

**CITY OF STOUGHTON**

Stoughton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

# CITY OF STOUGHTON

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Stoughton  
Stoughton, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Stoughton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stoughton, Wisconsin, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B., the city adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules 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, economical, 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.

To the City Council  
City of Stoughton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Stoughton's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Tilly Vuchow Krause, LLP*

Madison, Wisconsin  
May 17, 2012



## CITY OF STOUGHTON

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

For the Year Ended December 31, 2011

As management of the City of Stoughton, we offer readers of the City of Stoughton's financial statements this narrative overview and analysis of the financial activities of the City of Stoughton for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the city's financial statements.

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#### FINANCIAL HIGHLIGHTS

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

- The assets of the City of Stoughton exceeded its liabilities by \$62,575,797 (net assets). Of this amount, \$11,701,674 is considered unrestricted net assets, \$4,384,519 is restricted for specific purposes (restricted net assets), and \$46,489,604 is invested in capital assets, net of related debt.
- The city's total net assets increased by \$1,679,908. Governmental activities net assets increased by \$469,566 while business-type net assets increased by \$1,210,342.
- On December 31, 2011, the city's governmental funds reported combined fund balances of \$6,430,527, a decrease of \$1,311,051 from 2010. Unassigned fund balance was \$1,696,375 at year-end.
- The City of Stoughton's total debt decreased by \$3,140,420 (9%) during 2011.

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Year Ended December 31, 2011

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

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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 assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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)

For the Year Ended December 31, 2011

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

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The city maintains twenty-seven 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2011

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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 Net Assets is presented below.

	Governmental Activities		Business Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other Assets	\$15,639,513	\$17,758,430	\$13,758,171	\$14,650,880	\$29,397,684	\$32,409,310
Capital Assets	33,131,299	33,423,812	43,916,148	43,376,117	77,047,447	76,799,929
Total Assets	48,770,812	51,182,242	57,674,319	58,026,997	106,445,131	109,209,239
Long Term liabilities	18,892,711	21,575,882	14,236,822	15,393,131	33,129,533	36,969,013
Other liabilities	9,088,518	9,204,555	1,651,283	2,139,782	10,739,801	11,344,337
Total liabilities	27,981,229	30,780,437	15,888,105	17,532,913	43,869,334	48,313,350
Invested in capital assets net of related debt	16,796,049	16,752,659	29,693,555	27,973,104	46,489,604	44,725,763
Restricted	1,461,342	2,102,686	2,923,177	3,280,915	4,384,519	5,383,601
Unrestricted (deficit)	2,532,192	1,546,460	9,169,482	9,240,065	11,701,674	10,786,525
<b>Total Net Assets</b>	<b>\$20,789,583</b>	<b>\$20,401,805</b>	<b>\$41,786,214</b>	<b>\$40,494,084</b>	<b>\$62,575,797</b>	<b>\$60,895,889</b>

The largest portion of the city's net assets (74%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (19%) may be used to meet the government's ongoing obligation to citizens and creditors.



# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2011

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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 Assets**

	Governmental Activities		Business Type Activities		Totals	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>						
Program Revenues						
Charges for services	\$ 1,881,753	\$ 1,769,303	\$ 19,397,282	\$ 18,267,182	\$ 21,279,035	\$ 20,036,485
Operating grants and contributions	1,761,954	1,630,814	-	-	1,761,954	1,630,814
Capital grants and contributions	249,169	51,379	132,017	879,843	381,186	931,222
General Revenues						
Property Taxes	7,459,794	7,232,954	-	-	7,459,794	7,232,954
Other Taxes	87,673	80,895	-	-	87,673	80,895
Intergovernmental	870,567	866,106	-	-	870,567	866,106
Other	605,159	369,856	146,681	337,858	751,840	707,714
Total Revenues	<u>12,916,069</u>	<u>12,001,307</u>	<u>19,675,980</u>	<u>19,484,883</u>	<u>32,592,049</u>	<u>31,486,190</u>
<b>EXPENSES</b>						
General government	1,695,675	1,379,340	-	-	1,695,675	1,379,340
Public Safety	3,728,260	3,485,708	-	-	3,728,260	3,485,708
Public Works	3,629,935	2,937,905	-	-	3,629,935	2,937,905
Culture, education and recreation	2,788,139	2,762,758	-	-	2,788,139	2,762,758
Conservation and development	550,273	403,927	-	-	550,273	403,927
Water	-	-	1,305,498	1,155,814	1,305,498	1,155,814
Sewer	-	-	1,659,976	1,694,554	1,659,976	1,694,554
Electric	-	-	14,337,539	13,651,620	14,337,539	13,651,620
EMS	-	-	583,650	518,324	583,650	518,324
Interest and Fiscal charges	633,196	727,765	-	-	633,196	727,765
Total Expenses	<u>13,025,478</u>	<u>11,697,403</u>	<u>17,886,663</u>	<u>17,020,312</u>	<u>30,912,141</u>	<u>28,717,715</u>
Income/(Loss) Before Transfers	(109,409)	303,904	1,789,317	2,464,571	1,679,908	2,768,475
Transfers	578,975	(144,717)	(578,975)	144,717	-	-
Change in Net Assets	469,566	159,187	1,210,342	2,609,288	1,679,908	2,768,475
Beginning Net Assets (as restated)	<u>20,320,017</u>	<u>20,242,618</u>	<u>40,575,872</u>	<u>37,884,796</u>	<u>60,895,889</u>	<u>58,127,414</u>

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2011

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

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

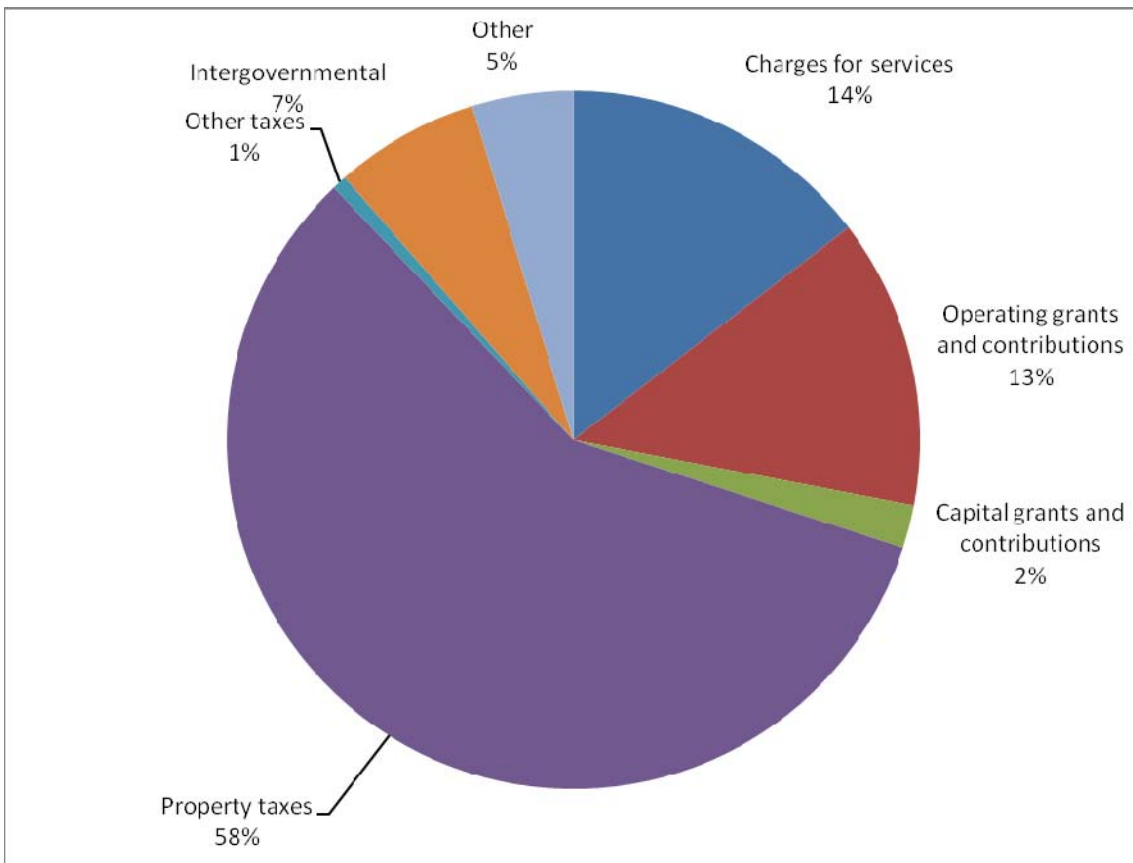
#### Governmental Activities – Revenues

Governmental activities increased the city's net assets by \$469,566. This increase is primarily a result operational efficiencies instituted throughout the year.

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 58% of total revenues.

#### Governmental Activities by Revenue Source



# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2011

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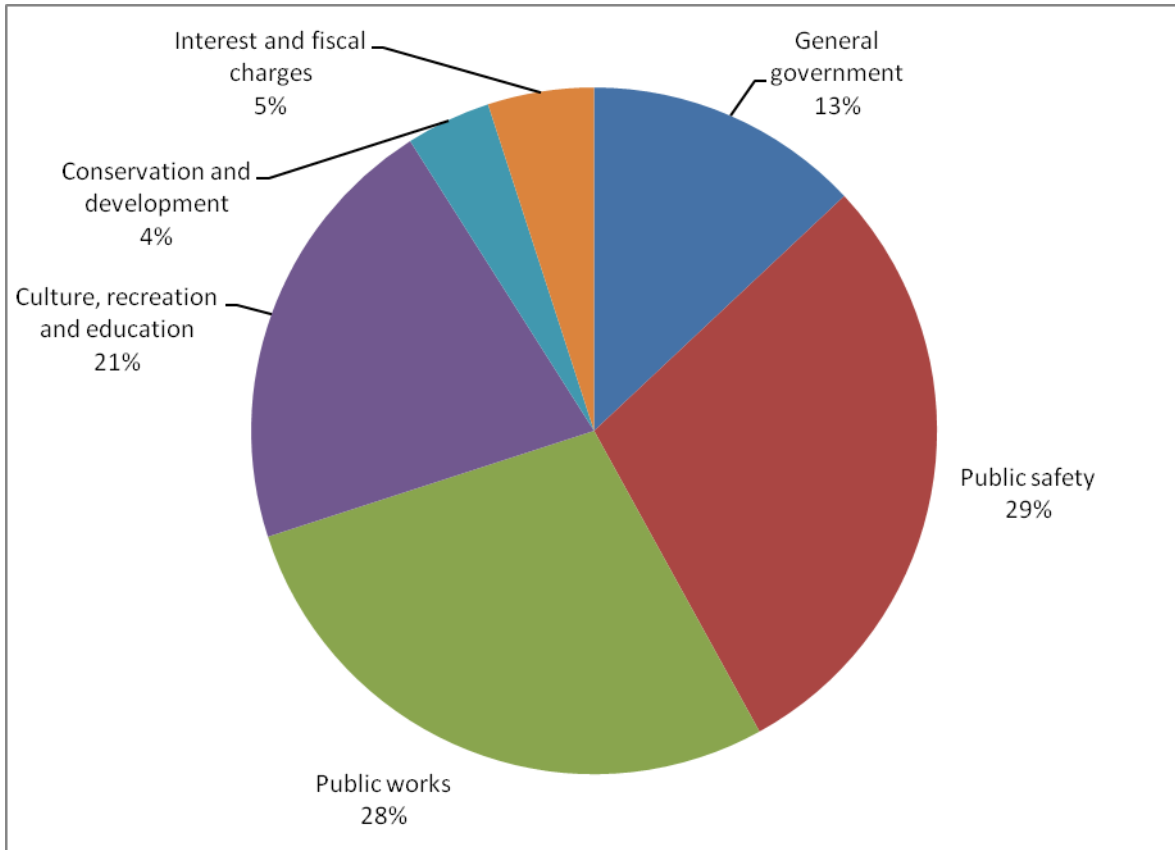
### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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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, 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) For the Year Ended December 31, 2011

