type Activities

- Business-type activities capital assets increased mainly due to additions and replacements to utility plant and a new electric substation being built and coming online in 2018.

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### LONG-TERM DEBT

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At December 31, 2018, the city had \$46,245,431 of long-term bonds and notes outstanding, which is a \$3,981,794 increase from 2017. \$11,652,597 of this is revenue debt and the rest relates to general obligation issues. In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2018 was \$58,163,075. Total general obligation debt outstanding at year end was \$34,592,834. Therefore, the city was at 59% of the legal debt limit.

The city has a debt policy to maintain total outstanding general obligation debt at 4% or less of the equalized value. The city's outstanding general obligation debt was at 3.0%.

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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All currently known facts and economic conditions were considered in preparing the 2019 city budget. None of these conditions are anticipated to change the overall financial position of the city.

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### REQUESTS FOR INFORMATION

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



# CITY OF STOUGHTON

## STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 14,727,298	\$ 9,086,660	\$ 23,813,958
Receivables (net)	11,799,137	2,503,240	14,302,377
Internal balances	843,113	(843,113)	-
Inventories and prepaid items	44,875	265,781	310,656
Investment in mutual insurance company	257,805	-	257,805
Restricted cash and investments	-	2,975,148	2,975,148
Restricted net pension asset	1,072,050	375,018	1,447,068
Other assets	-	515,283	515,283
Land held for resale	1,125,797	-	1,125,797
Capital Assets			
Capital assets not being depreciated	20,168,555	1,319,233	21,487,788
Capital assets net of depreciation	<u>31,040,535</u>	<u>56,041,980</u>	<u>87,082,515</u>
Total Assets	<u>81,079,165</u>	<u>72,239,230</u>	<u>153,318,395</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>2,079,552</u>	<u>679,881</u>	<u>2,759,433</u>
Total Deferred Outflows of Resources	<u>2,079,552</u>	<u>679,881</u>	<u>2,759,433</u>
<b>LIABILITIES</b>			
Accounts payable	1,711,196	984,999	2,696,195
Accrued liabilities and deposits	692,380	266,071	958,451
Other liabilities	264,949	22,086	287,035
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	-	1,370,494	1,370,494
Accrued interest	-	54,824	54,824
Noncurrent Liabilities			
Due within one year	3,215,602	397,289	3,612,891
Due in more than one year	<u>32,365,246</u>	<u>12,509,768</u>	<u>44,875,014</u>
Total Liabilities	<u>38,249,373</u>	<u>15,605,531</u>	<u>53,854,904</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	10,987,696	-	10,987,696
Pension related amounts	<u>2,162,394</u>	<u>759,394</u>	<u>2,921,788</u>
Total Deferred Inflows of Resources	<u>13,150,090</u>	<u>759,394</u>	<u>13,909,484</u>
<b>NET POSITION</b>			
Net investment in capital assets	21,358,159	43,606,545	64,964,704
Restricted for			
Debt service	125,367	1,771,679	1,897,046
Firemen pension	808,960	-	808,960
Pension	1,072,050	375,018	1,447,068
Equipment replacement	-	1,148,645	1,148,645
TID activities	2,001,158	-	2,001,158
Library	250,762	-	250,762
Impact fees	286,045	-	286,045
Grants and loans	56,374	-	56,374
Unrestricted	<u>5,800,379</u>	<u>9,652,299</u>	<u>15,925,578</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 31,759,254</u></u>	<u><u>\$ 56,554,186</u></u>	<u><u>\$ 88,313,440</u></u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 2,053,284	\$ 178,093	\$ 225,653	\$ -
Public safety	4,677,585	693,025	157,561	55,034
Public works	4,110,559	1,265,679	569,702	2,137,872
Culture, recreation and education	3,527,824	1,004,112	783,601	-
Conservation and development	939,747	53,371	1,000	-
Interest and fiscal charges	<u>907,723</u>	<u>-</u>	<u>13,902</u>	<u>-</u>
Total Governmental Activities	<u>16,216,722</u>	<u>3,194,280</u>	<u>1,751,419</u>	<u>2,192,906</u>
<b>Business-type Activities</b>				
Water	1,478,914	2,121,101	-	386,101
Wastewater	1,902,959	2,055,876	-	321,665
Electric	14,278,273	15,145,613	-	280,064
EMS	602,256	568,426	26,551	-
Storm sewer	<u>579,275</u>	<u>609,384</u>	<u>27,179</u>	<u>160,811</u>
Total Business-type Activities	<u>18,841,677</u>	<u>20,500,400</u>	<u>53,730</u>	<u>1,148,641</u>
Total	<u>\$ 35,058,399</u>	<u>\$ 23,694,680</u>	<u>\$ 1,805,149</u>	<u>\$ 3,341,547</u>

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Transfers

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,649,538)	\$ -	\$ (1,649,538)
(3,771,965)	-	(3,771,965)
(137,306)	-	(137,306)
(1,740,111)	-	(1,740,111)
(885,376)	-	(885,376)
<u>(893,821)</u>	<u>-</u>	<u>(893,821)</u>
<u>(9,078,117)</u>	<u>-</u>	<u>(9,078,117)</u>
-	1,028,288	1,028,288
-	474,582	474,582
-	1,147,404	1,147,404
-	(7,279)	(7,279)
-	<u>218,099</u>	<u>218,099</u>
-	<u>2,861,094</u>	<u>2,861,094</u>
<u>(9,078,117)</u>	<u>2,861,094</u>	<u>(6,217,023)</u>
8,513,196	-	8,513,196
1,090,120	-	1,090,120
137,688	-	137,688
1,025,797	-	1,025,797
427,902	166,508	594,410
<u>558,248</u>	<u>22,668</u>	<u>580,916</u>
<u>11,752,951</u>	<u>189,176</u>	<u>11,942,127</u>
<u>319,491</u>	<u>(319,491)</u>	<u>-</u>
2,994,325	2,730,779	5,725,104
<u>28,764,929</u>	<u>53,823,407</u>	<u>82,588,336</u>
<u>\$ 31,759,254</u>	<u>\$ 56,554,186</u>	<u>\$ 88,313,440</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	General	Debt Service	Construction Capital Projects	Outlay
<b>ASSETS</b>				
Cash and investments	\$ 4,596,406	\$ 252,222	\$ 3,055,999	\$ 1,251,300
Receivables (net)				
Taxes	9,797,434	-	-	-
Delinquent personal property taxes	10,042	-	-	-
Accounts	98,672	-	-	-
Special assessments	-	-	-	-
Delinquent special assessments	7,495	-	-	-
Loans	-	-	-	-
Due from other funds	941,692	309,780	25,005	5,007
Advances to other funds	816,719	-	-	-
Other investments	257,805	-	-	-
Prepaid items	-	-	-	-
	<u>\$ 16,526,265</u>	<u>\$ 562,002</u>	<u>\$ 3,081,004</u>	<u>\$ 1,256,307</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,526,265</u></b>	<b><u>\$ 562,002</u></b>	<b><u>\$ 3,081,004</u></b>	<b><u>\$ 1,256,307</u></b>

See accompanying notes to financial statements.

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TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 179,969	\$ 5,391,402	\$ 14,727,298
526,673	775,068	11,099,175
-	-	10,042
46,627	18,242	163,541
-	468,884	468,884
-	-	7,495
-	50,000	50,000
-	-	1,281,484
-	-	816,719
-	-	257,805
-	44,875	44,875
\$ 753,269	\$ 6,748,471	\$ 28,927,318

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Construction Capital Projects</u>	<u>Outlay</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 278,409	\$ -	\$ 427,409	\$ 802,407
Accrued liabilities	188,257	-	-	-
Deposits	17,139	-	-	-
Other liabilities	-	-	-	-
Due to other funds	10,311	-	-	-
Due to other governments	1,512	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>495,628</u>	<u>-</u>	<u>427,409</u>	<u>802,407</u>
Deferred Inflows of Resources				
Unearned revenues	9,779,868	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>9,779,868</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable for prepaid items	-	-	-	-
Nonspendable for non-current interfunds	884,102	-	-	-
Nonspendable for delinquent items	17,537	-	-	-
Nonspendable for other investments	257,805	-	-	-
Restricted	-	562,002	66,251	373,768
Committed	-	-	-	-
Assigned	1,206,970	-	2,587,344	80,132
Unassigned (deficit)	<u>3,884,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,250,769</u>	<u>562,002</u>	<u>2,653,595</u>	<u>453,900</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 16,526,265</u>	<u>\$ 562,002</u>	<u>\$ 3,081,004</u>	<u>\$ 1,256,307</u>

See accompanying notes to financial statements.

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<u>TIF District No. 7 Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ 201,459	\$ 1,709,684
-	14,958	203,215
2,391	33,000	52,530
-	264,949	264,949
-	131,972	142,283
-	-	1,512
-	816,719	816,719
<u>2,391</u>	<u>1,463,057</u>	<u>3,190,892</u>
526,673	681,155	10,987,696
<u>33,510</u>	<u>518,884</u>	<u>552,394</u>
<u>560,183</u>	<u>1,200,039</u>	<u>11,540,090</u>
-	44,875	44,875
-	-	884,102
-	-	17,537
-	-	257,805
190,695	3,129,094	4,321,810
-	1,004,547	1,004,547
-	988,057	4,862,503
-	(1,081,198)	2,803,157
<u>190,695</u>	<u>4,085,375</u>	<u>14,196,336</u>
<u>\$ 753,269</u>	<u>\$ 6,748,471</u>	<u>\$ 28,927,318</u>

See accompanying notes to financial statements.

## CITY OF STOUGHTON

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

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Total Fund Balances - Governmental Funds	\$ 14,196,336
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	51,209,090
Land held for resale.	1,125,797
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	552,394
The net pension asset and liability do not relate to current financial resources and are not reported in the governmental funds.	(320,111)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,079,552
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(2,162,394)
Internal service funds are reported in the statement of net position as governmental activities.	(296,088)
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>(34,625,322)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 31,759,254</u></u></b>

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, 2018

	General	Debt Service	Construction Capital Projects	Outlay
<b>REVENUES</b>				
Taxes	\$ 8,564,436	\$ -	\$ -	\$ -
Intergovernmental	1,671,045	13,902	-	45,004
Licenses and permits	292,448	-	-	-
Fines, forfeitures and penalties	168,454	-	-	-
Public charges for services	1,429,250	-	-	-
Intergovernmental charges for services	58,889	48,783	-	-
Special assessments	16,717	-	-	-
Investment income	189,555	-	160,607	-
Miscellaneous revenues	530,241	10,190	-	-
Total Revenues	12,921,035	72,875	160,607	45,004
<b>EXPENDITURES</b>				
Current				
General government	1,852,615	-	-	-
Public safety	4,094,906	-	-	-
Public works	2,060,491	-	-	-
Culture, recreation and education	1,569,926	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	2,222,984	8,906,566
Debt Service				
Principal	-	7,644,119	-	-
Interest and fiscal charges	-	688,873	-	-
Total Expenditures	9,577,938	8,332,992	2,222,984	8,906,566
Excess (deficiency) of revenues over expenditures	3,343,097	(8,260,117)	(2,062,377)	(8,861,562)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	45,000	-	8,450,000
Premium on debt	-	230,235	-	-
Sales of fixed assets	-	-	-	60,535
Transfers in	898,285	8,066,408	167,320	200,000
Transfers out	(3,869,912)	-	-	-
Total Other Financing Sources (Uses)	(2,971,627)	8,341,643	167,320	8,710,535
<b>Net Change in Fund Balances</b>	371,470	81,526	(1,895,057)	(151,027)
FUND BALANCES - Beginning of Year (as restated)	5,879,299	480,476	4,548,652	604,927
<b>FUND BALANCES - END OF YEAR</b>	\$ 6,250,769	\$ 562,002	\$ 2,653,595	\$ 453,900

See accompanying notes to financial statements.

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TIF District No. 7 Capital Projects	Nonmajor Governmental Funds	Totals
\$ 415,963	\$ 755,261	\$ 9,735,660
-	421,712	2,151,663
-	-	292,448
-	-	168,454
-	813,251	2,242,501
-	-	107,672
-	148,646	165,363
4,678	73,062	427,902
-	485,810	1,026,241
<u>420,641</u>	<u>2,697,742</u>	<u>16,317,904</u>
-	45,983	1,898,598
-	31,378	4,126,284
-	-	2,060,491
-	2,200,663	3,770,589
10,443	64,862	75,305
679,308	1,032,681	12,841,539
-	-	7,644,119
<u>56,752</u>	<u>18,157</u>	<u>763,782</u>
<u>746,503</u>	<u>3,393,724</u>	<u>33,180,707</u>
<u>(325,862)</u>	<u>(695,982)</u>	<u>(16,862,803)</u>
4,090,000	775,000	13,360,000
151,700	-	381,935
-	-	60,535
-	1,015,019	10,347,032
<u>(4,814,792)</u>	<u>(852,153)</u>	<u>(9,536,857)</u>
<u>(573,092)</u>	<u>937,866</u>	<u>14,612,645</u>
(898,954)	241,884	(2,250,158)
<u>1,089,649</u>	<u>3,843,491</u>	<u>16,446,494</u>
<u>\$ 190,695</u>	<u>\$ 4,085,375</u>	<u>\$ 14,196,336</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, 2018

Net change in fund balances - total governmental funds	\$	(2,250,158)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		12,841,539
Some items reported as capital outlay were not capitalized		(1,221,048)
Depreciation is reported in the government-wide financial statements		(1,890,206)
Net book value of assets retired		(165,979)
Contributed capital assets are reported as revenues in the government-wide financial statements.		2,137,872
Capital assets contributed to business-type activities are reported as capital outlay in the fund financial statements.		(490,684)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>		
Special assessments		309,364
Guaranteed increment revenue		33,510
Lease activity		(19,128)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt issued		(13,360,000)
Principal repaid		7,644,119
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Premium on debt issued		(355,014)
Amortization		29,739
<p>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.</p>		
Compensated absences		73,172
Net pension asset		1,233,913
Deferred outflows of resources related to pensions		(221,230)
Deferred inflows of resources related to pensions		(1,176,230)
Accrued interest on debt		(200,601)
Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.		41,375
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,994,325</u></b>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 348,735	\$ 1,569,653	\$ 5,612,885
Receivables			
Other receivables	239,136	218,853	1,507,815
Interest receivable	1,247	5,876	19,412
Current portion of special assessments	29,026	19,905	-
Due from other funds	39,866	27,760	7,274
Current portion of advance to other funds	-	-	43,646
Inventories	39,203	-	206,300
Prepaid items	7,845	3,572	8,861
Restricted Assets			
Redemption account - current	219,171	313,374	497,953
Total Current Assets	924,229	2,158,993	7,904,146
Noncurrent Assets			
Restricted Assets			
Reserve account	252,000	-	460,722
Depreciation account	25,000	33,283	25,000
Equipment replacement	-	1,148,645	-
Net pension asset	70,127	72,762	210,998
Capital Assets			
Land and land rights	430,131	-	344,364
Construction in progress	28,458	59,171	208,793
Plant in service	23,280,490	30,338,077	32,713,826
Property held for future use	-	-	229,097
Less: Accumulated depreciation	(7,499,746)	(11,793,102)	(15,391,673)
Other Assets			
Special assessments	174,155	119,431	-
Preliminary survey and investigation	24,798	26,492	18,647
Plant and maintenance reserve account	189,499	-	518,953
Sick leave reserve account	76,246	91,339	132,863
Advance to other funds	-	-	252,442
Investment in ATC	-	-	416,294
Non-utility property (net of amortization)	22,078	-	6,974
Total Noncurrent Assets	17,073,236	20,096,098	20,147,300
Total Assets	17,997,465	22,255,091	28,051,446
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	127,795	134,712	379,474
Total Deferred Outflows of Resources	127,795	134,712	379,474

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
\$ 546,487	\$ 8,077,760	\$ -
168,384	2,134,188	-
-	26,535	-
-	48,931	-
44,001	118,901	-
-	43,646	-
-	245,503	-
-	20,278	-
-	1,030,498	-
<u>758,872</u>	<u>11,746,240</u>	<u>-</u>
-	712,722	-
-	83,283	-
-	1,148,645	-
21,131	375,018	-
9,986	784,481	-
9,233	305,655	-
5,547,872	91,880,265	-
-	229,097	-
(1,153,764)	(35,838,285)	-
-	293,586	-
-	69,937	-
-	708,452	-
-	300,448	-
-	252,442	-
-	416,294	-
-	29,052	-
<u>4,434,458</u>	<u>61,751,092</u>	<u>-</u>
<u>5,193,330</u>	<u>73,497,332</u>	<u>-</u>
<u>37,900</u>	<u>679,881</u>	<u>-</u>
<u>37,900</u>	<u>679,881</u>	<u>-</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water	Wastewater	Electric
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 14,298	\$ 38,772	\$ 899,665
Accrued liabilities	11,055	13,309	95,339
Public benefits	-	-	22,086
Deposits	-	-	125,435
Due to other funds	425,078	26,927	496,317
Current portion of general obligation debt	51,000	34,000	-
Current portion of advance	-	-	-
Liabilities Payable from Restricted Assets			
Current portion of revenue bonds	314,173	436,321	620,000
Accrued interest	7,006	18,939	28,879
Total Current Liabilities	822,610	568,268	2,287,721
Noncurrent Liabilities			
Long-Term Debt			
Customer advances for construction	-	-	62,383
Revenue bonds payable	1,988,159	3,883,944	4,410,000
Unamortized debt premium	22,981	-	91,552
General obligation debt payable	321,000	214,000	-
Compensated absences	76,246	91,338	132,863
Advances from other funds	-	-	-
Total Noncurrent Liabilities	2,408,386	4,189,282	4,696,798
Total Liabilities	3,230,996	4,757,550	6,984,519
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	143,740	143,137	428,593
Total Deferred Inflows of Resources	143,740	143,137	428,593
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	13,542,020	14,035,881	12,982,855
Restricted for			
Debt service	489,165	327,718	954,796
Equipment replacement	-	1,148,645	-
Pension	70,127	72,762	210,998
Unrestricted (deficit)	649,212	1,904,110	6,869,159
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 14,750,524</b>	<b>\$ 17,489,116</b>	<b>\$ 21,017,808</b>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
Nonmajor Enterprise Funds	Totals	
\$ 32,264	\$ 984,999	\$ -
20,933	140,636	-
-	22,086	-
-	125,435	-
309,780	1,258,102	-
312,289	397,289	-
-	-	43,646
-	1,370,494	-
-	54,824	-
<u>675,266</u>	<u>4,353,865</u>	<u>43,646</u>
-	62,383	-
-	10,282,103	-
-	114,533	-
1,177,092	1,712,092	-
38,210	338,657	-
-	-	252,442
<u>1,215,302</u>	<u>12,509,768</u>	<u>252,442</u>
<u>1,890,568</u>	<u>16,863,633</u>	<u>296,088</u>
<u>43,924</u>	<u>759,394</u>	<u>-</u>
<u>43,924</u>	<u>759,394</u>	<u>-</u>
3,045,789	43,606,545	-
-	1,771,679	-
-	1,148,645	-
21,131	375,018	-
<u>229,818</u>	<u>9,652,299</u>	<u>(296,088)</u>
<u>\$ 3,296,738</u>	<u>\$ 56,554,186</u>	<u>\$ (296,088)</u>

See accompanying notes to financial statements.

## CITY OF STOUGHTON

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>OPERATING REVENUES</b>	<b><u>\$ 2,121,101</u></b>	<b><u>\$ 2,055,876</u></b>	<b><u>\$ 15,136,031</u></b>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	969,181	959,399	13,060,056
Depreciation	<u>460,342</u>	<u>820,778</u>	<u>1,108,163</u>
Total Operating Expenses	<u>1,429,523</u>	<u>1,780,177</u>	<u>14,168,219</u>
Operating Income	<u>691,578</u>	<u>275,699</u>	<u>967,812</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	18,984	29,344	104,218
Interest and fiscal charges	(51,176)	(122,782)	(120,579)
Miscellaneous expenses	(4,280)	-	2,827
Interest subsidy	-	-	-
Amortization of premium	6,065	-	17,280
Miscellaneous revenue	3,601	-	19,067
Intergovernmental grants	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(26,806)</u>	<u>(93,438)</u>	<u>22,813</u>
Income Before Contributions and Transfers	<u>664,772</u>	<u>182,261</u>	<u>990,625</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions in aid of construction	386,101	321,665	280,064
Capital contributions - city	18,284	-	-
Transfers in	-	-	-
Transfers out	<u>(429,611)</u>	<u>-</u>	<u>(460,564)</u>
Total Contributions and Transfers	<u>(25,226)</u>	<u>321,665</u>	<u>(180,500)</u>
<b>Change in Net Position</b>	<b>639,546</b>	<b>503,926</b>	<b>810,125</b>
NET POSITION (DEFICIT) - Beginning of Year	<u>14,110,978</u>	<u>16,985,190</u>	<u>20,207,683</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>	<b><u>\$ 14,750,524</u></b>	<b><u>\$ 17,489,116</u></b>	<b><u>\$ 21,017,808</u></b>

See accompanying notes to financial statements.