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

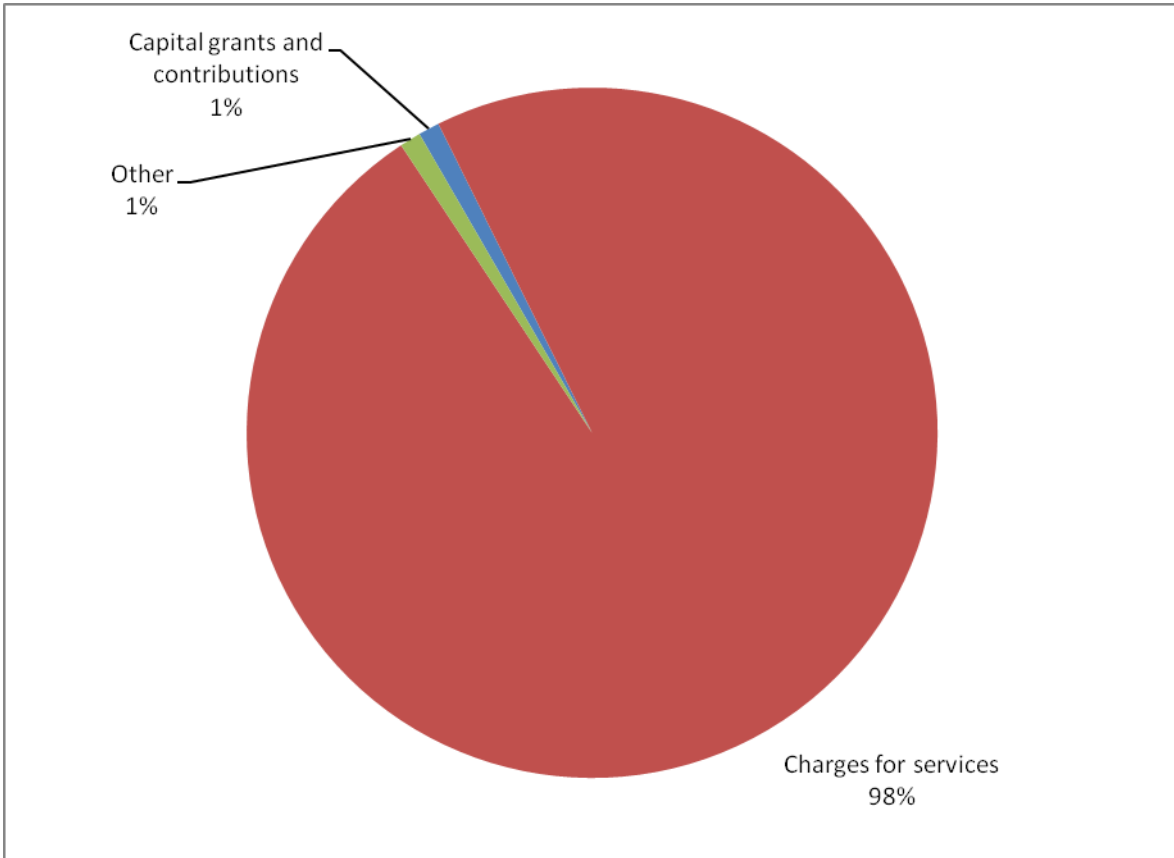
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#### Business Type Activities

Business-type activities increased the City of Stoughton's net assets by \$1,210,342. The investment in capital assets net of related debt increased by approximately 6.15% or \$1,720,451. This is due primarily to the fact the each of the utilities had more capital asset additions than debt issued to acquire capital assets.

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

**Revenues by Source - Business Type Activities**



# CITY OF STOUGHTON

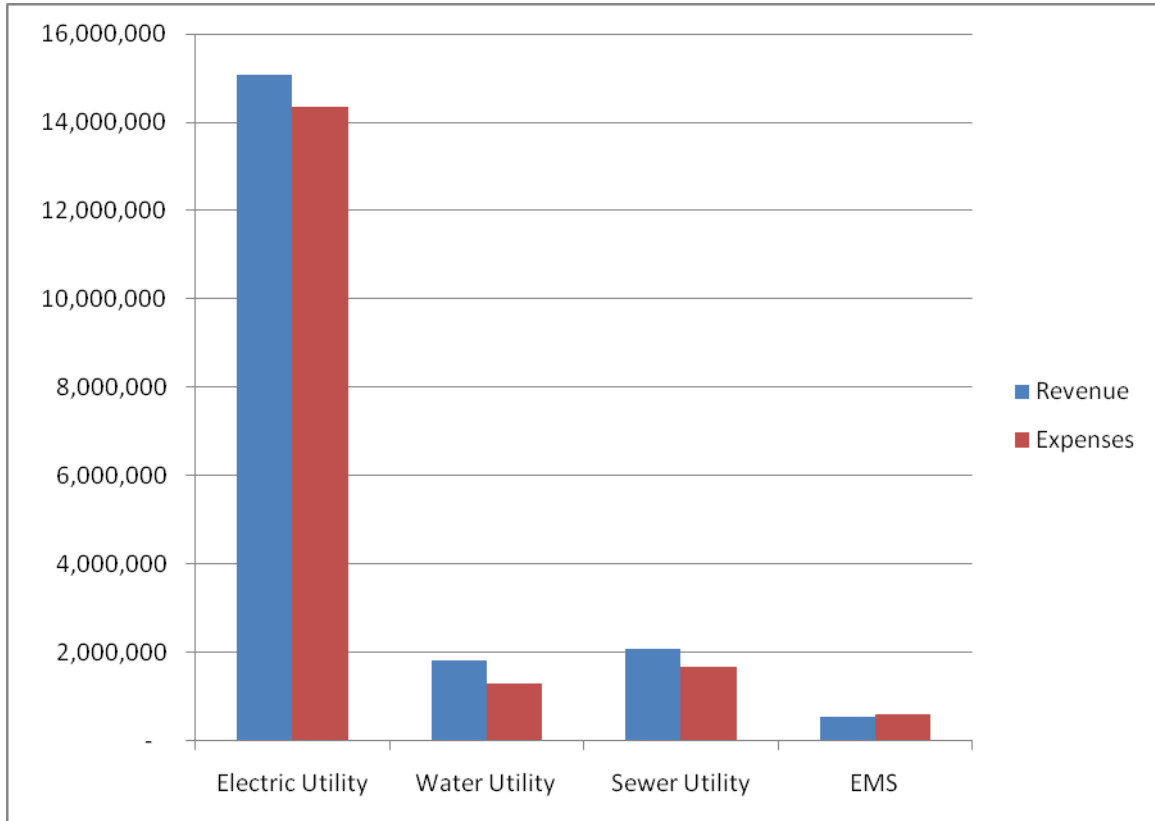
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2011

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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, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At December 31, 2011, the city's governmental funds reported combined fund balances of \$6,430,527. Approximately 27% of this amount, \$1,696,375, constitutes the unassigned fund balance, which is available to meet the city's current and future needs. An additional \$3,760,346 is included in the restricted, committed, or assigned category which has been designated for specific projects or expenditures. The remaining \$973,806 is non-spendable for prepaid expenditures, long-term receivables, non-current assets, or CVMIC equity.

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

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Year Ended December 31, 2011

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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 \$227,800 or 6%. These changes are primarily due to an overall savings in the 2011 operating budget. See the following General Fund Budgetary Highlights section for further details.

The city evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. For 2011, unassigned fund balance is \$2,407,161 and the 2012 general fund expenditure budget is \$11,002,709, resulting in an unassigned fund balance percentage of 22%.

#### Debt Service Fund

The city's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$120,617, which is an increase of \$17,411 from the prior year, is reserved for future debt service.

#### Construction Capital Projects Fund

The city's construction capital projects fund accounts for the funds accumulated for the purpose of obtaining capital assets or for capital projects and other expenditures that are unique and are not normal operating or maintenance type expenditures reportable within the general fund or other governmental funds. The total fund balance as of December 31, 2011 is \$162,424, all of which is assigned for the completion of projects that were begun but were not fully complete by year end.

#### Non-Major Governmental Funds

Fund balance of all other governmental funds is \$2,047,537, a decrease of \$124,830 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.

#### 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 a new Internal Service Fund that the city created for this purpose. The internal service fund had a deficit of \$554,744 as of December 31, 2011, which represents the amount to be paid to the Electric Utility and funded through future years' charges to governmental activities.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) For the Year Ended December 31, 2011

### GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations, including those for transfers out, of \$11,037,527. Actual expenditures and transfers out were \$10,916,271, resulting in a \$121,256 favorable variance. Total revenues and other sources were \$11,144,071, \$102,022 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 2011, the city had invested a total of \$76,694,783 in capital assets. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**Table 3  
Capital Assets**

	Governmental		Business Type		Totals	
	Activities		Activities			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land and other assets						
not being depreciated	\$ 8,488,118	\$ 8,488,118	\$ 867,841	\$ 1,422,291	\$ 9,355,959	\$ 9,910,409
Buildings & improvements	14,460,020	14,460,020	1,240,308	477,000	15,700,328	14,937,020
Machinery & equipment	8,381,288	8,361,901	636,617	562,378	9,017,905	8,924,279
Infrastructure	26,513,513	25,559,148	-	-	26,513,513	25,559,148
Utility plant	-	-	63,918,603	62,289,712	63,918,603	62,289,712
Total Capital Assets	<u>57,842,939</u>	<u>56,869,187</u>	<u>66,663,369</u>	<u>64,751,381</u>	<u>124,506,308</u>	<u>121,620,568</u>
Less: Accumulated depreciation	<u>(24,711,640)</u>	<u>(23,445,375)</u>	<u>(23,099,885)</u>	<u>(21,375,264)</u>	<u>(47,811,525)</u>	<u>(44,820,639)</u>
<b>NET CAPITAL ASSETS</b>	<u>\$ 33,131,299</u>	<u>\$ 33,423,812</u>	<u>\$ 43,563,484</u>	<u>\$ 43,376,117</u>	<u>\$ 76,694,783</u>	<u>\$ 76,799,929</u>

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

#### Governmental Activities

- Infrastructure reconstruction projects of East Main Street and Jefferson Street.
- Various equipment purchases.

#### Business-type Activities

- Business-type activities capital assets increased mainly due to EMS building remodel project and additions and replacements to utility plant.

# CITY OF STOUGHTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

For the Year Ended December 31, 2011

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### LONG-TERM DEBT

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At December 31, 2011, the city had \$31,395,052 of long-term bonds and notes outstanding. \$12,905,052 of this is revenue debt and the rest relates to general obligation issues. Total long-term bonds and loans outstanding at December 31, 2011 decreased by \$3,140,420. 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, 2011, was \$48,174,030. Total general obligation debt outstanding at year end was \$18,490,000. Therefore, the city was at 38% of the legal debt limit.