<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities - Internal Service Fund
<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	
<u>\$ 1,177,810</u>	<u>\$ 20,490,818</u>	<u>\$ 51,499</u>
942,470	15,931,106	-
198,190	2,587,473	-
<u>1,140,660</u>	<u>18,518,579</u>	<u>-</u>
<u>37,150</u>	<u>1,972,239</u>	<u>51,499</u>
13,962	166,508	-
(40,871)	(335,408)	(10,124)
-	(1,453)	-
9,018	9,018	-
-	23,345	-
-	22,668	-
44,712	44,712	-
<u>26,821</u>	<u>(70,610)</u>	<u>(10,124)</u>
<u>63,971</u>	<u>1,901,629</u>	<u>41,375</u>
160,811	1,148,641	-
472,400	490,684	-
80,000	80,000	-
-	(890,175)	-
<u>713,211</u>	<u>829,150</u>	<u>-</u>
777,182	2,730,779	41,375
<u>2,519,556</u>	<u>53,823,407</u>	<u>(337,463)</u>
<u>\$ 3,296,738</u>	<u>\$ 56,554,186</u>	<u>\$ (296,088)</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 2,130,556	\$ 2,056,987	\$ 15,109,693
Received from municipality for services	-	-	-
Received for street lighting	-	-	112,941
Paid to suppliers for goods and services	(648,177)	(608,225)	(12,371,601)
Paid to employees for services	(381,881)	(381,881)	(766,572)
Net Cash Flows From Operating Activities	<u>1,100,498</u>	<u>1,066,881</u>	<u>2,084,461</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments sold and matured	2,113	218,872	604,190
Investment income	27,206	64,590	90,085
Investments purchased	-	(230,805)	(456,292)
Dividends from ATC	-	-	17,216
Net Cash Flows From Investing Activities	<u>29,319</u>	<u>52,657</u>	<u>255,199</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(420,305)	-	(394,626)
Received from municipality principal on Wisconsin Retirement UAAL advance	-	-	41,375
Received from municipality interest on Wisconsin Retirement UAAL advance	-	-	10,124
Transfers to/from other funds	(6,260)	-	(27,975)
Paid to utilities principal on Wisconsin Retirement UAAL advance	-	-	-
Paid to utilities interest on Wisconsin Retirement UAAL advance	-	-	-
Advances from other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(426,565)</u>	<u>-</u>	<u>(371,102)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(369,415)	(458,702)	(610,000)
Interest paid	(52,040)	(124,889)	(122,707)
Special assessments received	236,757	162,362	-
Acquisition and construction of capital assets	(516,872)	(522,517)	(2,852,965)
Capital contributions received	18,284	24,120	397,782
Net Cash Flows From Capital and Related Financing Activities	<u>(683,286)</u>	<u>(919,626)</u>	<u>(3,187,890)</u>
<b>Net Change in Cash and Cash Equivalents</b>	19,966	199,912	(1,219,332)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>633,433</u>	<u>2,105,399</u>	<u>4,946,611</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 653,399</u>	<u>\$ 2,305,311</u>	<u>\$ 3,727,279</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals	
\$ 1,185,877	\$ 20,483,113	\$ -
-	-	51,499
-	112,941	-
(378,042)	(14,006,045)	-
(548,417)	(2,078,751)	-
<u>259,418</u>	<u>4,511,258</u>	<u>51,499</u>
-	825,175	-
13,962	195,843	-
-	(687,097)	-
-	17,216	-
<u>13,962</u>	<u>351,137</u>	<u>-</u>
-	(814,931)	-
-	41,375	-
-	10,124	-
80,000	45,765	-
-	-	(41,375)
-	-	(10,124)
<u>34,035</u>	<u>34,035</u>	<u>-</u>
<u>114,035</u>	<u>(683,632)</u>	<u>(51,499)</u>
(295,970)	(1,734,087)	-
(47,117)	(346,753)	-
-	399,119	-
(410,892)	(4,303,246)	-
<u>27,179</u>	<u>467,365</u>	<u>-</u>
<u>(726,800)</u>	<u>(5,517,602)</u>	<u>-</u>
(339,385)	(1,338,839)	-
<u>885,872</u>	<u>8,571,315</u>	<u>-</u>
<u>\$ 546,487</u>	<u>\$ 7,232,476</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 691,578	\$ 275,699	\$ 967,812
Nonoperating revenue (expense)	3,601	-	25,552
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	460,342	820,778	1,108,163
Depreciation charged to other funds	28,826	-	63,900
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	(18,871)	8,181	109,007
Other accounts receivable	1,578	(7,856)	(56,575)
Due from other funds	621	(17,439)	2,908
Due to other funds	(24,506)	-	(1,543)
Inventories	2,198	-	(52,801)
Prepaid items	(5,153)	(209)	(459)
Accounts payable	(18,724)	23,771	(42,105)
Accrued wages	(1,361)	-	-
Compensated absences	(22,991)	(33,295)	(43,618)
Customer deposits	-	-	5,711
Other current liabilities	-	(1,694)	(22,898)
Public benefits	-	-	972
Pension related deferrals and liabilities	3,360	(1,055)	20,435
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 1,100,498</u>	<u>\$ 1,066,881</u>	<u>\$ 2,084,461</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments	\$ 614,480	\$ 1,660,992	\$ 6,264,701
Restricted cash and investments			
Redemption account	219,171	313,374	497,953
Reserve account	252,000	-	460,722
Depreciation account	25,000	33,283	25,000
Replacement account	-	1,148,645	-
Total Cash and Investments	<u>1,110,651</u>	<u>3,156,294</u>	<u>7,248,376</u>
Less: Noncash equivalents	<u>(457,252)</u>	<u>(850,983)</u>	<u>(3,521,097)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 653,399</u>	<u>\$ 2,305,311</u>	<u>\$ 3,727,279</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Unrealized loss on investments	<u>\$ (17,486)</u>	<u>\$ (43,263)</u>	<u>\$ (35,729)</u>
Contributed capital assets	<u>\$ 386,101</u>	<u>\$ 297,545</u>	<u>\$ 5,747</u>
ATC earnings allocated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,618</u>

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
Nonmajor Enterprise Funds	Totals		
\$ 37,150	\$ 1,972,239	\$ 51,499	
26,551	55,704	-	
198,190	2,587,473	-	
-	92,726	-	
1,128	99,445	-	
25,378	(37,475)	-	
(44,990)	(58,900)	-	
-	(26,049)	-	
-	(50,603)	-	
-	(5,821)	-	
8,890	(28,168)	-	
-	(1,361)	-	
5,264	(94,640)	-	
-	5,711	-	
(530)	(25,122)	-	
-	972	-	
<u>2,387</u>	<u>25,127</u>	<u>-</u>	
<u>\$ 259,418</u>	<u>\$ 4,511,258</u>	<u>\$ 51,499</u>	
\$ 546,487	\$ 9,086,660	\$ -	
-	1,030,498	-	
-	712,722	-	
-	83,283	-	
-	<u>1,148,645</u>	-	
<u>546,487</u>	<u>12,061,808</u>	-	
<u>-</u>	<u>(4,829,332)</u>	-	
<u>\$ 546,487</u>	<u>\$ 7,232,476</u>	<u>\$ -</u>	
<u>\$ -</u>		<u>\$ -</u>	
<u>\$ 633,211</u>		<u>\$ -</u>	
<u>\$ -</u>		<u>\$ -</u>	

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
As of December 31, 2018

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 14,822,570
Tax roll receivable	<u>1,654,516</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,477,086</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 16,477,086</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 16,477,086</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### ***Blended Component Units***

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



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

##### ***Government-Wide Financial Statements***

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

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

##### ***Fund Financial Statements***

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Fund Financial Statements (cont.)***

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Construction capital project fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Outlay capital project fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition of capital equipment and other capital assets.
- Tax Incremental District (TID) No. 7 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Wastewater Utility - accounts for operations of the wastewater system
- Electric Utility - accounts for operations of the electric system

The city reports the following nonmajor governmental and enterprise funds:

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Fund Financial Statements (cont.)***

The city reports the following nonmajor governmental and enterprise funds: (cont.)

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

Fire Equipment	TIF District No. 3
Park Acquisition	TIF District No. 4
River Trail	TIF District No. 5
Building Maintenance	TIF District No. 6
Equipment Replacement	TIF District No. 8

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

EMS	Storm Sewer
-----	-------------

In addition, the city reports the following fund types:

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

Retirement fund

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

Tax Collections Fund

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

##### ***Fund Financial Statements***

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

---

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

##### ***Fund Financial Statements (cont.)***

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

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

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

##### ***All Financial Statements***

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

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

PMA Financial Network, Inc. is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network, Inc. The WISC is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in WISC are valued at WISC's share price, the price for which the investments could be sold. At December 31, 2018 the city's share of the WISC's assets was substantially equal to the amount reported in these statements.

See Note IV. A. for further information.

##### ***2. Receivables***

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

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

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

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

It is the city's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

##### ***3. Inventories and Prepaid Items***

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***3. Inventories and Prepaid Items (cont.)***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### ***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

##### ***5. Capital Assets***

###### ***Government-Wide Statements***

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

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

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

Buildings	15-75 Years
Land Improvements	15-30 Years
Machinery and Equipment	3-15 Years
Utility System	5-100 Years
Infrastructure	30-75 Years



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **5. Capital Assets (cont.)**

###### ***Fund Financial Statements***

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

##### **6. Land Held for Resale**

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

##### **7. Other Assets**

These accounts include costs related to the utility's investment in American Transmission Company ("ATC") and non-utility property.

The electric utility is a member of ATC. ATC was formed by approximately 25 utilities to plan, construct, maintain, monitor and own electric transmission facilities in Wisconsin. The utility owns less than 1/2 of 1 percent of ATC. The investment earns dividends quarterly, some of which is paid in cash and some of which is required to be reinvested. From time to time, the utility has the option to contribute additional funds to maintain their proportionate share of ownership. The asset is valued at net asset value per share which is equal to original cost plus additional contributions and reinvested dividends and approximates fair value.

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

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

###### ***Non-Utility Property***

Electric utility non-utility property consists of the city dam with a balance of \$84,212 and leasehold rental property with a balance of \$91,458 at December 31, 2018. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2018. The costs are being amortized on a straight-line basis over their useful life.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***8. Deferred Outflows of Resources***

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

##### ***9. Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave balances at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the general fund. Total expenditures for premiums during the year were \$95,313. Four participants were eligible during 2018 to receive benefits. There is no amount outstanding at year end to be paid in the future. The city does not incur an implicit rate subsidy on these benefits.

##### ***10. Long-Term Obligations***

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

***10. Long-Term Obligations (cont.)***

The city has a debt policy to maintain total outstanding general obligation debt of 4% or less of the equalized value of taxable property within the city's jurisdiction. The city's total outstanding general obligation debt was at 2.97%.

***11. Deferred Inflows of Resources***

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

***12. Equity Classifications***

***Government-Wide Statements***

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 21,358,159	\$ 43,606,545	\$ (472,900)	\$ 64,491,804
Unrestricted	5,800,379	9,652,299	472,900	15,925,578

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  
As of and for the Year Ended December 31, 2018

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

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### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **12. Equity Classifications (cont.)**

##### ***Fund Statements***

Governmental fund balances are displayed as follows:

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***12. Equity Classifications (cont.)***

###### ***Fund Statements (cont.)***

The city has a formal minimum fund balance policy. That policy is to maintain an unassigned general fund balance within a range of 20% to 25% of general fund annual budgeted expenditures. The unassigned general fund balance at year end was \$3,523,093 or 26.83% of 2018 general fund budgeted expenditures. The unassigned balance for this calculation includes deficit fund balances for Opera House (\$285,304), Economic Development (\$8,109) and Redevelopment Authority (\$67,849).

See Note IV. G. for further information.

##### ***13. Pension***

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

##### ***14. Basis for Existing Rates***

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

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

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

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

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#### ***A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION***

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

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

Capital assets not being depreciated	\$	20,168,555
Capital assets, net of depreciation		<u>31,040,535</u>
 Combined Adjustment for Capital Assets	 \$	 <u><u>51,209,090</u></u>

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

Bonds and notes payable	\$	32,483,453
Compensated absences		1,214,793
Accrued interest		436,635
Unamortized debt premium		<u>490,441</u>
 Combined Adjustment for Long-Term Liabilities	 \$	 <u><u>34,625,322</u></u>

**NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

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

**B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Opera House	\$ 936,420	\$ 944,679	\$ 8,259
Library	842,956	898,883	55,927

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.

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

***C. DEFICIT BALANCES***

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

As of December 31, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special revenue - Opera House	\$ 240,429	Expenditures in excess of revenues
Special revenue - Economic Development	8,109	Expenditures in excess of revenues
Special revenue - Redevelopment Authority	67,849	Expenditures in excess of revenues
Capital projects - River Trail	809	Expenditures in excess of revenues
Capital projects - TIF District No. 5	588,083	Expenditures in excess of revenues
Capital projects - TIF District No. 6	131,044	Expenditures in excess of revenues

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

***D. LIMITATIONS ON THE CITY'S TAX LEVY***

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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	\$ 4,918,355	\$ 5,539,453	Custodial credit
US agencies - explicitly guaranteed	247,840	247,840	Custodial credit, interest rate
US agencies - implicitly guaranteed	948,941	948,941	Credit, custodial credit, concentration of credit, interest rate
LGIP	1,327,470	1,327,469	Credit
Certificates of deposit - non-negotiable	1,658,533	1,654,955	Custodial credit
State and local bonds	991,945	991,945	Credit, custodial credit, concentration of credit, interest rate
Wisconsin Investment Series Cooperative	25,626,828	21,676,400	Credit
Mutual funds - bond funds	47,672	47,672	Credit, interest rate
Certificates of deposits - negotiable	1,898,241	1,898,241	Credit, custodial credit, concentration of credit, interest rate
Cash on hand	3,945,851	-	N/A
Total Deposits and Investments	\$ 41,611,676	\$ 34,332,916	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 23,813,958		
Restricted cash and investments	2,975,148		
Per statement of assets and liabilities - agency fund			
Agency Fund	14,822,570		
Total Deposits and Investments	\$ 41,611,676		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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

The city maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$6,596,256 to secure the city's deposits.

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Market approach

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
US agencies	\$ -	\$ 1,196,781	\$ -	\$ 1,196,781
State and local bonds	-	991,945	-	991,945
Certificates of deposit - negotiable	-	1,898,241	-	1,898,241
Total	\$ -	\$ 4,086,967	\$ -	\$ 4,086,967

#### ***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, 2018, \$299,058 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u><u>\$ 299,058</u></u>
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**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**A. DEPOSITS AND INVESTMENTS (cont.)**

***Custodial Credit Risk*** (cont.)

**Investments**

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

U.S. Agencies

Neither insured nor registered and held by counterparty \$ 1,196,781

State and local bonds

Neither insured nor registered and held by counterparty \$ 991,945

Certificates of deposit - negotiable

Neither insured nor registered and held by counterparty \$ 1,898,241

***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, 2018, the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>	<u>Moody's Investors Services</u>	<u>Morning-Star</u>
U.S. Agencies implicitly guaranteed	AAA	Aaa	
Certificates of deposit - negotiable	AAA - BBB+	Aaa - A1	
Mutual Fund - Fidelity Puritan			5 star
State and local bonds	AA	Aa1 - Aa2	
Wisconsin Investment Series Cooperative	AAAm		

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

Local Government Investment Pool

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**A. DEPOSITS AND INVESTMENTS (cont.)**

***Interest Rate Risk***

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

As of December 31, 2018, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	3 or more
Mutual funds	\$ 47,672	\$ 47,672	\$ -	\$ -
US agencies explicitly guaranteed	247,840	-	-	247,840
US agencies implicitly guaranteed	948,941	-	-	948,941
State and local bonds	991,945	-	-	991,945
Certificates of deposit - negotiable	<u>1,898,241</u>	<u>735,620</u>	<u>1,162,621</u>	<u>-</u>
Totals	<u>\$ 4,134,639</u>	<u>\$ 783,292</u>	<u>\$ 1,162,621</u>	<u>\$ 2,188,726</u>

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

**B. RECEIVABLES**

All receivables, except \$17,537 in general fund, \$174,155 in water utility, \$119,431 in wastewater utility and \$518,884 in nonmajor funds are expected to be collected within one year.

Receivables of the enterprise funds are reported net of uncollectible amounts. Total uncollectible amounts related to the current period are as follows:

Uncollectibles related to ambulance receivables (non-major enterprise fund - EMS)	<u>\$ 125,042</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 125,042</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**B. RECEIVABLES (cont.)**

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 10,987,696	\$ -
Special assessments not yet due	-	468,884
Guaranteed increment receivable	-	33,510
Loans receivable	-	50,000
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 10,987,696	\$ 552,394

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

***Equipment Replacement Account***

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

***Net Pension Asset***

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**C. RESTRICTED ASSETS (cont.)**

Following is a list of restricted assets at December 31, 2018:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 1,030,498	\$ 54,824	\$ 975,674
Bond reserve account	712,722	-	712,722
Bond depreciation account	83,283	-	83,283
Equipment replacement account	1,148,645	-	1,148,645
Net pension asset - business-type activities	375,018	-	375,018
Total	\$ 3,350,166	\$ 54,824	\$ 3,295,342

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 9,428,987	\$ -	\$ 130,000	\$ 9,298,987
Construction in progress	1,607,886	9,190,113	1,304,850	9,493,149
Inexhaustible portion of streets	1,376,419	-	-	1,376,419
Total Capital Assets Not Being Depreciated/Amortized	12,413,292	9,190,113	1,434,850	20,168,555
Capital assets being depreciated				
Buildings and improvements	15,865,366	1,842,956	-	17,708,322
Machinery and equipment	10,731,759	1,052,228	410,246	11,373,741
Streets	17,931,971	2,131,997	598,272	19,465,696
Sidewalks	5,164,189	355,235	32,867	5,486,557
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Storm sewers	5,412,012	-	186,895	5,225,117
Traffic signals	411,974	-	-	411,974
Dams	592,997	-	-	592,997
Total Capital Assets Being Depreciated	57,183,808	5,382,416	1,228,280	61,337,944
Total Capital Assets	69,597,100	14,572,529	2,663,130	81,506,499

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation/amortization for				
Buildings and improvements	\$ (7,035,483)	\$ (398,938)	\$ -	\$ (7,434,421)
Machinery and equipment	(7,164,206)	(535,507)	374,267	(7,325,446)
Streets	(9,404,650)	(641,539)	598,272	(9,447,917)
Sidewalks	(2,879,756)	(173,996)	186,895	(2,866,857)
Street lighting	(47,227)	(3,034)	-	(50,261)
Bridges	(210,606)	(11,280)	-	(221,886)
Storm sewers	(2,625,029)	(109,683)	32,867	(2,701,845)
Traffic signals	(179,177)	(10,299)	-	(189,476)
Dams	(53,370)	(5,930)	-	(59,300)
Total Accumulated Depreciation/Amortization	<u>(29,599,504)</u>	<u>(1,890,206)</u>	<u>1,192,301</u>	<u>(30,297,409)</u>
Net Capital Assets Being Depreciated	<u>27,584,304</u>	<u>3,492,210</u>	<u>35,979</u>	<u>31,040,535</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 39,997,596</u>	<u>\$12,682,323</u>	<u>\$ 1,470,829</u>	<u>\$ 51,209,090</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 139,478
Public safety	338,494
Public works, which includes the depreciation of infrastructure	1,164,325
Culture, recreation and education	247,909
Total Governmental Activities Depreciation Expense	<u>\$ 1,890,206</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 430,131	\$ -	\$ -	\$ 430,131
Construction in progress	5,693	25,557	2,792	28,458
Total Capital Assets Not Being Depreciated	435,824	25,557	2,792	458,589
Capital assets being depreciated				
Source of supply	595,730	-	-	595,730
Pumping	1,513,266	-	-	1,513,266
Treatment	90,763	-	-	90,763
Transmission and distribution	19,477,451	851,053	87,963	20,240,541
General	846,274	-	6,084	840,190
Total Capital Assets Being Depreciated	22,523,484	851,053	94,047	23,280,490
Total Capital Assets	22,959,308	876,610	96,839	23,739,079
Less: Accumulated depreciation for				
Source of supply	(386,989)	(17,276)	-	(404,265)
Pumping	(1,272,293)	(33,113)	-	(1,305,406)
Treatment	(89,077)	(437)	-	(89,514)
Transmission and distribution	(4,444,314)	(365,153)	93,497	(4,715,970)
General	(917,490)	(73,185)	6,084	(984,591)
Total Accumulated Depreciation	(7,110,163)	(489,164)	99,581	(7,499,746)
Net Capital Assets Being Depreciated	15,413,321	361,889	(5,534)	15,780,744
Net Water Capital Assets	\$ 15,849,145	\$ 387,446	\$ (2,742)	\$ 16,239,333

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 59,092	\$ 59,171	\$ 59,092	\$ 59,171
Total Capital Assets Not Being Depreciated	59,092	59,171	59,092	59,171
Capital assets being depreciated				
Collection system	11,807,679	739,021	1,206	12,545,494
Collection system pumping	733,519	25,251	7,274	751,496
Treatment and disposal	15,614,022	22,442	4,909	15,631,555
Administrative and general assets	1,377,331	32,201	-	1,409,532
Total Capital Assets Being Depreciated	29,532,551	818,915	13,389	30,338,077
Total Capital Assets	29,591,643	878,086	72,481	30,397,248
Less: Accumulated depreciation for				
Wastewater	(10,994,875)	(820,779)	22,552	(11,793,102)
Total Accumulated Depreciation	(10,994,875)	(820,779)	22,552	(11,793,102)
Net Capital Assets Being Depreciated	18,537,676	(1,864)	(9,163)	18,544,975
Net Wastewater Capital Assets	\$ 18,596,768	\$ 57,307	\$ 49,929	\$ 18,604,146



**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 220,797	\$ 123,567	\$ -	\$ 344,364
Construction in progress	2,358,222	-	2,149,429	208,793
Property held for future use	<u>352,664</u>	<u>-</u>	<u>123,567</u>	<u>229,097</u>
Total Capital Assets Not Being Depreciated	<u>2,931,683</u>	<u>123,567</u>	<u>2,272,996</u>	<u>782,254</u>
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	24,837,545	3,894,690	269,056	28,463,179
Administrative and general assets	<u>4,107,520</u>	<u>935,946</u>	<u>807,838</u>	<u>4,235,628</u>
Total Capital Assets Being Depreciated	<u>28,960,084</u>	<u>4,830,636</u>	<u>1,076,894</u>	<u>32,713,826</u>
Total Capital Assets	<u>31,891,767</u>	<u>4,954,203</u>	<u>3,349,890</u>	<u>33,496,080</u>
Less: Accumulated depreciation for				
Transmission	(19,366)	-	-	(19,366)
Distribution	(12,204,392)	(961,439)	275,788	(12,890,043)
Administrative and general assets	<u>(3,065,714)</u>	<u>(210,627)</u>	<u>794,077</u>	<u>(2,482,264)</u>
Total Accumulated Depreciation	<u>(15,289,472)</u>	<u>(1,172,066)</u>	<u>1,069,865</u>	<u>(15,391,673)</u>
Net Capital Assets Being Depreciated	<u>13,670,612</u>	<u>3,658,570</u>	<u>7,029</u>	<u>17,322,153</u>
Net Electric Capital Assets	<u>\$ 16,602,295</u>	<u>\$ 3,782,137</u>	<u>\$ 2,280,025</u>	<u>\$ 18,104,407</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Stormwater</u>				
Capital assets not being depreciated/amortized				
Land	\$ 9,986	\$ -	\$ -	\$ 9,986
Construction in progress	-	9,233	-	9,233
Total Capital Assets Not Being Depreciated/Amortized	9,986	9,233	-	19,219
Capital assets being depreciated				
Storm Sewer	2,336,051	1,029,925	-	3,365,976
Total Capital Assets Being depreciated	2,336,051	1,029,925	-	3,365,976
Total Capital Assets	2,346,037	1,039,158	-	3,385,195
Less: Accumulated depreciation for				
Storm Sewer	(194,893)	(112,200)	-	(307,093)
Total Accumulated Depreciation	(194,893)	(112,200)	-	(307,093)
Net Capital Assets Being depreciated	2,141,158	917,725	-	3,058,883
Net Stormwater Capital Assets	\$ 2,151,144	\$ 926,958	\$ -	\$ 3,078,102

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>EMS</u>				
Capital assets being depreciated				
Buildings and improvements	\$ 1,240,308	\$ -	\$ -	\$ 1,240,308
Equipment	<u>842,543</u>	<u>216,296</u>	<u>117,251</u>	<u>941,588</u>
Total Capital Assets Being Depreciated	<u>2,082,851</u>	<u>216,296</u>	<u>117,251</u>	<u>2,181,896</u>
Less: Accumulated depreciation for				
Buildings and improvements	(305,012)	(25,226)	-	(330,238)
Equipment	<u>(572,920)</u>	<u>(60,764)</u>	<u>117,251</u>	<u>(516,433)</u>
Total Accumulated Depreciation	<u>(877,932)</u>	<u>(85,990)</u>	<u>117,251</u>	<u>(846,671)</u>
Net Capital Assets Being Depreciated	<u>1,204,919</u>	<u>130,306</u>	<u>-</u>	<u>1,335,225</u>
Net Other Enterprise Capital Assets	<u>\$ 1,204,919</u>	<u>\$ 130,306</u>	<u>\$ -</u>	<u>\$ 1,335,225</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 54,404,271</u>	<u>\$ 5,284,154</u>	<u>\$ 2,327,212</u>	<u>\$ 57,361,213</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 460,342
Wastewater	820,778
Electric	1,108,163
Storm sewer	112,200
EMS	<u>85,990</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 2,587,473</u>

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

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

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	River Trail	\$ 809	\$ 809
General	Redevelopment authority	66,574	66,574
General	Electric Utility	432,589	-
General	Water Utility	423,351	-
General	Water Utility	1,727	-
General	Wastewater Utility	1,922	-
General	Electric Utility	14,720	-
Construction	Wastewater Utility	25,005	-
Debt Service	EMS	309,780	-
Outlay	Electric Utility	5,007	-
Storm sewer	Electric Utility	44,001	-
Electric Utility	General	7,274	-
Water Utility	General	1,552	-
Water Utility	Special Assessments	38,314	-
Wastewater Utility	General	1,485	-
Wastewater Utility	Special Assessments	<u>26,275</u>	-
		1,400,385	
	Less: Fund eliminations	(113,384)	
	Less: Government-wide eliminations	(147,800)	
	Less: Interfund advances	<u>(296,088)</u>	
	Total Internal Balances - Government-Wide Statement of Net Position	<u>\$ 843,113</u>	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 1,214,101	
Business-type Activities	Governmental Activities	<u>(370,988)</u>	
	Total Government-Wide Financial Statements	<u>\$ 843,113</u>	

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***Interfund Receivables/Payables (cont.)***

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

***Advances***

The general fund is advancing funds to the TIF District Nos. 5 and 6 capital project funds. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. A repayment schedule has not been established.