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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 2012 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 ASSETS As of December 31, 2011

	Primary Government			Component
	Governmental	Business-type	Totals	Unit
	Activities	Activities		Housing Authority
<b>ASSETS</b>				
Cash and investments	\$ 5,654,325	\$ 8,084,963	\$ 13,739,288	\$ 173,759
Receivables	9,231,427	2,138,316	11,369,743	2,448
Internal balances	43,642	(43,642)	-	-
Inventories and prepaid items	39,061	203,454	242,515	-
Investment in mutual insurance company	257,805	-	257,805	-
Restricted cash and investments	-	3,030,780	3,030,780	319,473
Other assets	188,680	344,300	532,980	7,161
Land held for resale	224,573	-	224,573	-
Capital assets (net of accumulated depreciation)				
Capital assets not being depreciated	8,488,118	1,220,505	9,708,623	117,191
Capital assets, net of depreciation	<u>24,643,181</u>	<u>42,695,643</u>	<u>67,338,824</u>	<u>1,094,821</u>
Total Assets	<u>48,770,812</u>	<u>57,674,319</u>	<u>106,445,131</u>	<u>1,714,853</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	701,586	1,651,283	2,352,869	17,900
Unearned revenue	8,386,932	-	8,386,932	32,475
Noncurrent liabilities				
Due within one year	2,150,181	1,249,738	3,399,919	35,311
Due in more than one year	<u>16,742,530</u>	<u>12,987,084</u>	<u>29,729,614</u>	<u>1,692,842</u>
Total Liabilities	<u>27,981,229</u>	<u>15,888,105</u>	<u>43,869,334</u>	<u>1,778,528</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt (deficit)	16,796,049	29,693,555	46,489,604	(516,141)
Restricted for				
Debt service	269,705	1,896,137	2,165,842	319,473
Equipment replacement	-	1,027,040	1,027,040	-
TID activities	902,755	-	902,755	-
Library	176,736	-	176,736	-
Parks	112,146	-	112,146	-
Unrestricted	<u>2,532,192</u>	<u>9,169,482</u>	<u>11,701,674</u>	<u>132,993</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>	<u><u>\$ 20,789,583</u></u>	<u><u>\$ 41,786,214</u></u>	<u><u>\$ 62,575,797</u></u>	<u><u>\$ (63,675)</u></u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,695,675	\$ 103,480	\$ 155,240	\$ -
Public safety	3,728,260	354,345	153,420	49,169
Public works	3,629,935	770,936	668,254	-
Culture, recreation and education	2,788,139	645,852	738,630	-
Conservation and development	550,273	7,140	11,000	200,000
Interest and fiscal charges	633,196	-	35,410	-
Total Governmental Activities	13,025,478	1,881,753	1,761,954	249,169
Business-type Activities				
Water	1,305,498	1,734,825	-	86,600
Wastewater	1,659,976	2,073,764	-	-
Electric	14,337,539	15,055,468	-	17,407
EMS	583,650	533,225	-	28,010
Total Business-type Activities	17,886,663	19,397,282	-	132,017
Total Primary Government	\$ 30,912,141	\$ 21,279,035	\$ 1,761,954	\$ 381,186
Component Unit				
Housing Authority	\$ 430,364	\$ 287,962	\$ 173,108	\$ -

General Revenues

    Taxes

        Property taxes, levied for general purposes

        Property taxes, levied for TIF districts

        Other taxes

    Intergovernmental revenues not restricted to specific programs

    Investment income

    Miscellaneous

        Total General Revenues

Transfers

**Change in net assets**

NET ASSETS (DEFICIT) - Beginning of Year (as restated)

**NET ASSETS (DEFICIT) - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Housing Authority
\$ (1,436,955)	\$ -	\$ (1,436,955)	\$ -
(3,171,326)	-	(3,171,326)	-
(2,190,745)	-	(2,190,745)	-
(1,403,657)	-	(1,403,657)	-
(332,133)	-	(332,133)	-
(597,786)	-	(597,786)	-
<u>(9,132,602)</u>	<u>-</u>	<u>(9,132,602)</u>	<u>-</u>
-	515,927	515,927	-
-	413,788	413,788	-
-	735,336	735,336	-
-	(22,415)	(22,415)	-
<u>-</u>	<u>1,642,636</u>	<u>1,642,636</u>	<u>-</u>
<u>(9,132,602)</u>	<u>1,642,636</u>	<u>(7,489,966)</u>	<u>-</u>
-	-	-	<u>30,706</u>
6,997,749	-	6,997,749	-
462,045	-	462,045	-
87,673	-	87,673	-
870,567	-	870,567	-
46,597	144,574	191,171	810
<u>558,562</u>	<u>2,107</u>	<u>560,669</u>	<u>-</u>
<u>9,023,193</u>	<u>146,681</u>	<u>9,169,874</u>	<u>810</u>
<u>578,975</u>	<u>(578,975)</u>	<u>-</u>	<u>-</u>
469,566	1,210,342	1,679,908	31,516
<u>20,320,017</u>	<u>40,575,872</u>	<u>60,895,889</u>	<u>(95,191)</u>
<u>\$ 20,789,583</u>	<u>\$ 41,786,214</u>	<u>\$ 62,575,797</u>	<u>\$ (63,675)</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and investments	\$ 2,173,553	\$ 85,018	\$ 203,891	\$ 3,191,863	\$ 5,654,325
Receivables					
Taxes	7,864,194	-	-	588,859	8,453,053
Delinquent personal property tax	8,944	-	-	-	8,944
Accounts	280,914	6,993	-	19,893	307,800
Special assessments	-	-	-	112,751	112,751
Delinquent special assessments	19,023	-	-	-	19,023
Leases	-	329,710	-	-	329,710
Due from other governments	146	-	-	-	146
Due from other funds	1,081,665	28,704	-	685,553	1,795,922
Advances to other funds	553,280	-	-	-	553,280
Other investments	257,805	-	-	-	257,805
Prepaid items	-	-	-	39,061	39,061
<b>TOTAL ASSETS</b>	<b><u>\$12,239,524</u></b>	<b><u>\$ 450,425</u></b>	<b><u>\$ 203,891</u></b>	<b><u>\$ 4,637,980</u></b>	<b><u>\$ 17,531,820</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 184,764	\$ 98	\$ 41,467	\$ 36,850	\$ 263,179
Accrued liabilities	126,108	-	-	22,788	148,896
Deposits	5,000	-	-	-	5,000
Other liabilities	-	-	-	103,889	103,889
Due to other funds	25,630	-	-	1,171,906	1,197,536
Deferred revenues	7,798,073	329,710	-	701,730	8,829,513
Advances from other funds	-	-	-	553,280	553,280
Total Liabilities	<u>8,139,575</u>	<u>329,808</u>	<u>41,467</u>	<u>2,590,443</u>	<u>11,101,293</u>
Fund Balances					
Nonspendable for prepaid expenditures	-	-	-	39,061	39,061
Nonspendable for long-term receivables	648,973	-	-	-	648,973
Nonspendable for non-current assets	27,967	-	-	-	27,967
Nonspendable for CVMIC equity	257,805	-	-	-	257,805
Restricted	-	120,617	-	1,191,637	1,312,254
Committed	-	-	-	1,025,452	1,025,452
Assigned	758,043	-	162,424	502,173	1,422,640
Unassigned (deficit)	2,407,161	-	-	(710,786)	1,696,375
Total Fund Balances	<u>4,099,949</u>	<u>120,617</u>	<u>162,424</u>	<u>2,047,537</u>	<u>6,430,527</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$12,239,524</u></b>	<b><u>\$ 450,425</u></b>	<b><u>\$ 203,891</u></b>	<b><u>\$ 4,637,980</u></b>	<b><u>\$ 17,531,820</u></b>

See accompanying notes to financial statements.

## CITY OF STOUGHTON

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS As of December 31, 2011

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Total Fund Balances - Governmental Funds	\$	6,430,527
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.		33,355,872
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Special assessments receivable		112,871
Lease receivable		329,710
Internal service funds are reported in the statement of net assets as governmental activities.		(554,744)
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>(18,884,653)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>20,789,583</u></b>

## CITY OF STOUGHTON

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>					
Taxes	\$ 7,041,880	\$ -	\$ -	\$ 505,587	\$ 7,547,467
Intergovernmental	1,668,780	35,410	33,862	464,298	2,202,350
Licenses and permits	91,627	-	-	-	91,627
Fines, forfeitures and penalties	99,878	-	-	-	99,878
Public charges for services	1,232,287	-	-	426,156	1,658,443
Intergovernmental charges for services	-	48,783	-	-	48,783
Special assessments	3,517	-	-	84,979	88,496
Investment income	32,552	10	7,044	6,991	46,597
Miscellaneous	313,792	216,672	-	431,272	961,736
Total Revenues	<u>10,484,313</u>	<u>300,875</u>	<u>40,906</u>	<u>1,919,283</u>	<u>12,745,377</u>
<b>EXPENDITURES</b>					
Current					
General government	1,636,596	-	-	-	1,636,596
Public safety	3,229,765	-	-	24,340	3,254,105
Public works	1,973,585	-	-	7,765	1,981,350
Culture, recreation and education	1,120,350	-	-	1,516,503	2,636,853
Conservation and development	-	-	-	69,971	69,971
Capital Outlay	-	-	1,698,563	828,869	2,527,432
Debt Service					
Principal	-	1,960,000	-	-	1,960,000
Interest and fiscal charges	-	592,525	-	-	592,525
Total Expenditures	<u>7,960,296</u>	<u>2,552,525</u>	<u>1,698,563</u>	<u>2,447,448</u>	<u>14,658,832</u>
Excess (deficiency) of revenues over expenditures	<u>2,524,017</u>	<u>(2,251,650)</u>	<u>(1,657,657)</u>	<u>(528,165)</u>	<u>(1,913,455)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Property sales	-	-	-	23,429	23,429
Transfers in	659,758	2,269,061	226,225	981,155	4,136,199
Transfers out	(2,955,975)	-	-	(601,249)	(3,557,224)
Contribution from other districts	-	-	-	685,553	685,553
Contribution to other districts	-	-	-	(685,553)	(685,553)
Total Other Financing Sources (Uses)	<u>(2,296,217)</u>	<u>2,269,061</u>	<u>226,225</u>	<u>403,335</u>	<u>602,404</u>
<b>Net Change in Fund Balances</b>	227,800	17,411	(1,431,432)	(124,830)	(1,311,051)
FUND BALANCES - Beginning of Year (as restated)	<u>3,872,149</u>	<u>103,206</u>	<u>1,593,856</u>	<u>2,172,367</u>	<u>7,741,578</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,099,949</u>	<u>\$ 120,617</u>	<u>\$ 162,424</u>	<u>\$ 2,047,537</u>	<u>\$ 6,430,527</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, 2011

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Net change in fund balances - total governmental funds	\$ (1,311,051)
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,527,432
Some items reported as capital outlay were not capitalized	(1,248,723)
Depreciation is reported in the government-wide financial statements	(1,554,399)
Net book value of assets retired	(16,823)

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

Loan activity	(45,000)
Special assessments	9,094

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

Principal repaid	1,960,000
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Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization	(35,128)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(76,173)
Compensated absences - retirees	16,275
Self insurance auto and general liability	28,478
Self insurance health liability	(64,453)
Unfunded prior service cost	819,044
Accrued interest on debt	15,737

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net assets of the internal service fund reported with governmental activities.

	<u>(554,744)</u>
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**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

	<u>\$ 469,566</u>
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See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

ASSETS	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
<b>Current Assets</b>				
Cash and investments	\$ 600,438	\$ 1,387,496	\$ 5,035,976	\$ 252,649
Receivables				
Other receivables	194,710	227,262	1,551,292	165,052
Due from other funds	-	-	25,630	-
Current portion of advance to municipality	-	-	41,569	-
Inventories	23,257	-	135,057	-
Prepaid items	8,828	11,035	25,277	-
<b>Restricted Assets</b>				
Redemption account	145,061	438,483	358,057	-
<b>Total Current Assets</b>	<b>972,294</b>	<b>2,064,276</b>	<b>7,172,858</b>	<b>417,701</b>
<b>Noncurrent Assets</b>				
<b>Restricted Assets</b>				
Reserve account	274,005	-	704,728	-
Depreciation account	25,000	33,283	25,000	-
Replacement account	-	1,027,040	-	-
Construction account	-	123	-	-
<b>Capital Assets</b>				
Land and land rights	24,841	-	220,797	-
Construction in progress	228,507	361,261	32,435	-
Plant in service	16,873,452	22,302,743	24,742,408	1,876,925
Property held for future use	-	-	352,664	-
Less: Accumulated depreciation	(4,785,085)	(7,816,519)	(10,038,045)	(460,236)
<b>Other Assets</b>				
Plant and maintenance reserve account	347,214	-	103,860	-
Sick leave reserve account	88,632	97,782	170,916	-
Advance to municipality	-	-	513,175	-
Investment in ATC	-	-	259,669	-
Non-utility property (net of amortization)	52,038	-	32,593	-
<b>Total Noncurrent Assets</b>	<b>13,128,604</b>	<b>16,005,713</b>	<b>17,120,200</b>	<b>1,416,689</b>
<b>Total Assets</b>	<b>14,100,898</b>	<b>18,069,989</b>	<b>24,293,058</b>	<b>1,834,390</b>

See accompanying notes to financial statements.