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 5	\$ 676,320	\$ 676,320
General Fund	TIF District No. 6	140,399	140,399
Electric Utility	Internal service fund	296,088	252,442
Total - Fund Financial Statements		1,112,807	
Less: Fund eliminations		(816,719)	
Total - Interfund Advances		\$ 296,088	

Years	Internal Service Fund Advance	
	Principal	Interest
2019	\$ 43,646	\$ 8,883
2020	46,007	7,573
2021	48,459	6,193
2022	51,006	4,739
2023	53,651	3,209
2024-2025	53,319	1,778
Totals	\$ 296,088	\$ 32,375

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

***Advances (cont.)***

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

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Tourism	\$ 8,110	Room tax revenue
Debt service	TIF District No. 5	77,893	Payments on TIF District debt
Debt service	TIF District No. 6	59,676	Payments on TIF District debt
General	Water utility	429,611	Payment in lieu of taxes and dividend
General	Electric utility	460,564	Payment in lieu of taxes and dividend
Debt service	General	2,574,893	Payments on non-TID debt
Debt service	TIF District No. 3	436,379	Payments on TIF District debt
Debt service	TIF District No. 4	102,775	Payments on TIF District debt
Debt Service	TIF District No. 7	4,814,792	Payments on TIF District debt
Redevelopment authority	General	10,000	Fund operations
Construction	Park Acquisition	17,320	Fund capital projects
EMS	General	80,000	Fund operations
Library	General	599,288	Fund annual operations
Landmarks	General	5,000	Fund operations
Opera house	General	171,231	Fund operations
Outlay	General	200,000	Fund capital projects
Economic Development	General	10,000	Fund Operations
Construction	Special assessments	150,000	Fund capital projects
Equipment Replacement	General	<u>219,500</u>	Fund capital projects
Total - Fund Financial Statements		10,427,032	
Less: Fund eliminations		(9,456,857)	
Less: Government-wide eliminations		(160,000)	
Capital assets contributions from governmental activities to business-type activities		<u>(490,684)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 319,491</u>	

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Transfers (cont.)**

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 890,175
Business-type Activities	Governmental Activities	<u>(570,684)</u>
Total Government-wide Financial Statements		<u><u>\$ 319,491</u></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.

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 21,992,572	\$ 13,360,000	\$ 2,869,119	\$ 32,483,453	\$ 3,215,602
Bond anticipation notes	4,775,000	-	4,775,000	-	-
(Discounts)/Premiums	165,166	355,014	29,739	490,441	-
Sub-totals	<u>26,932,738</u>	<u>13,715,014</u>	<u>7,673,858</u>	<u>32,973,894</u>	<u>3,215,602</u>
Other Liabilities					
Compensated absences (Note I.D.9)	1,287,965	23,532	96,704	1,214,793	-
Net pension liability (Note V.A)	285,293	-	285,293	-	-
Fire pension liability (Note V. F.)	1,268,731	161,785	38,355	1,392,161	-
Total Other Liabilities	<u>2,841,989</u>	<u>185,317</u>	<u>420,352</u>	<u>2,606,954</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 29,774,727</u></u>	<u><u>\$ 13,900,331</u></u>	<u><u>\$ 8,094,210</u></u>	<u><u>\$ 35,580,848</u></u>	<u><u>\$ 3,215,602</u></u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 2,490,351	\$ -	\$ 380,970	\$ 2,109,381	\$ 397,289
Revenue bonds	13,005,714	-	1,353,117	11,652,597	1,370,494
Unamortized premium on bonds	137,879	-	23,346	114,533	-
Sub-totals	15,633,944	-	1,757,433	13,876,511	1,767,783
<b>Other Liabilities</b>					
Vested compensated absences	433,297	73,558	168,198	338,657	-
Net pension liability	102,514	-	102,514	-	-
Customer advances for construction	28,641	297,959	264,217	62,383	-
Total Other Liabilities	564,452	371,517	534,929	401,040	-
Total Business-type Activities Long-Term Liabilities	\$ 16,198,396	\$ 371,517	\$ 2,292,362	\$ 14,277,551	\$ 1,767,783

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, 2018, was \$58,163,075. Total general obligation debt outstanding at year end was \$34,592,834.



**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**General Obligation Debt**

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

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	\$ 5,060,000	\$ 230,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	830,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	710,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	2,759,000	985,619
2013 State Trust Fund Loan	6/23/13	3/15/20	2.75	1,400,000	424,262
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	2,755,000	1,650,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,545,000	1,150,000
2016 General Obligation Notes	5/26/16	4/1/26	3.25 - 3.75	5,830,000	5,420,000
2016 State Trust Fund Loan	12/28/16	3/15/36	3.5	850,000	823,572
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	7,085,000	6,900,000
2018 General Obligation Bonds	4/26/18	4/1/38	2.00 - 4.00	12,585,000	12,585,000
2018 General Obligation Notes	4/26/18	4/1/28	3.20 - 4.00	775,000	<u>775,000</u>
Total Governmental Activities - General Obligation Debt					<u><u>\$ 32,483,453</u></u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**General Obligation Debt (cont.)**

**Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	\$ 1,015,000	\$ 265,000
2012 General Obligation Notes	4/15/12	3/1/22	0.40 - 2.00	661,000	299,381
2014 General Obligation Notes	6/1/14	4/1/24	2.00 - 2.25	280,000	180,000
2015 General Obligation Notes	7/9/15	4/1/25	2.00 - 2.25	1,180,000	840,000
2017 General Obligation Notes	6/8/17	4/1/27	2.00 - 3.00	575,000	<u>525,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,109,381</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 3,215,602	\$ 1,009,784	\$ 397,289	\$ 46,143
2020	3,411,095	746,617	403,635	35,096
2021	2,641,014	681,630	270,007	26,754
2022	2,698,832	626,975	260,906	21,166
2023	2,523,587	566,626	247,544	15,264
2024-2028	10,599,047	1,884,068	530,000	17,645
2029-2033	4,089,308	885,198	-	-
2034-2038	<u>3,304,968</u>	<u>255,130</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 32,483,453</u>	<u>\$ 6,656,028</u>	<u>\$ 2,109,381</u>	<u>\$ 162,068</u>

**Revenue Debt**

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Revenue Debt (cont.)**

The utilities have pledged future revenues to repay revenue bonds issued in between 1999-2016. Proceeds from the bonds provided financing for the utility construction, improvements, and additions. The bonds are payable solely from utility revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require 2%, 11%, and 15% respectively of electric, water, and wastewater gross revenues. The total principal and interest remaining to be paid on the bonds is \$13,352,491. Principal and interest paid for the current year and total customer gross revenues were \$1,638,047 and \$19,475,136, respectively.

Revenue debt payable at December 31, 2018, consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
<u>Water Utility</u>					
2010 Water Utility Revenue Bonds	1/27/10	5/1/29	2.67%	\$ 575,018	\$ 367,332
2016 Water Utility Revenue Bonds	5/26/16	5/1/26	1.00 - 2.75	2,520,000	<u>1,935,000</u>
				Total Water Utility	<u>2,302,332</u>
<u>Wastewater Utility</u>					
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/19	3.049%	623,465	41,324
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/20	3.049	1,116,259	144,697
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/23	2.766	1,670,624	509,864
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/27	2.475	1,539,762	850,303
2014 Wastewater Utility Clean Water Fund Loan	11/1/14	5/1/34	2.625	3,305,713	<u>2,774,077</u>
				Total Wastewater Utility	<u>4,320,265</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

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

**Revenue Debt (cont.)**

**Business-type Activities Revenue Debt (cont.)**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
<u>Electric Utility</u>					
2013 Electric Utility Revenue Bonds	4/1/13	4/1/23	2.00 - 2.25%	\$ 3,170,000	\$ 1,625,000
2016 Electric Utility Revenue Bonds	5/26/16	4/1/36	2.00 - 3.00	4,005,000	<u>3,405,000</u>
				Total Electric Utility	<u>5,030,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 11,652,597</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,370,494	\$ 256,850
2020	1,405,628	228,086
2021	1,346,722	199,390
2022	1,361,502	170,606
2023	1,401,540	140,842
2024-2028	2,431,828	469,098
2029-2033	1,675,805	211,728
2034-2036	<u>659,078</u>	<u>23,294</u>
Totals	<u>\$ 11,652,597</u>	<u>\$ 1,699,894</u>

**Other Debt Information**

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### *Other Debt Information* (cont.)

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

The water and electric mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenues. The city was in compliance with funding requirements in all material respects at December 31, 2017.

##### *Current Refunding*

On April 26, 2018, the city issued \$12,585,000 in general obligation bonds with an average coupon rate of 2-4% to refund \$4,775,000 of outstanding 2015 Note Anticipation Notes with an average coupon rate of 1.25%. The remaining proceeds were used on capital projects.

#### *G. NET POSITION/FUND BALANCES*

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

##### *Governmental Activities*

Net Investment in Capital Assets	
Land	\$ 9,298,987
Construction in progress	9,493,149
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	31,040,535
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(29,850,931)</u>
Total Net Investment in Capital Assets	<u>\$ 21,358,159</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**G. NET POSITION/FUND BALANCES (cont.)**

**Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Outlay</u>	<u>TIF District No. 7</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Fund Balances</b>							
<b>Nonspendable:</b>							
Delinquent items	\$ 17,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,537
Prepaid items	-	-	-	-	-	44,875	44,875
Noncurrent interfunds	884,102	-	-	-	-	-	884,102
CVMIC equity	<u>257,805</u>	-	-	-	-	-	<u>257,805</u>
Sub-total	<u>1,159,444</u>	-	-	-	-	<u>44,875</u>	<u>1,204,319</u>
<b>Restricted for:</b>							
Debt service	-	562,002	-	-	-	-	562,002
Library	-	-	-	-	-	250,762	250,762
Parks	-	-	-	-	-	286,045	286,045
TID activities	-	-	-	-	190,695	1,776,953	1,967,648
Capital projects	-	-	66,251	373,768	-	6,374	446,393
Firemen pension	-	-	-	-	-	808,960	808,960
Sub-total	-	<u>562,002</u>	<u>66,251</u>	<u>373,768</u>	<u>190,695</u>	<u>3,129,094</u>	<u>4,321,810</u>
<b>Committed to:</b>							
Senior center wood shop	-	-	-	-	-	5,090	5,090
Food pantry	-	-	-	-	-	170,611	170,611
Landmarks	-	-	-	-	-	3,322	3,322
Fire department special	-	-	-	-	-	32,701	32,701
Ambulance	-	-	-	-	-	16,923	16,923
Opera house repair	-	-	-	-	-	6,608	6,608
Township outreach	-	-	-	-	-	9,008	9,008
Tourism	-	-	-	-	-	23,824	23,824
Seniors in need	-	-	-	-	-	54,108	54,108
Senior center special	-	-	-	-	-	458,241	458,241
Capital projects	-	-	-	-	-	170,542	170,542
K9 Unit	-	-	-	-	-	17,322	17,322
Tree commission	-	-	-	-	-	2,795	2,795
Cemetery	-	-	-	-	-	33,452	33,452
Sub-total	-	-	-	-	-	<u>1,004,547</u>	<u>1,004,547</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**G. NET POSITION/FUND BALANCES (cont.)**

**Governmental Funds (cont.)**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Outlay</u>	<u>TIF District No. 7</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b>Assigned to:</b>							
Safety camp	\$ 28,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,336
Youth gift	19,421	-	-	-	-	-	19,421
Bryant grant	101,049	-	-	-	-	-	101,049
Pool sinking fund	19,659	-	-	-	-	-	19,659
Shop with a cop	6,146	-	-	-	-	-	6,146
Tree plantings developer	18,165	-	-	-	-	-	18,165
Police federal grants	4,299	-	-	-	-	-	4,299
Paul kraby memorial	1,076	-	-	-	-	-	1,076
Utility payment in lieu of taxes	855,940	-	-	-	-	-	855,940
Liability insurance loss	70,000	-	-	-	-	-	70,000
Virgin lake boardwalk	409	-	-	-	-	-	409
Buddy bags	46	-	-	-	-	-	46
Arts council	1,799	-	-	-	-	-	1,799
Buddy benches	625	-	-	-	-	-	625
Fire equipment Equipment	-	-	-	-	-	20,453	20,453
replacement	-	-	-	-	-	427,155	427,155
Building replacement	-	-	-	-	-	540,449	540,449
Capital Projects	-	-	2,587,344	-	-	-	2,587,344
Outlay	-	-	-	80,132	-	-	80,132
Budget appropriation	80,000	-	-	-	-	-	80,000
Sub-total	<u>1,206,970</u>	<u>-</u>	<u>2,587,344</u>	<u>80,132</u>	<u>-</u>	<u>988,057</u>	<u>4,862,503</u>
<b>Unassigned (deficit):</b>	<u>3,884,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,081,198)</u>	<u>2,803,157</u>
 <b>Total Fund Balances</b>	 <u>\$ 6,250,769</u>	 <u>\$ 562,002</u>	 <u>\$ 2,653,595</u>	 <u>\$ 453,900</u>	 <u>\$ 190,695</u>	 <u>\$ 4,085,375</u>	 <u>\$ 14,196,336</u>

**Business-type Activities**

Net Investment in Capital Assets	
Land	\$ 784,481
Construction in progress	305,655
Other capital assets, net of depreciation	56,271,077
Less: Long-term debt outstanding	(13,761,978)
Plus: Unspent capital related debt proceeds	121,843
Less: Unamortized debt premium	<u>(114,533)</u>
 Total Net Investment in Capital Assets	 <u>\$ 43,606,545</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE V - OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.



**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE V - OTHER INFORMATION (cont.)**

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

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

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

During the reporting period, the WRS recognized \$508,566 in contributions from the city.

Contribution rates for the plan year reported as of December 31, 2018 are:

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE V - OTHER INFORMATION (cont.)**

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

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

At December 31, 2018, the city reported an asset of \$1,447,068 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.04873732%, which was an increase of 0.00168697% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$646,580.

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,838,537	\$ 860,006
Changes in assumptions	285,912	-
Net differences between projected and actual earnings on pension plan investments	-	1,988,861
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	42,494
Employer contributions subsequent to the measurement date	533,009	-
Totals	\$ 2,657,458	\$ 2,891,361

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE V - OTHER INFORMATION** (cont.)

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

\$533,009 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 141,199
2020	(26,991)
2021	(505,382)
2022	(379,184)
2023	3,442

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE V - OTHER INFORMATION (cont.)

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE V - OTHER INFORMATION (cont.)

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

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the city's proportionate share of the net pension asset to changes in the discount rate.** The following presents the city's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension (asset)/liability	\$3,744,061	\$(1,447,068)	\$(5,392,488)

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

At December 31, 2018, the city reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

#### B. RISK MANAGEMENT

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

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## NOTE V - OTHER INFORMATION (cont.)

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### ***B. RISK MANAGEMENT*** (cont.)

#### ***Public Entity Risk Pool***

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

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

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

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

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$257,805 in the general fund.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$25,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate for outstanding losses and incurred but not reported losses is recorded in CVMIC's balance sheet in liability reserves.

### ***C. COMMITMENTS AND CONTINGENCIES***

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

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### **NOTE V - OTHER INFORMATION** (cont.)

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#### ***C. COMMITMENTS AND CONTINGENCIES*** (cont.)

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

The city has active construction projects as of December 31, 2018. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

#### ***Long-Term Contracts - WPPI Energy***

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$342 million as of December 31, 2018.

#### ***D. SUBSEQUENT EVENT***

On April 24, 2019 the city issued general obligation promissory notes in the amount of \$7,430,000 with an interest rate of 2.125 to 4%%. This amount will be used for TID and city capital projects.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE V - OTHER INFORMATION (cont.)

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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

#### ***F. FIREMEN'S PENSION PLAN***

***Plan description.*** The city reports a single-employer defined benefit pension plan for fire department employees (the "Plan"). Management of the Plan is vested in the Firemen's Pension Board. No assets have been accumulated in a trust for payment of these benefits.

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

***Plan membership.*** At December 31, 2018, the plan's membership consisted of:

Retirees and beneficiaries	29
Inactive, non-retired members	-
Active members	<u>36</u>
Total	<u><u>65</u></u>



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE V - OTHER INFORMATION (cont.)

#### **F. FIREMEN'S PENSION PLAN** (cont.)

The city paid \$40,282 for pension benefits as they came due during the reporting period. The city has accumulated assets to pay for these benefits; however, the arrangement does not meet the definition of a trust under GASB Statement No. 73. The specific criteria that are not met include:

- > Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- > Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the pension plan administrator and plan members

**Changes in total pension liability.** The city's change in total pension liability for the year ended December 31, 2018 was as follows:

	Total Pension Liability
Beginning of Year Balance	\$ 1,268,731
Service cost	41,400
Interest on total pension liability	48,805
Changes of assumptions	71,580
Benefit payments	(38,355)
End of Year Balance	\$ 1,392,161

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

Measurement Date:	December 31, 2017
Actuarial Valuation Date:	December 31, 2016
Inflation:	2.3%
Salary Changes:	10% in 2018, 2.3 thereafter
Discount Rate:	3.44%
Source of Discount Rate:	Bond Buyer GO 20-Year Municipal Bond Index
Source of Mortality Assumptions:	Wisconsin 2012 Mortality table
Dates of Experience Studies:	Experience study conducted using WRS experience from 2012-2014

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE V - OTHER INFORMATION (cont.)**

**F. FIREMEN'S PENSION PLAN (cont.)**

**Sensitivity of the total pension liability to changes in the discount rate.** The following is a sensitivity analysis of the total pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the current discount rate of 3.44% as well as what the total pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 1,641,065	\$ 1,392,161	\$ 1,197,108

**Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2018, the city recognized pension expense of \$94,285.

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 61,693	\$ 30,427
Employer contributions subsequent to the measurement date	40,282	-
Totals	\$ 101,975	\$ 30,427

\$40,282 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows and Deferred Inflows of Resources (net)
2019	\$ 4,080
2020	4,080
2021	4,080
2022	4,080
2023	4,080
Thereafter	10,866

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF STOUGHTON

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
Taxes	\$ 8,562,687	\$ 8,562,687	\$ 8,564,436	\$ 1,749
<b>INTERGOVERNMENTAL REVENUES</b>				
Intergovernmental	1,713,998	1,799,651	1,671,045	(128,606)
<b>LICENSES AND PERMITS</b>				
Business and occupational licenses	36,800	36,800	42,357	5,557
Dog and cat licenses	4,000	4,000	3,651	(349)
Building permits	164,700	164,700	246,440	81,740
Total Licenses and Permits	205,500	205,500	292,448	86,948
<b>FINES, FORFEITURES AND PENALTIES</b>				
Fines, forfeitures and penalties	121,000	121,000	168,454	47,454
<b>PUBLIC CHARGES FOR SERVICES</b>				
Public charges for services	1,405,434	1,405,434	1,429,250	23,816
<b>INTERGOVERNMENTAL CHARGES</b>				
Intergovernmental charges for services	60,000	60,000	58,889	(1,111)
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	10,000	10,000	16,717	6,717
<b>INVESTMENT INCOME</b>				
Investment income	30,000	30,000	189,555	159,555
<b>MISCELLANEOUS</b>				
Miscellaneous revenues	378,419	386,419	530,241	143,822
Total Revenues	12,487,038	12,580,691	12,921,035	340,344

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

## CITY OF STOUGHTON

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Council/Board	\$ 47,005	\$ 47,005	\$ 45,697	\$ 1,308
Legislative support	101,386	101,386	99,222	2,164
Judicial	57,381	57,381	54,049	3,332
Administrator	223,872	223,872	207,620	16,252
Treasury	849,549	899,549	810,260	89,289
Legal	110,500	110,500	138,063	(27,563)
Personnel	171,913	171,913	164,275	7,638
General buildings/plant/hall	65,707	65,707	59,194	6,513
Assessment of property	47,500	47,500	47,475	25
Contingency	80,000	80,000	47,895	32,105
Other general government	49,620	49,620	158,857	(109,237)
Health insurance	-	-	20,008	(20,008)
Total General Government	<u>1,804,433</u>	<u>1,854,433</u>	<u>1,852,615</u>	<u>1,818</u>
<b>PUBLIC SAFETY</b>				
Police	3,045,638	3,045,638	3,193,546	(147,908)
Fire protection	541,585	541,585	531,931	9,654
Inspection	<u>325,934</u>	<u>325,934</u>	<u>369,429</u>	<u>(43,495)</u>
Total Public Safety	<u>3,913,157</u>	<u>3,913,157</u>	<u>4,094,906</u>	<u>(181,749)</u>
<b>PUBLIC WORKS</b>				
Highway and street maintenance and construction	105,116	105,116	107,224	(2,108)
Highway and street maintenance for local	1,149,186	1,163,186	1,079,167	84,019
Snow and ice control	70,000	70,000	66,393	3,607
Other sanitation	715,000	715,000	714,385	615
Buildings and grounds operations	<u>127,344</u>	<u>127,344</u>	<u>93,322</u>	<u>34,022</u>
Total Public Works	<u>2,166,646</u>	<u>2,180,646</u>	<u>2,060,491</u>	<u>120,155</u>
<b>CULTURE, RECREATION AND EDUCATION</b>				
Parks	207,533	200,173	222,650	(22,477)
Recreation facilities	497,959	497,959	542,403	(44,444)
Community center	455,780	496,376	443,732	52,644
Other culture	347,436	333,150	314,233	18,917
School year recreation	35,000	35,000	40,147	(5,147)
Cable television	<u>6,000</u>	<u>6,000</u>	<u>6,761</u>	<u>(761)</u>
Total Culture, Recreation and Education	<u>1,549,708</u>	<u>1,568,658</u>	<u>1,569,926</u>	<u>(1,268)</u>
Total Expenditures	<u>9,433,944</u>	<u>9,516,894</u>	<u>9,577,938</u>	<u>(61,044)</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 FUND For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	<u>\$ 3,053,094</u>	<u>\$ 3,063,797</u>	<u>3,343,097</u>	<u>\$ 279,300</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	959,000	539,000	898,285	359,285
Transfers out	<u>(4,032,094)</u>	<u>(3,612,094)</u>	<u>(3,869,912)</u>	<u>(257,818)</u>
Total Other Financing Sources (Uses)	<u>(3,073,094)</u>	<u>(3,073,094)</u>	<u>(2,971,627)</u>	<u>101,467</u>
<b>Net Change in Fund Balance</b>	(20,000)	(9,297)	371,470	380,767
FUND BALANCE - Beginning of Year	<u>5,879,299</u>	<u>5,879,299</u>	<u>5,879,299</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,859,299</u>	<u>\$ 5,870,002</u>	<u>\$ 6,250,769</u>	<u>\$ 380,767</u>