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<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 7,276,559	\$ -
2,138,316	-
25,630	-
41,569	-
158,314	-
45,140	-
<u>941,601</u>	<u>-</u>
<u>10,627,129</u>	<u>-</u>
978,733	-
83,283	-
1,027,040	-
123	-
245,638	-
622,203	-
65,795,528	-
352,664	-
(23,099,885)	-
451,074	-
357,330	-
513,175	-
259,669	-
<u>84,631</u>	<u>-</u>
<u>47,671,206</u>	<u>-</u>
<u>58,298,335</u>	<u>-</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 37,814	\$ 125,728	\$ 1,009,395	\$ 6,813
Accrued liabilities	14,842	17,684	123,276	25,385
Public benefits	-	-	56,599	-
Deposits	353	-	125,914	-
Due to other funds	301,135	-	322,881	-
Current portion of GO notes	-	-	-	65,000
Current portion of advance	-	-	-	-
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	179,263	630,475	375,000	-
Accrued interest	16,479	19,633	71,368	-
Total Current Liabilities	549,886	793,520	2,084,433	97,198
Noncurrent Liabilities				
Long-Term Debt				
Customer advances for construction	-	-	9,440	-
Revenue bonds payable	2,262,123	3,553,191	5,905,000	-
GO notes payable	-	-	-	900,000
Compensated absences	88,632	97,782	170,916	-
Advances from other funds	-	-	-	-
Total Noncurrent Liabilities	2,350,755	3,650,973	6,085,356	900,000
Total Liabilities	2,900,641	4,444,493	8,169,789	997,198
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	9,900,329	10,663,942	8,677,595	451,689
Restricted for				
Restricted for equipment replacement	-	1,027,040	-	-
Restricted for debt service	427,587	452,133	1,016,417	-
Unrestricted (deficit)	872,341	1,482,381	6,429,257	385,503
<b>TOTAL NET ASSETS</b>	<b>\$ 11,200,257</b>	<b>\$ 13,625,496</b>	<b>\$ 16,123,269</b>	<b>\$ 837,192</b>

See accompanying notes to financial statements.

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<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 1,179,750	\$ -
181,187	-
56,599	-
126,267	-
624,016	-
65,000	-
-	41,569
1,184,738	-
107,480	-
<u>3,525,037</u>	<u>41,569</u>
9,440	-
11,720,314	-
900,000	-
357,330	-
-	513,175
<u>12,987,084</u>	<u>513,175</u>
<u>16,512,121</u>	<u>554,744</u>
29,693,555	-
1,027,040	-
1,896,137	-
<u>9,169,482</u>	<u>(554,744)</u>
<u>\$ 41,786,214</u>	<u>\$ (554,744)</u>

See accompanying notes to financial statements.

## CITY OF STOUGHTON

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
<b>OPERATING REVENUES</b>	<u>\$ 1,734,825</u>	<u>\$ 2,073,764</u>	<u>\$ 15,055,468</u>	<u>\$ 495,854</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	788,488	905,616	13,136,259	462,038
Depreciation	<u>342,667</u>	<u>630,352</u>	<u>912,530</u>	<u>88,727</u>
Total Operating Expenses	<u>1,131,155</u>	<u>1,535,968</u>	<u>14,048,789</u>	<u>550,765</u>
Operating Income (Loss)	<u>603,670</u>	<u>537,796</u>	<u>1,006,679</u>	<u>(54,911)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	11,297	15,638	117,555	84
Interest and fiscal charges	(100,680)	(124,008)	(288,750)	(32,885)
Interest subsidy	-	-	-	11,571
Miscellaneous revenues (expenses)	(780)	3,500	(613)	-
Intergovernmental grants	-	-	-	25,800
Loss on disposal of assets	<u>(73,663)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(163,826)</u>	<u>(104,870)</u>	<u>(171,808)</u>	<u>4,570</u>
Income Before Contributions and Transfers	<u>439,844</u>	<u>432,926</u>	<u>834,871</u>	<u>(50,341)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions in aid of construction	86,600	-	17,407	28,010
Transfers in	-	-	-	76,429
Transfers out	<u>(311,735)</u>	<u>-</u>	<u>(343,669)</u>	<u>-</u>
Total Contributions and Transfers	<u>(225,135)</u>	<u>-</u>	<u>(326,262)</u>	<u>104,439</u>
<b>Change in Net Assets</b>	214,709	432,926	508,609	54,098
NET ASSETS - Beginning of Year (as restated)	<u>10,985,548</u>	<u>13,192,570</u>	<u>15,614,660</u>	<u>783,094</u>
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u><u>\$ 11,200,257</u></u>	<u><u>\$ 13,625,496</u></u>	<u><u>\$ 16,123,269</u></u>	<u><u>\$ 837,192</u></u>

See accompanying notes to financial statements.

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<u>Totals</u>	Governmental Activities - Internal Service Fund
<u>\$ 19,359,911</u>	<u>\$ -</u>
15,292,401	554,744
<u>1,974,276</u>	<u>-</u>
<u>17,266,677</u>	<u>554,744</u>
<u>2,093,234</u>	<u>(554,744)</u>
144,574	-
(546,323)	-
11,571	-
2,107	-
25,800	-
<u>(73,663)</u>	<u>-</u>
<u>(435,934)</u>	<u>-</u>
<u>1,657,300</u>	<u>(554,744)</u>
132,017	-
76,429	-
<u>(655,404)</u>	<u>-</u>
<u>(446,958)</u>	<u>-</u>
1,210,342	(554,744)
<u>40,575,872</u>	<u>-</u>
<u>\$ 41,786,214</u>	<u>\$ (554,744)</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater</u>	<u>Electric</u>	<u>Nonmajor Enterprise Fund-EMS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 1,742,124	\$ 2,085,482	\$ 15,129,043	\$ 514,189
Received from municipality for services	-	-	140,379	-
Paid to suppliers for goods and services	(458,315)	(501,764)	(12,398,852)	(227,045)
Paid to employees for services	(266,133)	(327,396)	(936,916)	(248,691)
Customer deposit	-	-	7,786	-
Net Cash Flows From Operating Activities	<u>1,017,676</u>	<u>1,256,322</u>	<u>1,941,440</u>	<u>38,453</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments sold and matured	644,057	341,629	1,800,800	-
Investment income	47,892	35,851	144,470	84
Investments purchased	(206,517)	(199,750)	(2,693,190)	-
Investment in ATC	-	-	13,996	-
Net Cash Flows From Investing Activities	<u>485,432</u>	<u>177,730</u>	<u>(733,924)</u>	<u>84</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(259,162)	-	(291,922)	-
Paid to municipality for Wisconsin Retirement UAAL	-	-	(554,744)	-
Transfers to other funds	(10,600)	-	(20,788)	-
Transfers from other funds	-	-	-	76,429
Received from utilities for Wisconsin Retirement UAAL advance	-	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(269,762)</u>	<u>-</u>	<u>(867,454)</u>	<u>76,429</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt retired	(168,632)	(611,788)	(350,000)	(50,000)
Interest paid	(101,794)	(127,122)	(291,993)	(33,060)
Acquisition and construction of capital assets	(704,722)	(835,648)	(1,209,483)	(332,100)
Capital contributions received	86,600	-	123,920	-
Received from the sale of capital assets	-	-	9,917	-
Net Cash Flows From Capital and Related Financing Activities	<u>(888,548)</u>	<u>(1,574,558)</u>	<u>(1,717,639)</u>	<u>(415,160)</u>
<b>Net Change in Cash and Cash Equivalents</b>	344,798	(140,506)	(1,377,577)	(300,194)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>357,558</u>	<u>2,383,238</u>	<u>3,400,049</u>	<u>552,843</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 702,356</u>	<u>\$ 2,242,732</u>	<u>\$ 2,022,472</u>	<u>\$ 252,649</u>

See accompanying notes to financial statements.

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<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 19,470,838	\$ -
140,379	-
(13,585,976)	(554,744)
(1,779,136)	-
<u>7,786</u>	<u>-</u>
<u>4,253,891</u>	<u>(554,744)</u>
2,786,486	-
228,297	-
(3,099,457)	-
<u>13,996</u>	<u>-</u>
<u>(70,678)</u>	<u>-</u>
(551,084)	-
(554,744)	-
(31,388)	-
76,429	-
<u>-</u>	<u>554,744</u>
<u>(1,060,787)</u>	<u>554,744</u>
(1,180,420)	-
(553,969)	-
(3,081,953)	-
210,520	-
<u>9,917</u>	<u>-</u>
<u>(4,595,905)</u>	<u>-</u>
(1,473,479)	-
<u>6,693,688</u>	<u>-</u>
<u>\$ 5,220,209</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF STOUGHTON**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Electric	Nonmajor Enterprise Fund-EMS
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 603,670	\$ 537,796	\$ 1,006,679	\$ (54,911)
Nonoperating revenue (expense)	-	-	(613)	37,371
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	342,667	630,352	912,530	88,727
Depreciation charged to other funds	27,007	-	39,600	-
Changes in assets and liabilities				
Customer accounts receivable	7,343	11,718	119,617	-
Other accounts receivable	(44)	-	79,770	(19,036)
Due from other funds	-	-	7,288	-
Inventories	3,844	-	(10,460)	-
Prepaid items	642	803	1,766	-
Accounts payable	27,982	69,006	(158,577)	(16,996)
Accrued wages	1,624	-	-	-
Compensated absences	2,941	4,451	7,279	-
Customer deposits	-	-	7,786	-
Other current liabilities	-	2,196	1,859	3,298
Public benefits	-	-	(73,084)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 1,017,676</u></b>	<b><u>\$ 1,256,322</u></b>	<b><u>\$ 1,941,440</u></b>	<b><u>\$ 38,453</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and investments - statement of net assets	\$ 600,438	\$ 1,387,496	\$ 5,035,976	\$ 252,649
Redemption account	145,061	438,483	358,057	-
Reserve account	274,005	-	704,728	-
Depreciation account	25,000	33,283	25,000	-
Replacement account	-	1,027,040	-	-
Construction account	-	123	-	-
Plant and maintenance reserve account	347,214	-	103,860	-
Sick leave reserve account	<u>88,632</u>	<u>97,782</u>	<u>170,916</u>	<u>-</u>
Total Cash and Investments	1,480,350	2,984,207	6,398,537	252,649
Less: Noncash equivalents	<u>777,994</u>	<u>741,475</u>	<u>4,376,065</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 702,356</u></b>	<b><u>\$ 2,242,732</u></b>	<b><u>\$ 2,022,472</u></b>	<b><u>\$ 252,649</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Unrealized gain (loss) on investments	<u>\$ (35,908)</u>	<u>\$ (19,603)</u>	<u>\$ (46,291)</u>	<u>\$ -</u>

See accompanying notes to financial statements.



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<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 2,093,234	\$ (554,744)
36,758	-
1,974,276	-
66,607	-
138,678	-
60,690	-
7,288	-
(6,616)	-
3,211	-
(78,585)	-
1,624	-
14,671	-
7,786	-
7,353	-
<u>(73,084)</u>	<u>-</u>
<u>\$ 4,253,891</u>	<u>\$ (554,744)</u>
\$ 7,276,559	\$ -
941,601	-
978,733	-
83,283	-
1,027,040	-
123	-
451,074	-
<u>357,330</u>	<u>-</u>
11,115,743	-
<u>5,895,534</u>	<u>-</u>
<u>\$ 5,220,209</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS As of December 31, 2011

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	<u>Pension Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Investments		
Deposits	\$ 586,399	\$ 9,463,546
Local government investment pool	220	-
Taxes receivable	-	4,428,264
Total Assets	<u>586,619</u>	<u>13,891,810</u>
<b>LIABILITIES</b>		
Due to other taxing units	-	13,891,810
Total Liabilities	<u>-</u>	<u>13,891,810</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 586,619</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF STOUGHTON

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS For the Year Ended December 31, 2011

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	<u>Pension Trust</u>
<b>ADDITIONS</b>	
Contributions Employer	<u>\$ 27,603</u>
Investment income	<u>10,018</u>
Total Additions	<u>37,621</u>
<b>DEDUCTIONS</b>	
Benefits and refunds	<u>27,603</u>
<b>Change in Net Assets</b>	10,018
NET ASSETS - Beginning of Year	<u>576,601</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 586,619</u></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, 2011

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# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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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 of Stoughton. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

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

The Stoughton Redevelopment Authority (RDA) serves all the citizens of the government and is governed by a board of seven Commissioners. The rates for user charges and bond issuance authorizations are approved by the government's council and the legal liability for the general obligation portion of the RDA's debt remains with the government. The RDA is reported as a special revenue fund. The RDA does not issue separate financial statements.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

#### A. REPORTING ENTITY (cont.)

##### ***Discretely Presented Component Unit***

###### *City of Stoughton Housing Authority*

The government-wide financial statements include the City of Stoughton Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor. Wisconsin Statutes provide for circumstances whereby the city can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the city. See Note IV.J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separately issued financial statements of the City of Stoughton Housing Authority may be obtained from the Housing Authority's office.