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

**CITY OF STOUGHTON**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/18	0.04873732%	\$ (1,447,068)	\$ 6,542,867	22.12%	102.93%
12/31/17	0.04705035%	387,807	6,226,372	6.23%	99.12%
12/31/16	0.04597674%	747,113	6,169,077	12.11%	98.20%
12/31/15	0.04486493%	(1,102,005)	5,696,627	19.34%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 533,009	\$ 533,009	\$ -	6,864,764	7.76%
12/31/17	511,909	511,909	-	7,308,112	7.00%
12/31/16	461,771	461,771	-	7,032,737	6.57%
12/31/15	465,913	465,913	-	6,169,077	7.55%

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

**CITY OF STOUGHTON**

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY  
FIREMEN'S PENSION PLAN  
For the Year Ended December 31, 2018

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<u>Fiscal Year Ending</u>	<u>Beginning Balance</u>	<u>Service Cost</u>	<u>Interest on Total Pension Liability</u>	<u>Changes in Benefit Terms</u>	<u>Difference Between Expected and Actual Experience</u>	<u>Changes of Assumptions</u>	<u>Benefit Payments</u>	<u>Ending Balance</u>
12/31/18	\$ 1,268,731	\$ 41,400	\$ 48,805	\$ -	\$ -	\$ 71,580	\$ (38,355)	\$ 1,392,161
12/31/17	1,259,717	42,477	45,829	-	-	(42,041)	(37,251)	1,268,731

SCHEDULE OF COVERED PAYROLL  
FIREMEN'S PENSION PLAN  
For the Year Ended December 31, 2018

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<u>Fiscal Year Ending</u>	<u>Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Total Pension Liability as a Percentage of Covered Payroll</u>
12/31/18	\$ 1,392,161	\$ 102,773	1355%
12/31/17	1,268,731	93,830	1352%

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



# CITY OF STOUGHTON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***BUDGETARY INFORMATION***

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

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

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

### ***WISCONSIN RETIREMENT SYSTEM***

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

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

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

*Changes in assumptions.* There were no changes in assumptions.

### ***FIREMEN'S PENSION PLAN***

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

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

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

*Changes in assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2018

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
<b>ASSETS</b>				
Cash and investments	\$ 265,036	\$ 17,144	\$ 37,506	\$ 6,608
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	44,875	-
<b>TOTAL ASSETS</b>	<u>\$ 265,036</u>	<u>\$ 17,144</u>	<u>\$ 82,381</u>	<u>\$ 6,608</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,317	\$ 134	\$ 54,073	\$ -
Accrued liabilities	10,957	87	3,788	-
Deposits	-	-	-	-
Other liabilities	-	-	264,949	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<u>14,274</u>	<u>221</u>	<u>322,810</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit)</b>				
Nonspendable	-	-	44,875	-
Restricted	250,762	-	-	-
Committed	-	16,923	-	6,608
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(285,304)	-
<b>Total Fund Balances (deficit)</b>	<u>250,762</u>	<u>16,923</u>	<u>(240,429)</u>	<u>6,608</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 265,036</u>	<u>\$ 17,144</u>	<u>\$ 82,381</u>	<u>\$ 6,608</u>

Special Revenue Funds

Township Outreach	Tourism	Seniors in Need	Food Pantry	Landmarks	Fire Department Special
\$ 9,134	\$ 22,007	\$ 56,113	\$ 175,207	\$ 4,822	\$ 33,201
-	-	-	-	-	-
-	18,171	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,134</u>	<u>40,178</u>	<u>56,113</u>	<u>175,207</u>	<u>4,822</u>	<u>33,201</u>
\$ -	\$ 16,354	\$ 2,005	\$ 4,596	\$ 1,500	\$ 500
126	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>126</u>	<u>16,354</u>	<u>2,005</u>	<u>4,596</u>	<u>1,500</u>	<u>500</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,008	23,824	54,108	170,611	3,322	32,701
-	-	-	-	-	-
<u>9,008</u>	<u>23,824</u>	<u>54,108</u>	<u>170,611</u>	<u>3,322</u>	<u>32,701</u>
<u>\$ 9,134</u>	<u>\$ 40,178</u>	<u>\$ 56,113</u>	<u>\$ 175,207</u>	<u>\$ 4,822</u>	<u>\$ 33,201</u>

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2018

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special	Economic Development	Redevelop- ment Authority
<b>ASSETS</b>				
Cash and investments	\$ 5,133	\$ 458,696	\$ 24,891	\$ -
Receivables (net)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,133</b>	<b>\$ 458,696</b>	<b>\$ 24,891</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 43	\$ 455	\$ -	\$ 1,275
Accrued liabilities	-	-	-	-
Deposits	-	-	33,000	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	66,574
Advances from other funds	-	-	-	-
Total Liabilities	43	455	33,000	67,849
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	5,090	458,241	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(8,109)	(67,849)
Total Fund Balances (deficit)	5,090	458,241	(8,109)	(67,849)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 5,133</b>	<b>\$ 458,696</b>	<b>\$ 24,891</b>	<b>\$ -</b>

Special Revenue Funds

Special Assessments	CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund
\$ 141,218	\$ 6,374	\$ 17,322	\$ 2,724	\$ 33,452	\$ -	\$ 808,960
100,108	-	-	-	-	-	-
-	-	-	71	-	-	-
468,884	-	-	-	-	-	-
-	-	-	-	-	50,000	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 710,210</u>	<u>\$ 6,374</u>	<u>\$ 17,322</u>	<u>\$ 2,795</u>	<u>\$ 33,452</u>	<u>\$ 50,000</u>	<u>\$ 808,960</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
64,589	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>64,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,195	-	-	-	-	-	-
468,884	-	-	-	-	50,000	-
<u>475,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
-	-	-	-	-	-	-
-	6,374	-	-	-	-	808,960
170,542	-	17,322	2,795	33,452	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>170,542</u>	<u>6,374</u>	<u>17,322</u>	<u>2,795</u>	<u>33,452</u>	<u>-</u>	<u>808,960</u>
<u>\$ 710,210</u>	<u>\$ 6,374</u>	<u>\$ 17,322</u>	<u>\$ 2,795</u>	<u>\$ 33,452</u>	<u>\$ 50,000</u>	<u>\$ 808,960</u>

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2018

	Capital Projects Funds			
	Fire Equipment	Park Acquisition	River Trail	TIF District No. 3
<b>ASSETS</b>				
Cash and investments	\$ 20,453	\$ 286,045	\$ -	\$ 457,546
Receivables (net)				
Taxes	-	-	-	475,729
Accounts	-	-	-	-
Special assessments	-	-	-	-
Loans	-	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 20,453</u>	<u>\$ 286,045</u>	<u>\$ -</u>	<u>\$ 933,275</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 32,715
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	809	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>809</u>	<u>32,715</u>
Deferred Inflows of Resources				
Unearned revenues	-	-	-	475,729
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,729</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	286,045	-	424,831
Committed	-	-	-	-
Assigned	20,453	-	-	-
Unassigned (deficit)	-	-	(809)	-
Total Fund Balances (deficit)	<u>20,453</u>	<u>286,045</u>	<u>(809)</u>	<u>424,831</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 20,453</u>	<u>\$ 286,045</u>	<u>\$ -</u>	<u>\$ 933,275</u>

Capital Projects Funds							Total Nonmajor Governmental Funds
TIF District No. 4	TIF District No. 5	TIF District No. 6	TIF District No. 8	Equipment Replacement	Building Maintenance		
\$ 1,132,935	\$ 88,350	\$ 33,111	\$ 231,387	\$ 449,162	\$ 566,865		\$ 5,391,402
174,694	-	24,537	-	-	-		775,068
-	-	-	-	-	-		18,242
-	-	-	-	-	-		468,884
-	-	-	-	-	-		50,000
-	-	-	-	-	-		44,875
<u>\$ 1,307,629</u>	<u>\$ 88,350</u>	<u>\$ 57,648</u>	<u>\$ 231,387</u>	<u>\$ 449,162</u>	<u>\$ 566,865</u>		<u>\$ 6,748,471</u>
\$ 111	\$ 113	\$ 23,756	\$ 12,089	\$ 22,007	\$ 26,416		\$ 201,459
-	-	-	-	-	-		14,958
-	-	-	-	-	-		33,000
-	-	-	-	-	-		264,949
-	-	-	-	-	-		131,972
-	676,320	140,399	-	-	-		816,719
<u>111</u>	<u>676,433</u>	<u>164,155</u>	<u>12,089</u>	<u>22,007</u>	<u>26,416</u>		<u>1,463,057</u>
174,694	-	24,537	-	-	-		681,155
-	-	-	-	-	-		518,884
<u>174,694</u>	<u>-</u>	<u>24,537</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>1,200,039</u>
-	-	-	-	-	-		44,875
1,132,824	-	-	219,298	-	-		3,129,094
-	-	-	-	-	-		1,004,547
-	-	-	-	427,155	540,449		988,057
-	(588,083)	(131,044)	-	-	-		(1,081,198)
<u>1,132,824</u>	<u>(588,083)</u>	<u>(131,044)</u>	<u>219,298</u>	<u>427,155</u>	<u>540,449</u>		<u>4,085,375</u>
<u>\$ 1,307,629</u>	<u>\$ 88,350</u>	<u>\$ 57,648</u>	<u>\$ 231,387</u>	<u>\$ 449,162</u>	<u>\$ 566,865</u>		<u>\$ 6,748,471</u>



# CITY OF STOUGHTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	222,274	-	-	-
Public charges for services	28,064	-	756,786	-
Special assessments	-	-	-	-
Investment income	3,600	-	18	108
Miscellaneous revenues	83,949	10,504	5,836	-
Total Revenues	337,887	10,504	762,640	108
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	8,313	-	-
Culture, recreation and education	898,883	-	944,679	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	898,883	8,313	944,679	-
Excess (deficiency) of revenues over expenditures	(560,996)	2,191	(182,039)	108
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	-
Transfers in	599,288	-	171,231	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	599,288	-	171,231	-
<b>Net Change in Fund Balances</b>	38,292	2,191	(10,808)	108
FUND BALANCES (DEFICIT) - Beginning of Year	212,470	14,732	(229,621)	6,500
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 250,762	\$ 16,923	\$ (240,429)	\$ 6,608