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

In February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The city made the decision to implement this standard effective January 1, 2011.

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

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

The city reports the following major governmental funds:

- General Fund - accounts for the city's primary operating activities. It is used to account for 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 - accounts for resources to be used for the acquisition or construction of equipment and/or capital facilities.

The city reports the following major enterprise funds:

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

The city reports the following nonmajor governmental and enterprise funds:

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

Library	Food Pantry
Ambulance	Landmarks
Opera House	Fire Department Special
Opera House Repair	Senior Center Wood Shop
Township Outreach	Senior Center Special
Tourism	Economic Development
Seniors in Need	Redevelopment Authority
Holiday	Special Assessments

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
Storm Sewer	TIF District No. 5
River Trail	Outlay

Enterprise Fund - 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

In addition, the city reports the following fund types:

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, or to other governmental units, on a cost-reimbursement basis.

Retirement fund



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

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

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

Firemen's Pension Trust

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

Tax Collections Fund

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water, wastewater, and electric 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.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

---

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

---

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

##### *Fund Financial Statements*

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

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

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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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.)***

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and electric utility funds 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY***

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

Property tax calendar - 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale - 2011 delinquent real estate taxes	October 2014

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

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

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

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

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

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

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

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

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

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

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### **6. Other Assets**

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

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

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

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

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

##### *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, 2011. Water utility non-utility property consists of a park shelter with a balance of \$107,000 at December 31, 2011. The costs are being amortized on a straight-line basis over their useful life.

##### **7. Compensated Absences**

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave balances at December 31, 2011 are determined on the basis of current salary rates and include salary related payments.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### ***7. Compensated Absences*** (cont.)

The city provides post-employment health insurance benefits for all eligible employees who chose to convert accumulated sick leave benefits to post-employment health insurance. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the city. Funding for those costs is provided out of the general fund. Total expenditures for premiums during the year were \$45,854. Four participants are currently eligible to receive benefits. The total amount outstanding at year end to be paid in the future is \$73,685. The city does not incur an implicit rate subsidy on these benefits.

##### ***8. Long-Term Obligations/Conduit Debt***

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

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

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

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

##### ***9. Claims and Judgments***

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. There were no significant claims or judgments at year end.



# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

#### **10. Equity Classifications**

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

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

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

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

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

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance 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 (ordinance, resolution, motion) of the city. 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 that originally created the commitment.

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

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

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

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the finance director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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.

The village 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 village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note IV. H. for further information.

Fiduciary fund equity is classified as held in trust for pension benefits on the statement of fiduciary net assets. Various donor restrictions apply, including authorizing and spending trust income, and the village believes it is in compliance with all significant restrictions. Net appreciation of \$10,018 was available for the year ended December 31, 2011.

#### **11. Basis for Existing Rates**

Current water rates were approved by the PSCW effective September 1, 2010.

Current electric rates were approved by the PSCW on January 3, 2011.

Current wastewater rates were approved by the utilities committee effective July 5, 2007.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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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 ASSETS*

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

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

Capital assets not being depreciated	\$ 8,488,118
Capital assets, net of depreciation	24,643,181
Land held for resale	<u>224,573</u>
Combined Adjustment for Capital Assets	<u>\$ 33,355,872</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 assets.

Bonds and notes payable	\$ 17,525,000
Compensated absences	1,163,595
Compensated absences - retirees	73,685
Self-insurance auto and general liability	15,099
Self-insurance health liability	115,332
Accrued interest	180,622
Unamortized debt issuance costs	<u>(188,680)</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 18,884,653</u>

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

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#### *A. BUDGETARY INFORMATION*

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

A budget has been adopted for the general, debt service, opera house, construction, library and outlay funds. Budgets have not been formally adopted for any other funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

#### A. BUDGETARY INFORMATION (cont.)

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$122,267. Budgets are adopted at the object level of expenditure.

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Opera House	\$ 387,056	\$ 472,117	\$ 85,061
Construction	1,641,474	1,698,563	57,089
Library	778,223	861,963	83,740
Outlay	263,660	294,460	30,800

The city controls expenditures at the object level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

#### C. DEFICIT BALANCES

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

As of December 31, 2011, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special revenue - Opera House	\$ 108,667	Expenditures in excess of revenues
Capital projects - TIF District No. 5	563,058	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. Special revenue fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

### **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	\$ 19,139,638	\$ 16,399,144	Custodial credit
US agencies	3,115,073	3,115,073	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	1,025,090	1,025,090	Credit, custodial credit, concentration of credit, interest rate
Mutual funds	37,542	37,542	Credit, interest rate
LGIP	1,746,482	1,746,482	Credit, interest rate
Negotiable certificates of deposit	1,754,441	1,754,441	Credit, custodial credit, concentration of credit, interest rate
Petty cash	1,967	-	N/A
Total Deposits and Investments	\$ 26,820,233	\$ 24,077,772	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 13,739,288		
Restricted cash and investments	3,030,780		
Per statement of net assets- fiduciary funds			
Pension trust	586,619		
Agency Fund	9,463,546		
Total Deposits and Investments	\$ 26,820,233		

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

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

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. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$260,925 of the city's investments are covered by SIPC.

The city maintains collateral agreements with its banks. At December 31, 2011, the banks had pledged various government securities in the amount of \$10,930,932 to secure the city's deposits.

#### ***Custodial Credit Risk***

##### **Deposits**

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

As of December 31, 2011, \$4,834,252 of the city's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 4,834,252</u>
--------------------------------	---------------------

##### **Investments**

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Custodial Credit Risk (cont.)**

**Investments (cont.)**

<u>U.S. Agencies</u>	
Neither insured nor registered and held by counterparty	<u>\$ 3,115,073</u>
<u>Corporate Bonds</u>	
Neither insured nor registered and held by counterparty	<u>\$ 1,025,090</u>
<u>Negotiable Certificates of Deposit</u>	
Neither insured nor registered and held by counterparty	<u>\$ 1,754,441</u>

**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, 2011, 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	AAA	Aa	
Corporate Bonds	AA+	Aa2	
Negotiable Certificates of Deposit	not rated		
Mutual Fund - Fidelity Puritan			4 star

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

Local Government Investment Pool

**Concentration of Credit Risk**

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Concentration of Credit Risk (cont.)**

At December 31, 2011, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
GNMA	U.S. Agencies	9.40%

**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, 2011, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-3	3 or more
US agencies	\$ 3,115,073	\$ -	\$ -	\$ 3,115,073
Corporate bonds	1,025,090	501,650	523,440	-
Negotiable certificates of deposit	1,754,441	1,004,977	253,760	495,704
Totals	<u>\$ 5,894,604</u>	<u>\$ 1,506,627</u>	<u>\$ 777,200</u>	<u>\$ 3,610,777</u>

The city had \$1,746,482 invested in the local government investment pool, which had a weighted average maturity of 97 days.

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



**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**B. RECEIVABLES**

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

	General Fund	Debt Service	Water Utility	Wastewater Utility	Electric Utility	Nonmajor and Other Funds	Totals
Receivables							
Taxes	\$ 7,864,194	\$ -	\$ -	\$ -	\$ -	\$ 588,859	\$ 8,453,053
Delinquent personal property tax	8,944	-	-	-	-	-	8,944
Accounts	280,914	6,993	194,710	227,262	1,551,292	295,077	2,556,248
Special assessments	-	-	-	-	-	112,751	112,751
Delinquent special assessments	19,023	-	-	-	-	-	19,023
Leases	-	329,710	-	-	-	-	329,710
Due from other governments	146	-	-	-	-	-	146
Gross receivables	8,173,221	336,703	194,710	227,262	1,551,292	996,687	11,479,875
Less: Allowance for uncollectibles	-	-	-	-	-	(110,132)	(110,132)
Net Total Receivables	<u>\$ 8,173,221</u>	<u>\$ 336,703</u>	<u>\$ 194,710</u>	<u>\$ 227,262</u>	<u>\$ 1,551,292</u>	<u>\$ 886,555</u>	<u>\$ 11,369,743</u>
Amounts not expected to be collected within one year	<u>\$ 27,967</u>	<u>\$ 284,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,751</u>	<u>\$ 425,428</u>

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

	Unavailable	Unearned	Totals
Property taxes receivable for subsequent year	\$ -	\$ 8,386,932	\$ 8,386,932
Special assessments not yet due	112,871	-	112,871
Lease receivable	329,710	-	329,710
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 442,581</u>	<u>\$ 8,386,932</u>	<u>\$ 8,829,513</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long-Term Debt Accounts***

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

***Equipment Replacement Account***

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

Following is a list of restricted assets at December 31, 2011:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 941,601	\$ 107,480	\$ 834,121
Bond reserve account	978,733		978,733
Bond depreciation account	83,283	-	83,283
Construction account	123	-	n/a
Equipment replacement account	1,027,040	-	1,027,040
 Total Restricted Assets	 \$ 3,030,780	 \$ 107,480	 \$ 2,923,177

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 7,111,699	\$ -	\$ -	\$ 7,111,699
Inexhaustible portion of streets	<u>1,376,419</u>	<u>-</u>	<u>-</u>	<u>1,376,419</u>
Total Capital Assets Not Being Depreciated	<u>8,488,118</u>	<u>-</u>	<u>-</u>	<u>8,488,118</u>
Capital assets being depreciated				
Buildings and improvements	14,460,020	-	-	14,460,020
Machinery and equipment	8,361,901	200,574	181,187	8,381,288
Streets	13,677,992	412,502	47,355	14,043,139
Storm sewers	5,559,644	562,843	64,615	6,057,872
Street lighting	227,551	-	-	227,551
Bridges	845,989	-	-	845,989
Sidewalks	4,243,001	102,790	11,800	4,333,991
Traffic signals	411,974	-	-	411,974
Dams	<u>592,997</u>	<u>-</u>	<u>-</u>	<u>592,997</u>
Total Capital Assets Being Depreciated	<u>48,381,069</u>	<u>1,278,709</u>	<u>304,957</u>	<u>49,354,821</u>
Total Capital Assets	<u>56,869,187</u>	<u>1,278,709</u>	<u>304,957</u>	<u>57,842,939</u>
Less: Accumulated depreciation for				
Buildings and improvements	(4,435,438)	(349,855)	-	(4,785,293)
Machinery and equipment	(5,848,374)	(417,957)	164,364	(6,101,967)
Streets	(8,550,891)	(467,637)	47,355	(8,971,173)
Storm sewers	(2,252,178)	(201,727)	64,615	(2,389,290)
Street lighting	(25,989)	(3,034)	-	(29,023)
Bridges	(131,646)	(11,280)	-	(142,926)
Sidewalks	(2,081,915)	(86,680)	11,800	(2,156,795)
Traffic signals	(107,084)	(10,299)	-	(117,383)
Dams	<u>(11,860)</u>	<u>(5,930)</u>	<u>-</u>	<u>(17,790)</u>
Total Accumulated Depreciation	<u>(23,445,375)</u>	<u>(1,554,399)</u>	<u>288,134</u>	<u>(24,711,640)</u>
Net Capital Assets Being Depreciated	<u>24,935,694</u>	<u>(275,690)</u>	<u>16,823</u>	<u>24,643,181</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 33,423,812</u>	<u>\$ (275,690)</u>	<u>\$ 16,823</u>	<u>\$ 33,131,299</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 101,669
Public safety	333,815
Public works, which includes the depreciation of infrastructure	984,049
Culture, recreation and education	<u>134,866</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 1,554,399</u></u>

#### Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 24,841	\$ -	\$ -	\$ 24,841
Construction in progress	<u>45,331</u>	<u>641,306</u>	<u>458,130</u>	<u>228,507</u>
Total Capital Assets Not Being Depreciated	<u>70,172</u>	<u>641,306</u>	<u>458,130</u>	<u>253,348</u>
Capital assets being depreciated				
Source of supply	563,994	6,729	600	570,123
Pumping	1,526,064	-	118,789	1,407,275
Treatment	90,763	-	-	90,763
Transmission and distribution	13,413,504	484,810	7,101	13,891,213
Administrative and general assets	<u>913,082</u>	<u>33,932</u>	<u>32,936</u>	<u>914,078</u>
Total Capital Assets Being Depreciated	<u>16,507,407</u>	<u>525,471</u>	<u>159,426</u>	<u>16,873,452</u>
Total Capital Assets	<u>16,577,579</u>	<u>1,166,777</u>	<u>617,556</u>	<u>17,126,800</u>
Less: Accumulated depreciation for				
Source of supply	(270,085)	(16,445)	600	(285,930)
Pumping	(978,830)	(55,004)	45,126	(988,708)
Treatment	(82,595)	(2,981)	-	(85,576)
Transmission and distribution	(2,693,862)	(253,012)	7,101	(2,939,773)
Administrative and general assets	<u>(475,802)</u>	<u>(42,232)</u>	<u>32,936</u>	<u>(485,098)</u>
Total Accumulated Depreciation	<u>(4,501,174)</u>	<u>(369,674)</u>	<u>85,763</u>	<u>(4,785,085)</u>
Net Capital Assets Being Depreciated	<u>12,006,233</u>	<u>155,797</u>	<u>73,663</u>	<u>12,088,367</u>
Net Water Plant	<u><u>\$ 12,076,405</u></u>	<u><u>\$ 797,103</u></u>	<u><u>\$ 531,793</u></u>	<u><u>\$ 12,341,715</u></u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Wastewater</u>				
Capital assets not being depreciated				
Construction in progress	\$ 63,761	\$ 850,982	\$ 553,482	\$ 361,261
Total Capital Assets Not Being Depreciated	<u>63,761</u>	<u>850,982</u>	<u>553,482</u>	<u>361,261</u>
Capital assets being depreciated				
Collection system	7,822,109	457,490	1,817	8,277,782
Collection system pumping	397,412	-	-	397,412
Treatment and disposal	12,757,388	58,271	29,590	12,786,069
Administrative and general assets	<u>846,036</u>	<u>24,668</u>	<u>29,224</u>	<u>841,480</u>
Total Capital Assets Being Depreciated	<u>21,822,945</u>	<u>540,429</u>	<u>60,631</u>	<u>22,302,743</u>
Total Capital Assets	<u>21,886,706</u>	<u>1,391,411</u>	<u>614,113</u>	<u>22,664,004</u>
Less: Accumulated depreciation for Wastewater	<u>(7,246,797)</u>	<u>(630,353)</u>	<u>60,631</u>	<u>(7,816,519)</u>
Total Accumulated Depreciation	<u>(7,246,797)</u>	<u>(630,353)</u>	<u>60,631</u>	<u>(7,816,519)</u>
Net Capital Assets Being Depreciated	<u>14,576,148</u>	<u>(89,924)</u>	<u>-</u>	<u>14,486,224</u>
Net Wastewater Plant	<u>\$ 14,639,909</u>	<u>\$ 761,058</u>	<u>\$ 553,482</u>	<u>\$ 14,847,485</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 220,797	\$ -	\$ -	\$ 220,797
Construction in progress	26,682	957,329	951,576	32,435
Property held for future use	<u>352,664</u>	<u>-</u>	<u>-</u>	<u>352,664</u>
Total Capital Assets Not Being Depreciated	<u>600,143</u>	<u>957,329</u>	<u>951,576</u>	<u>605,896</u>
Capital assets being depreciated				
Transmission	15,019	-	-	15,019
Distribution	20,038,521	865,364	136,820	20,767,065
Administrative and general assets	<u>3,905,820</u>	<u>80,373</u>	<u>25,869</u>	<u>3,960,324</u>
Total Capital Assets Being Depreciated	<u>23,959,360</u>	<u>945,737</u>	<u>162,689</u>	<u>24,742,408</u>
Total Capital Assets	<u>24,559,503</u>	<u>1,903,066</u>	<u>1,114,265</u>	<u>25,348,304</u>
Less: Accumulated depreciation for				
Transmission	(19,366)	-	-	(19,366)
Distribution	(7,395,206)	(747,186)	153,916	(7,988,476)
Administrative and general assets	<u>(1,841,212)</u>	<u>(214,860)</u>	<u>25,869</u>	<u>(2,030,203)</u>
Total Accumulated Depreciation	<u>(9,255,784)</u>	<u>(962,046)</u>	<u>179,785</u>	<u>(10,038,045)</u>
Net Capital Assets Being Depreciated	<u>14,703,576</u>	<u>(16,309)</u>	<u>(17,096)</u>	<u>14,704,363</u>
Net Electric Plant	<u>\$ 15,303,719</u>	<u>\$ 941,020</u>	<u>\$ 934,480</u>	<u>\$ 15,310,259</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>EMS</u>				
Capital assets not being depreciated				
Construction in progress	\$ 688,215	\$ -	\$ 688,215	\$ -
Total Capital Assets Not Being Depreciated	<u>688,215</u>	<u>-</u>	<u>688,215</u>	<u>-</u>
Capital assets being depreciated				
Buildings and improvements	477,000	763,308	-	1,240,308
Equipment	<u>562,378</u>	<u>74,239</u>	<u>-</u>	<u>636,617</u>
Total Capital Assets Being Depreciated	<u>1,039,378</u>	<u>837,547</u>	<u>-</u>	<u>1,876,925</u>
Total Capital Assets	<u>1,727,593</u>	<u>837,547</u>	<u>688,215</u>	<u>1,876,925</u>
Less: Accumulated depreciation for				
Buildings and improvements	(128,430)	(25,226)	-	(153,656)
Equipment	<u>(243,079)</u>	<u>(63,501)</u>	<u>-</u>	<u>(306,580)</u>
Total Accumulated Depreciation	<u>(371,509)</u>	<u>(88,727)</u>	<u>-</u>	<u>(460,236)</u>
Net Capital Assets Being Depreciated	<u>667,869</u>	<u>748,820</u>	<u>-</u>	<u>1,416,689</u>
Net EMS Assets	<u>\$ 1,356,084</u>	<u>\$ 748,820</u>	<u>\$ 688,215</u>	<u>\$ 1,416,689</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,376,117</u>	<u>\$ 3,248,001</u>	<u>\$ 2,707,970</u>	<u>\$ 43,916,148</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 342,667
Waste water	630,352
Electric	912,530
EMS	<u>88,727</u>
Total Business-type Activities Depreciation Expense	<u>\$ 1,974,276</u>

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

**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	Opera House	\$ 44,707	\$ 44,707
General	Tourism	1,154	-
General	TIF District No. 4	360,802	-
General	Water Utility	301,135	-
General	Electric Utility	322,881	-
General	TIF District No. 5	9,186	9,186
TIF District No. 4	TIF District No. 3	685,553	-
Debt Service	TIF District No. 4	28,704	-
Electric Utility	General	25,630	-
General	Redevelopment Authority	41,800	41,800
Total - Fund Financial Statements		1,821,552	
Less: Fund eliminations		(1,223,166)	
Less: Interfund advance		(554,744)	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 43,642	
Receivable Fund	Payable Fund	Amount	
Governmental Activities	Business-type Activities	\$ 69,272	
Business-type Activities	Governmental Activities	(25,630)	
Total Government-Wide Financial Statements		\$ 43,642	

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

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



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### **Advances**

The general fund is advancing funds to the TIF District No. 5 capital project fund. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the interest on the advance based on the average outstanding advance balance during the year at a rate of 4%. A repayment schedule has been established. The principal purpose of this advance is to fund TIF projects.

In December 2011, the Electric Utility provided an advance to the Internal Service Fund in the amount of \$554,744 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	\$ 553,280	\$ 553,280
Electric utility	Internal service fund	554,744	513,175
Total - Fund Financial Statements		1,108,024	
Less: Fund eliminations		(553,280)	
Total - Interfund Advance		\$ 554,744	

Years	TIF Advance	Internal Service Fund Advance	
	Principal	Principal	Interest
2012	\$ -	\$ 41,569	\$ 4,161
2013	7,931	31,250	15,395
2014	8,803	33,119	14,458
2015	9,724	35,065	13,464
2016	10,697	37,088	12,412
2017-2021	70,092	218,677	44,073
2022-2026	103,917	157,976	9,726
2027-2031	148,005	-	-
2032-2036	194,111	-	-
Totals	\$ 553,280	\$ 554,744	\$ 113,689

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Tourism	\$ 4,354	Room tax revenue
General	Water utility	311,735	Payment in lieu of taxes and dividend
General	Electric utility	343,669	Payment in lieu of taxes and dividend
Debt service	General	1,898,595	Payments on non-TID debt
Debt service	TIF District No. 3	242,608	Payments on TIF District debt
Debt service	TIF District No. 4	127,858	Payments on TIF District debt
Construction	General	106,025	Fund capital projects
Construction	Special Assessments	120,200	Fund capital projects
Outlay	General	370,732	Fund capital projects
Redevelopment Authority	General	30,000	Fund annual operations
Library	General	510,423	Fund annual operations
EMS	General	30,200	Capital contributions
EMS	Ambulance Special Revenue Fund	46,229	Equipment for EMS building remodel project
Opera house	Opera house repair	60,000	Fund annual operations
Economic Development	General	10,000	Fund initial operations
TIF District No. 4	TIF District No. 3	<u>685,553</u>	Donor/donee district agreement
Total - Fund Financial Statements		4,898,181	
Less: Fund eliminations		<u>(4,319,206)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 578,975</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 655,404	
Business-type Activities	Governmental Activities	<u>(76,429)</u>	
Total Government-wide Financial Statements		<u>\$ 578,975</u>	

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### *Transfers (cont.)*

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

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

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2011, 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	\$ 19,485,000	\$ -	\$ 1,960,000	\$ 17,525,000	\$ 1,985,000
Other Liabilities					
Compensated absences (Note I.D.7)	1,087,422	76,173	-	1,163,595	8,477
Compensated absences - retirees (See Note I.D.7)	89,960	29,579	45,854	73,685	26,273
Self-insurance auto and general liability (Note V.B)	43,577	-	28,478	15,099	15,099
Self-insurance health liability (Note V.B)	50,879	64,453	-	115,332	115,332
Unfunded prior service costs (Note V.A)	819,044	-	819,044	-	-
Total Other Liabilities	2,090,882	170,205	893,376	1,367,711	165,181
Total Governmental Activities Long-Term Liabilities	\$ 21,575,882	\$ 170,205	\$ 2,853,376	\$ 18,892,711	\$ 2,150,181
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 1,015,000	\$ -	\$ 50,000	\$ 965,000	\$ 65,000
Revenue bonds	14,035,472	-	1,130,420	12,905,052	1,184,738
Sub-totals	15,050,472	-	1,180,420	13,870,052	1,249,738
Other Liabilities					
Vested compensated absences	342,659	57,161	42,490	357,330	-
Customer advances for construction	2,427	32,138	25,125	9,440	-
Total Other Liabilities	345,086	89,299	67,615	366,770	-
Total Business-type Activities Long-Term Liabilities	\$ 15,395,558	\$ 89,299	\$ 1,248,035	\$ 14,236,822	\$ 1,249,738

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2011, was \$48,174,030. Total general obligation debt outstanding at year end was \$18,490,000.

**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, 2011</u>
2002 General Obligation Refunding Bonds	2/15/02	8/1/18	3.13 - 4.80%	\$ 2,110,000	\$ 1,140,000
2002 General Obligation Refunding Bonds	9/16/02	10/1/13	3.00 - 3.75	2,025,000	650,000
2003 General Obligation Notes	6/15/03	6/13/13	3.00 - 3.38	1,110,000	260,000
2008 General Obligation Notes	2/13/08	2/1/18	3.00 - 3.50	485,000	360,000
2008 General Obligation Notes	2/13/08	2/1/18	2.85 - 3.40	1,005,000	745,000
2008 General Obligation Bonds	2/13/08	4/1/26	3.25 - 3.75	5,530,000	4,820,000
2009 General Obligation Refunding Notes	4/14/09	3/1/19	1.60 - 3.85	5,060,000	3,825,000
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40	3,000,000	2,840,000
2010 General Obligation Refunding Bonds	4/13/10	3/1/20	1.00 - 3.25	3,095,000	<u>2,885,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 17,525,000</u>

**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, 2011</u>
2010 General Obligation Notes	4/13/10	3/1/20	1.25 - 4.40%	\$ 1,015,000	<u>\$ 965,000</u>

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2012	\$ 1,985,000	\$ 522,034	\$ 65,000	\$ 32,228
2013	2,090,000	466,509	80,000	30,868
2014	1,875,000	411,578	95,000	28,864
2015	1,800,000	359,482	100,000	26,225
2016	1,735,000	305,694	115,000	22,795
2017-2021	6,150,000	758,665	510,000	44,160
2022-2026	<u>1,890,000</u>	<u>179,445</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 17,525,000</u>	<u>\$ 3,003,407</u>	<u>\$ 965,000</u>	<u>\$ 185,140</u>

**Revenue Debt**

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

The utilities has pledged future revenues to repay \$12,905,052 in revenue bonds issued between 1994-2010. 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 2029. Annual principal and interest payments on the bonds are expected to require 4.3%, 15.7%, and 35%, respectively, of electric, water and wastewater gross revenues. The total principal and interest remaining to be paid on the bonds is \$16,152,421. Principal and interest paid for the current year and total customer gross revenues were \$1,651,329 and \$19,008,547, respectively.

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2011, 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, 2011</u>
<u>Water Utility</u>					
2003 Water Utility Revenue Bonds	3/25/03	5/1/2013	3.50 - 4.80%	\$ 520,000	\$ 165,000
2006 Water Utility Revenue Bonds	11/15/06	5/1/2023	4.00 - 4.50%	1,925,000	1,725,000
2010 Water Utility Revenue Bonds	1/27/10	5/1/2029	2.67%	575,018	<u>551,386</u>
				Total Water Utility	<u>2,441,386</u>
<u>Wastewater Utility</u>					
1994 Wastewater Utility Clean Water Fund Loan	3/9/94	5/1/2013	3.224%	5,472,357	787,431
1999 Wastewater Utility Clean Water Fund Loan	12/22/99	5/1/2019	3.049%	623,465	298,312
2000 Wastewater Utility Clean Water Fund Loan	7/12/00	5/1/2020	3.049%	1,116,259	587,863
2003 Wastewater Utility Clean Water Fund Loan	9/10/03	5/1/2023	2.766%	1,670,624	1,116,332
2007 Wastewater Utility Clean Water Fund Loan	6/27/07	5/1/2027	2.475%	1,539,762	<u>1,393,728</u>
				Total Wastewater Utility	<u>4,183,666</u>
<u>Electric Utility</u>					
2003 Electric Utility Revenue Bonds	4/1/03	4/1/2023	2.25 - 5.10%	4,580,000	3,880,000
2006 Electric Utility Revenue Bonds	11/15/06	4/1/2023	4.00 - 4.50%	2,550,000	<u>2,400,000</u>
				Total Electric Utility	<u>6,280,000</u>
					<u>\$ 12,905,052</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

##### *Revenue Debt* (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2012	\$ 1,184,738	\$ 481,135
2013	1,234,647	439,103
2014	857,310	402,329
2015	865,148	369,970
2016	923,205	334,212
2017-2021	5,062,838	1,061,049
2022-2026	2,562,241	153,792
2027-2029	<u>214,925</u>	<u>5,779</u>
Totals	<u>\$ 12,905,052</u>	<u>\$ 3,247,369</u>

##### *Capital Leases*

Refer to Note IV. G.

##### *Other Debt Information*

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

A statutory mortgage lien upon the city's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The city's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

The water and electric mortgage revenue bond ordinances require segregation of the proceeds of the bond issues and the creation and continual funding of several funds from operating revenues. The city was in compliance with funding requirements in all material respects at December 31, 2011.

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**G. LEASE DISCLOSURES**

***Lessor - Capital Leases***

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

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 45,604	\$ 9,524	\$ 55,128
2013	49,795	8,063	57,858
2014	50,593	6,529	57,122
2015	54,590	5,016	59,606
2016	55,160	3,436	58,596
2017-2018	<u>73,968</u>	<u>2,154</u>	<u>76,122</u>
Totals	<u>\$ 329,710</u>	<u>\$ 34,722</u>	<u>\$ 364,432</u>



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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#### *H. NET ASSETS/FUND BALANCES*

Net assets reported on the government wide statement of net assets at December 31, 2011, includes the following:

#### *Governmental Activities*

Invested in Capital Assets, Net of Related Debt	
Land	\$ 7,111,699
Inexhaustible portion of streets	1,376,419
Other capital assets, net of accumulated depreciation	24,643,181
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(17,525,000)
Plus: Non-capital debt proceeds	<u>1,189,750</u>
Total Invested in Capital Assets, Net of Related Debt	<u>16,796,049</u>
Restricted	
Debt service	269,705
Library	176,736
Impact fees	112,146
TID activities	<u>902,755</u>
Total Restricted	<u>1,461,342</u>
Unrestricted	<u>2,532,192</u>
Total Governmental Activities Net Assets	<u>\$ 20,789,583</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

#### H. NET ASSETS/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2011, include the following:

	General Fund	Debt Service	Construction	Nonmajor Funds	Totals
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ -	\$ -	\$ -	\$ 39,061	\$ 39,061
Delinquent items	27,967	-	-	-	27,967
CVMIC equity	257,805	-	-	-	257,805
Noncurrent interfunds	648,973	-	-	-	648,973
<b>Restricted for:</b>					
Debt service	-	120,617	-	-	120,617
Library	-	-	-	176,736	176,736
Impact fees	-	-	-	112,146	112,146
TID activities	-	-	-	902,755	902,755
<b>Committed to:</b>					
Ambulance	-	-	-	16,263	16,263
Opera house repair	-	-	-	11,591	11,591
Township outreach	-	-	-	11,243	11,243
Tourism	-	-	-	18,683	18,683
Seniors in need	-	-	-	47,146	47,146
Holiday	-	-	-	18,183	18,183
Food pantry	-	-	-	71,132	71,132
Landmarks	-	-	-	4,239	4,239
Fire department special	-	-	-	16,004	16,004
Senior center wood shop	-	-	-	1,228	1,228
Senior center special	-	-	-	430,646	430,646
Economic development	-	-	-	114,510	114,510
Redevelopment	-	-	-	21,123	21,123
Special assessments	-	-	-	238,525	238,525
River trail	-	-	-	4,936	4,936
<b>Assigned to:</b>					
Utility payment in lieu of taxes	624,016	-	-	-	624,016
Safety camp	14,519	-	-	-	14,519
Youth gift	8,460	-	-	-	8,460
Bryant grant	40,838	-	-	-	40,838
Liability insurance loss	70,000	-	-	-	70,000
Arts council	210	-	-	-	210
Capital projects	-	-	162,424	-	162,424
Storm sewer	-	-	-	13,392	13,392
Capital outlay	-	-	-	482,488	482,488
Fire equipment	-	-	-	6,293	6,293
<b>Unassigned (deficit)</b>	<b>2,407,161</b>	<b>-</b>	<b>-</b>	<b>(710,786)</b>	<b>1,696,375</b>
<b>Total Fund Balances</b>	<b>\$ 4,099,949</b>	<b>\$ 120,617</b>	<b>\$ 162,424</b>	<b>\$ 2,047,537</b>	<b>\$ 6,430,527</b>

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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### H. NET ASSETS/FUND BALANCES (cont.)

#### *Business-type Activities*

Invested in capital assets, net of related debt	
Land	\$ 245,638
Construction in progress	622,203
Other capital assets, net of depreciation	42,695,643
Less: Long-term debt outstanding	(13,870,052)
Plus: Unspent capital related debt proceeds	<u>123</u>
Total Invested in Capital Assets, Net of Related Debt	<u>29,693,555</u>
Restricted	
Equipment replacement	1,027,040
Debt service	<u>1,896,137</u>
Total Restricted	<u>2,923,177</u>
Unrestricted	<u>9,169,482</u>
Total Business-type Activities Net Assets	<u>\$ 41,786,214</u>

### I. RESTATEMENT OF FUND BALANCES/NET ASSETS

Governmental fund balances have been restated due to fund reclassifications for implementation of GASB No. 54.

#### General Fund

General Fund balance - December 31, 2010 (as reported)	\$ 3,861,119
Add: Arts Council - formerly special revenue fund	210
Sick Leave - formerly special revenue fund	<u>10,820</u>
Fund Balance - December 31, 2010 (as restated)	<u>\$ 3,872,149</u>

#### Non-Major Funds

Non-Major Fund balance - December 31, 2010 (as reported)	\$ 2,265,185
Less: Arts Council - formerly special revenue fund	(210)
Sick Leave - formerly special revenue fund	(10,820)
Ambulance CPF - formerly capital projects fund	<u>(81,788)</u>
Fund Balance - December 31, 2010 (as restated)	<u>\$ 2,172,367</u>

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Net assets have also been restated as a result of implementation of GASB No. 54.

Governmental Activities Net Assets - December 31, 2010 (as reported)	\$ 20,401,805
Less: Ambulance - formerly capital projects fund	<u>(81,788)</u>
Net Assets - December 31, 2010 (as restated)	<u>\$ 20,320,017</u>
Nonmajor EMS Fund Net Assets - December 31, 2010 (as reported)	\$ 701,306
Add: Ambulance - formerly capital projects fund	<u>81,788</u>
Net Assets - December 31, 2010 (as restated)	<u>\$ 783,094</u>
Business-type activities Net Assets - December 31, 2010 (as reported)	\$ 40,494,084
Add: Ambulance - formerly capital projects fund	<u>81,788</u>
Net Assets - December 31, 2010 (as restated)	<u>\$ 40,575,872</u>

#### *J. COMPONENT UNIT*

##### **CITY OF STOUGHTON HOUSING AUTHORITY**

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

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

##### a. Basis of Accounting/Measurement Focus

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**J. COMPONENT UNIT (cont.)**

**CITY OF STOUGHTON HOUSING AUTHORITY (cont.)**

b. Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 492,972	\$ 508,803	Custodial
Petty cash	<u>260</u>	<u>-</u>	N/A
 Total Deposits and Investments	 <u>\$ 493,232</u>	 <u>\$ 508,803</u>	

**Custodial Credit Risk**

**Deposits**

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

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

The Housing Authority does not have an investment policy.

c. Restricted Assets

The following represent the balances of the restricted assets:

**Replacement Reserve Accounts and Reserve Accounts**

Provisions in the loan agreement require establishment of various cash accounts. All receipts must be deposited into the General Fund Account. Monthly, cash is to be transferred into an Operation and Maintenance Account to cover necessary expenses. Any balance remaining in the General Fund Account is to be transferred to the Debt Service Account until the amount in this account equals the amount of the next installment due on the mortgage. The housing authority is permitted to retain operating reserves equal to 10% of the current approved operating budget. Any balance still remaining in the General Fund Account in excess of allowable reserves is to be transferred to the Reserve Account until the Reserve Account reaches \$265,000 for Greenspire I and \$97,400 for Greenspire III. Any funds which exceed the required reserves and not approved by FmHA for other authorized uses shall be applied promptly against the loan obligations, or made as additional contributions to the reserve funds. At December 31, 2011, Greenspire I had excess funds in the general account. At December 31, 2011, Greenspire III had excess funds in the general account.

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**J. COMPONENT UNIT (cont.)**

**CITY OF STOUGHTON HOUSING AUTHORITY (cont.)**

c. Restricted Assets (cont.)