Special Revenue Funds

Township Outreach	Tourism	Seniors in Need	Food Pantry	Landmarks	Fire Department Special	Senior Center Wood Shop
\$ -	\$ 81,104	\$ -	\$ -	\$ -	\$ -	\$ -
5,745	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	410	877	27	380	-
<u>2,500</u>	<u>-</u>	<u>22,400</u>	<u>80,950</u>	<u>-</u>	<u>22,792</u>	<u>3,131</u>
<u>8,245</u>	<u>81,104</u>	<u>22,810</u>	<u>81,827</u>	<u>27</u>	<u>23,172</u>	<u>3,131</u>
-	-	-	-	-	-	-
-	-	-	-	-	16,907	-
5,036	72,993	14,452	83,421	5,964	-	1,743
-	-	-	-	-	-	-
-	-	-	-	-	9,209	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,036</u>	<u>72,993</u>	<u>14,452</u>	<u>83,421</u>	<u>5,964</u>	<u>26,116</u>	<u>1,743</u>
<u>3,209</u>	<u>8,111</u>	<u>8,358</u>	<u>(1,594)</u>	<u>(5,937)</u>	<u>(2,944)</u>	<u>1,388</u>
-	-	-	-	-	-	-
-	-	-	-	5,000	-	-
<u>-</u>	<u>(8,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(8,110)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
3,209	1	8,358	(1,594)	(937)	(2,944)	1,388
<u>5,799</u>	<u>23,823</u>	<u>45,750</u>	<u>172,205</u>	<u>4,259</u>	<u>35,645</u>	<u>3,702</u>
<u>\$ 9,008</u>	<u>\$ 23,824</u>	<u>\$ 54,108</u>	<u>\$ 170,611</u>	<u>\$ 3,322</u>	<u>\$ 32,701</u>	<u>\$ 5,090</u>

## CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018

	Special Revenue Funds			
	Senior Center Special	Economic Development	Redevelop- ment Authority	Special Assessments
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	-	-	-
Special assessments	-	-	-	148,646
Investment income	12,239	392	450	10,886
Miscellaneous revenues	9,950	6,344	-	-
Total Revenues	22,189	6,736	450	159,532
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	8,535	-	-	-
Conservation and development	-	9,104	42,607	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	8,535	9,104	42,607	-
Excess (deficiency) of revenues over expenditures	13,654	(2,368)	(42,157)	159,532
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	-
Transfers in	-	10,000	10,000	-
Transfers out	-	-	-	(150,000)
Total Other Financing Sources (Uses)	-	10,000	10,000	(150,000)
<b>Net Change in Fund Balances</b>	13,654	7,632	(32,157)	9,532
FUND BALANCES (DEFICIT) - Beginning of Year	444,587	(15,741)	(35,692)	161,010
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 458,241	\$ (8,109)	\$ (67,849)	\$ 170,542

Special Revenue Funds					Capital Projects Funds		
CDBG	K9 Unit	Tree Commission	Cemetery	Revolving Loan Fund	Firemen's Pension Fund	Fire Equipment	Park Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	11,777
-	-	-	627	-	9,530	152	4,841
-	6,251	974	-	-	4,920	-	48,564
-	6,251	974	627	-	14,450	152	65,182
-	-	-	-	-	-	-	-
-	6,158	-	-	-	-	-	-
-	-	-	226	-	-	-	164,731
-	-	525	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	6,158	525	226	-	-	-	164,731
-	93	449	401	-	14,450	152	(99,549)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(17,320)
-	-	-	-	-	-	-	(17,320)
-	93	449	401	-	14,450	152	(116,869)
6,374	17,229	2,346	33,051	-	794,510	20,301	402,914
<u>\$ 6,374</u>	<u>\$ 17,322</u>	<u>\$ 2,795</u>	<u>\$ 33,452</u>	<u>\$ -</u>	<u>\$ 808,960</u>	<u>\$ 20,453</u>	<u>\$ 286,045</u>

# CITY OF STOUGHTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Capital Projects Funds			
	River Trail	TIF District No. 3	TIF District No. 4	TIF District No. 5
<b>REVENUES</b>				
Taxes	\$ -	\$ 491,691	\$ 182,466	\$ -
Intergovernmental	-	3,302	1,734	188,657
Public charges for services	-	16,624	-	-
Special assessments	-	-	-	-
Investment income	-	3,149	19,058	2,778
Miscellaneous revenues	-	-	-	20,373
Total Revenues	-	514,766	203,258	211,808
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture, recreation and education	-	-	-	-
Conservation and development	-	-	-	113
Capital Outlay	-	33,625	5,187	649,860
Debt Service				
Interest and fiscal charges	-	-	-	18,157
Total Expenditures	-	33,625	5,187	668,130
Excess (deficiency) of revenues over expenditures	-	481,141	198,071	(456,322)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	-	348,750
Transfers in	-	-	-	-
Transfers out	-	(436,379)	(102,775)	(77,893)
Total Other Financing Sources (Uses)	-	(436,379)	(102,775)	270,857
<b>Net Change in Fund Balances</b>	-	44,762	95,296	(185,465)
FUND BALANCES (DEFICIT) - Beginning of Year	(809)	380,069	1,037,528	(402,618)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ (809)	\$ 424,831	\$ 1,132,824	\$ (588,083)

Capital Projects Funds

<u>TIF District No. 6</u>	<u>TIF District No. 8</u>	<u>Equipment Replacement</u>	<u>Building Maintenance</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 755,261
-	-	-	-	421,712
-	-	-	-	813,251
-	-	-	-	148,646
-	-	2,410	1,130	73,062
-	-	-	156,372	485,810
<u>-</u>	<u>-</u>	<u>2,410</u>	<u>157,502</u>	<u>2,697,742</u>
-	-	-	45,983	45,983
-	-	-	-	31,378
-	-	-	-	2,200,663
1,814	10,699	-	-	64,862
8,171	196,253	130,376	-	1,032,681
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,157</u>
<u>9,985</u>	<u>206,952</u>	<u>130,376</u>	<u>45,983</u>	<u>3,393,724</u>
<u>(9,985)</u>	<u>(206,952)</u>	<u>(127,966)</u>	<u>111,519</u>	<u>(695,982)</u>
-	426,250	-	-	775,000
-	-	219,500	-	1,015,019
<u>(59,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(852,153)</u>
<u>(59,676)</u>	<u>426,250</u>	<u>219,500</u>	<u>-</u>	<u>937,866</u>
(69,661)	219,298	91,534	111,519	241,884
<u>(61,383)</u>	<u>-</u>	<u>335,621</u>	<u>428,930</u>	<u>3,843,491</u>
<u>\$ (131,044)</u>	<u>\$ 219,298</u>	<u>\$ 427,155</u>	<u>\$ 540,449</u>	<u>\$ 4,085,375</u>

# CITY OF STOUGHTON

## COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2018

	Storm Sewer	EMS	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 223,243	\$ 323,244	\$ 546,487
Receivables	44,430	123,954	168,384
Due from other funds	44,001	-	44,001
Total Current Assets	311,674	447,198	758,872
Noncurrent Assets			
Capital Assets			
Land	9,986	-	9,986
Construction in progress	9,233	-	9,233
Property and equipment	3,365,976	2,181,896	5,547,872
Less: Accumulated depreciation	(307,093)	(846,671)	(1,153,764)
Restricted Assets			
Net pension asset	-	21,131	21,131
Total Noncurrent Assets	3,078,102	1,356,356	4,434,458
Total Assets	3,389,776	1,803,554	5,193,330
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	-	37,900	37,900
Total Deferred Outflows of Resources	-	37,900	37,900
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	26,252	6,012	32,264
Accrued liabilities	9,767	11,166	20,933
Due to other funds	-	309,780	309,780
Current portion of general obligation debt	182,289	130,000	312,289
Total Current Liabilities	218,308	456,958	675,266
Noncurrent Liabilities			
Long-Term Debt			
General obligation debt payable	1,042,092	135,000	1,177,092
Compensated absences	-	38,210	38,210
Total Liabilities	1,260,400	630,168	1,890,568
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	-	43,924	43,924
Total Deferred Inflows of Resources	-	43,924	43,924
<b>NET POSITION</b>			
Net investment in capital assets	1,975,564	1,070,225	3,045,789
Restricted for			
Pension	-	21,131	21,131
Unrestricted	153,812	76,006	229,818
<b>TOTAL NET POSITION</b>	<b>\$ 2,129,376</b>	<b>\$ 1,167,362</b>	<b>\$ 3,296,738</b>

## CITY OF STOUGHTON

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2018

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 609,384	\$ 568,426	\$ 1,177,810
Total Operating Revenues	<u>609,384</u>	<u>568,426</u>	<u>1,177,810</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	438,376	504,094	942,470
Depreciation expense	112,200	85,990	198,190
Total Operating Expenses	<u>550,576</u>	<u>590,084</u>	<u>1,140,660</u>
Operating Income (Loss)	<u>58,808</u>	<u>(21,658)</u>	<u>37,150</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	11,116	2,846	13,962
Interest and fiscal charges	(28,699)	(12,172)	(40,871)
Interest subsidy	-	9,018	9,018
Intergovernmental grants	27,179	17,533	44,712
Total Nonoperating Revenues (Expenses)	<u>9,596</u>	<u>17,225</u>	<u>26,821</u>
Net Income (Loss) Before Contributions and Transfers	<u>68,404</u>	<u>(4,433)</u>	<u>63,971</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions in aid of construction	160,811	-	160,811
Capital contributions - city	472,400	-	472,400
Transfers in	-	80,000	80,000
Total Contributions and Transfers	<u>633,211</u>	<u>80,000</u>	<u>713,211</u>
<b>Change in Net Position</b>	701,615	75,567	777,182
NET POSITION - Beginning of Year	<u>1,427,761</u>	<u>1,091,795</u>	<u>2,519,556</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 2,129,376</u></u>	<u><u>\$ 1,167,362</u></u>	<u><u>\$ 3,296,738</u></u>



## CITY OF STOUGHTON

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2018

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 565,522	\$ 620,355	\$ 1,185,877
Paid to suppliers for goods and services	(176,729)	(201,313)	(378,042)
Paid to employees for services	(240,407)	(308,010)	(548,417)
Net Cash Flows From Operating Activities	<u>148,386</u>	<u>111,032</u>	<u>259,418</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>11,116</u>	<u>2,846</u>	<u>13,962</u>
Net Cash Flows From Investing Activities	<u>11,116</u>	<u>2,846</u>	<u>13,962</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers	-	80,000	80,000
Advances from other funds	-	34,035	34,035
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>114,035</u>	<u>114,035</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Debt retired	(170,970)	(125,000)	(295,970)
Interest paid	(33,217)	(13,900)	(47,117)
Acquisition and construction of capital assets	(405,947)	(4,945)	(410,892)
Construction grant received	<u>27,179</u>	<u>-</u>	<u>27,179</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(582,955)</u>	<u>(143,845)</u>	<u>(726,800)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(423,453)	84,068	(339,385)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>646,696</u>	<u>239,176</u>	<u>885,872</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 223,243</u>	<u>\$ 323,244</u>	<u>\$ 546,487</u>

	<u>Storm Sewer</u>	<u>EMS</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 58,808	\$ (21,658)	\$ 37,150
Nonoperating revenue	-	26,551	26,551
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	112,200	85,990	198,190
Changes in assets, deferred outflows, liabilities and deferred inflows			
Customer accounts receivable	1,128	-	1,128
Other accounts receivable	-	25,378	25,378
Due from other funds	(44,990)	-	(44,990)
Compensated absences	-	5,264	5,264
Accounts payable	18,986	(10,096)	8,890
Other current liabilities	2,254	(2,784)	(530)
Pension related deferrals and liabilities	-	2,387	2,387
	<u>-</u>	<u>2,387</u>	<u>2,387</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 148,386</u>	<u>\$ 111,032</u>	<u>\$ 259,418</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments	<u>\$ 223,243</u>	<u>\$ 323,244</u>	<u>\$ 546,487</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 223,243</u>	<u>\$ 323,244</u>	<u>\$ 546,487</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
City contributed assets	<u>\$ 472,400</u>	<u>\$ -</u>	<u>\$ 472,400</u>
Developer contributed assets	<u>\$ 160,811</u>	<u>\$ -</u>	<u>\$ 160,811</u>