Following is a list of restricted assets at December 31, 2011:

	Restricted Assets
Reserve account - Greenspire I	\$ 218,904
Reserve account - Greenspire III	100,569
Total Restricted Assets	\$ 319,473

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 117,191	\$ -	\$ -	\$ 117,191	N/A
Land improvements	154,523	1,900	-	156,423	10-20
Buildings	2,411,322	-	-	2,411,322	40
Building improvements	678,581	62,679	6,289	734,971	10-20
Furniture and fixtures	119,786	13,472	710	132,548	5-10
Equipment	47,167	-	-	47,167	5-10
Less: Accumulated depreciation	(2,273,943)	(119,409)	(5,742)	(2,387,610)	
Totals	\$ 1,254,627	\$ (41,358)	\$ 1,257	\$ 1,212,012	

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

**J. COMPONENT UNIT (cont.)**

**CITY OF STOUGHTON HOUSING AUTHORITY (cont.)**

e. Long-Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Mortgage notes	\$ 1,766,450	\$ -	\$ 38,297	\$ 1,728,153	\$ 35,311
Totals	<u>\$ 1,766,450</u>	<u>\$ -</u>	<u>\$ 38,297</u>	<u>\$ 1,728,153</u>	<u>\$ 35,311</u>

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

\$712,600 loan for Greenspire I construction, at 8%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,510 including principal and interest. Due December 6, 2028.	\$ 465,811
\$819,000 loan for Greenspire II construction, at 9%. Interest reduced to an effective rate of 1% through an interest credit agreement. Due in monthly installments of \$1,735 including principal and interest. Due May 15, 2030.	381,688
\$427,802 loan for Greenspire III - Phase I construction, at 9%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$911 including principal and interest. Due October 1, 2037.	390,146
\$535,180 loan for Greenspire III - Phase II construction, at 8.75%. Interest reduced to an effective rate of 2.25% through an interest credit agreement with Rural Housing Service. Due in monthly installments of \$1,144 including principal and interest. Due July 21, 2039.	<u>490,508</u>
Total Mortgage Notes Payable	<u>\$ 1,728,153</u>

# CITY OF STOUGHTON

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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### J. COMPONENT UNIT (cont.)

#### CITY OF STOUGHTON HOUSING AUTHORITY (cont.)

##### e. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 35,311	\$ 150,876	\$ 186,187
2013	35,725	147,832	183,557
2014	36,144	144,753	180,897
2015	36,569	141,637	178,206
2016	36,999	138,486	175,485
2017-2021	191,659	643,810	835,469
2022-2026	203,325	559,172	762,497
2027-2031	392,519	418,404	810,923
2032-2036	39,562	334,992	374,554
2032-2017	<u>720,340</u>	<u>135,809</u>	<u>856,149</u>
Totals	<u>\$ 1,728,153</u>	<u>\$ 2,815,771</u>	<u>\$ 4,543,924</u>

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## NOTE V - OTHER INFORMATION

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### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning, June 29, 2011 and thereafter covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.



# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

The payroll for city employees covered by the system for the year ended December 31, 2011 was \$5,202,884; the employer's total payroll was \$5,814,874. The total required contribution for the year ended December 31, 2011 was \$732,588 or 14.1% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$683,171 and \$673,473, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998 or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

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

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 a new Internal Service Fund that the city created for this purpose. The Internal Service Fund will pay the Electric Utility over a period of fourteen years. See Note IV.E.

The city has a defined benefit pension plan for fire department employees. The amount paid to retirees each year is based on the years of service at the time of retirement and the position the retiree held while a member of the department. Historically, the investment earnings of the pension fund are sufficient to cover annual pension payments. As of December 31, 2011, the balance in the Firemen's Pension Fund is \$586,399 and is recorded as a pension trust fund of the city. The plan has not had an actuarial valuation.

#### **B. RISK MANAGEMENT**

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Self Insurance**

For health claims, the uninsured risk of loss is \$45,000 per incident and \$1,000,000 in the aggregate for a policy year. The city has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

**Claims Liability**

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 72,837	\$ 50,879
Current year claims and changes in estimates	744,309	1,646,570
Claim payments	(766,267)	(1,582,117)
 Unpaid Claims - End of Year	 \$ 50,879	 \$ 115,332

**Public Entity Risk Pool**

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

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

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

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

**CITY OF STOUGHTON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2011

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

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

**Public Entity Risk Pool (cont.)**

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

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

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

The fund has a receivable from WMIC of \$257,805 which represents assets available to retire the city's share of the debt. 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 has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2011. A total liability of approximately \$15,099 at December 31, 2011, was recorded as claims payable in the governmental activities column of government-wide statements of net assets. Changes in the fund's claims loss liability follow:

	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2011	\$ 43,577	\$ 4,617	\$ 33,095	\$ 15,099
2010	10,611	40,406	7,440	43,577

**C. COMMITMENTS AND CONTINGENCIES**

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

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

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

#### ***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.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on 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 \$402 million as of December 31, 2011.

#### **D. SUBSEQUENT EVENTS**

On April 19, 2012 the city issued general obligation promissory notes in the amount of \$3,420,000 with an interest rates between 0.4-2%. This amount will be used for refunding of general obligation debt and for new capital projects.

In January 2012 the city authorized borrowing from the Wisconsin State Trust Fund in the amount of \$202,500 with an interest rate of 2.75%. This amount will be used for capital purchases.

# CITY OF STOUGHTON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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#### ***E. RELATED PARTIES***

The city paid for cleaning services in the amount of \$16,789 to Clarity Cleaners LLC. The owner of this business is Ron Christianson who is also a city council member.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

**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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>TAXES</b>				
Taxes	<u>\$ 7,035,055</u>	<u>\$ 7,035,055</u>	<u>\$ 7,041,880</u>	<u>\$ 6,825</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Intergovernmental	<u>1,676,170</u>	<u>1,676,170</u>	<u>1,668,780</u>	<u>(7,390)</u>
<b>LICENSES AND PERMITS</b>				
Business and occupational licenses	28,900	28,900	41,760	12,860
Dog and cat licenses	1,300	1,300	3,290	1,990
Building permits	<u>41,500</u>	<u>41,500</u>	<u>46,577</u>	<u>5,077</u>
Total Licenses and Permits	<u>71,700</u>	<u>71,700</u>	<u>91,627</u>	<u>19,927</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
Fines, forfeitures and penalties	<u>123,000</u>	<u>123,000</u>	<u>99,878</u>	<u>(23,122)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Public charges for services	<u>1,163,368</u>	<u>1,163,368</u>	<u>1,232,287</u>	<u>68,919</u>
<b>SPECIAL ASSESSMENTS</b>				
Special assessments	<u>-</u>	<u>-</u>	<u>3,517</u>	<u>3,517</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>35,000</u>	<u>35,000</u>	<u>32,552</u>	<u>(2,448)</u>
<b>MISCELLANEOUS</b>				
Miscellaneous	<u>268,431</u>	<u>268,431</u>	<u>313,792</u>	<u>45,361</u>
Total Revenues	<u>10,372,724</u>	<u>10,372,724</u>	<u>10,484,313</u>	<u>111,589</u>

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

## CITY OF STOUGHTON

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL  
For the Year Ended December 31, 2011

	<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	\$ 47,505	\$ 47,505	\$ 47,211	\$ 294
Legislative and executive	93,425	93,425	89,577	3,848
Judicial	87,853	87,853	86,432	1,421
General administration	231,410	232,610	217,270	15,340
Financial administration	783,457	783,457	775,643	7,814
Legal	114,000	114,000	126,152	(12,152)
City buildings	63,615	63,615	73,041	(9,426)
Assessor	45,929	45,929	42,406	3,523
Contingency	80,000	72,776	1,200	71,576
Other general government	-	-	177,664	(177,664)
Total General Government	<u>1,547,194</u>	<u>1,541,170</u>	<u>1,636,596</u>	<u>(95,426)</u>
<b>PUBLIC SAFETY</b>				
Police department	2,474,252	2,474,252	2,428,582	45,670
Fire department	505,290	505,290	482,315	22,975
Planning/Inspection	<u>323,227</u>	<u>323,227</u>	<u>318,868</u>	<u>4,359</u>
Total Public Safety	<u>3,302,769</u>	<u>3,302,769</u>	<u>3,229,765</u>	<u>73,004</u>
<b>PUBLIC WORKS</b>				
Highway and street maintenance and construction	121,581	121,581	119,068	2,513
Highway and street maintenance for local	1,036,778	1,036,778	1,073,370	(36,592)
Snow and ice control	50,000	50,000	50,402	(402)
Other sanitation	658,763	658,763	659,087	(324)
Buildings and grounds operations	<u>75,663</u>	<u>75,663</u>	<u>71,658</u>	<u>4,005</u>
Total Public Works	<u>1,942,785</u>	<u>1,942,785</u>	<u>1,973,585</u>	<u>(30,800)</u>
<b>CULTURE, RECREATION AND EDUCATION</b>				
Park maintenance	205,518	205,518	187,183	18,335
Senior Center	494,825	494,825	417,950	76,875
Culture	231,466	231,466	219,313	12,153
Recreation	241,359	241,359	241,198	161
Cemetery	31,000	31,000	37,310	(6,310)
Cable television	<u>17,560</u>	<u>17,560</u>	<u>17,396</u>	<u>164</u>
Total Culture, Recreation and Education	<u>1,221,728</u>	<u>1,221,728</u>	<u>1,120,350</u>	<u>101,378</u>
Total Expenditures	<u>8,014,476</u>	<u>8,008,452</u>	<u>7,960,296</u>	<u>48,156</u>

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



**CITY OF STOUGHTON**

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Excess of revenues over expenditures	\$ 2,358,248	\$ 2,364,272	\$ 2,524,017	\$ 159,745
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	669,325	669,325	659,758	(9,567)
Transfers out	<u>(3,029,075)</u>	<u>(3,029,075)</u>	<u>(2,955,975)</u>	<u>73,100</u>
Total Other Financing Sources (Uses)	<u>(2,359,750)</u>	<u>(2,359,750)</u>	<u>(2,296,217)</u>	<u>63,533</u>
<b>Net Change in Fund Balance</b>	(1,502)	4,522	227,800	223,278
FUND BALANCE - Beginning of Year	<u>3,872,149</u>	<u>3,872,149</u>	<u>3,872,149</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,870,647</u>	<u>\$ 3,876,671</u>	<u>\$ 4,099,949</u>	<u>\$ 223,278</u>

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

# CITY OF STOUGHTON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2011

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### ***BUDGETARY INFORMATION***

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

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
General government	\$ 1,541,170	\$ 1,636,596	\$ 95,426
Public works	1,942,785	1,973,585	30,800

**SUPPLEMENTARY INFORMATION**

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2011

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
<b>ASSETS</b>				
Cash and investments	\$ 209,525	\$ 16,382	\$ -	\$ 11,591
Due from other funds	-	-	-	-
Receivables				
Taxes	-	-	-	-
Accounts	2,634	-	3,225	-
Special assessments	-	-	-	-
Prepaid items	-	-	39,061	-
<b>TOTAL ASSETS</b>	<u>\$ 212,159</u>	<u>\$ 16,382</u>	<u>\$ 42,286</u>	<u>\$ 11,591</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 15,817	\$ 11	\$ 56	\$ -
Accrued liabilities	19,606	108	2,301	-
Other liabilities	-	-	103,889	-
Due to other funds	-	-	44,707	-
Deferred revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>35,423</u>	<u>119</u>	<u>150,953</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	-	-	39,061	-
Restricted	176,736	-	-	-
Committed	-	16,263	-	11,591
Assigned	-	-	-	-
Unassigned (deficit)	-	-	(147,728)	-
Total Fund Balances (deficit)	<u>176,736</u>	<u>16,263</u>	<u>(108,667)</u>	<u>11,591</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 212,159</u>	<u>\$ 16,382</u>	<u>\$ 42,286</u>	<u>\$ 11,591</u>

Special Revenue Funds

Township Outreach Fund	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special
\$ 12,035	\$ 18,684	\$ 47,412	\$ 21,777	\$ 73,818	\$ 4,295	\$ 16,051
-	-	-	-	-	-	-
-	11,534	-	-	-	-	-
-	-	-	-	-	-	-
<u>12,035</u>	<u>30,218</u>	<u>47,412</u>	<u>21,777</u>	<u>73,818</u>	<u>4,295</u>	<u>16,051</u>
\$ 19 773	\$ 10,381	\$ 266	\$ 3,594	\$ 2,686	\$ 56	\$ 47
-	-	-	-	-	-	-
-	1,154	-	-	-	-	-
-	-	-	-	-	-	-
<u>792</u>	<u>11,535</u>	<u>266</u>	<u>3,594</u>	<u>2,686</u>	<u>56</u>	<u>47</u>
-	-	-	-	-	-	-
11,243	18,683	47,146	18,183	71,132	4,239	16,004
-	-	-	-	-	-	-
<u>11,243</u>	<u>18,683</u>	<u>47,146</u>	<u>18,183</u>	<u>71,132</u>	<u>4,239</u>	<u>16,004</u>
<u>12,035</u>	<u>30,218</u>	<u>47,412</u>	<u>21,777</u>	<u>73,818</u>	<u>4,295</u>	<u>16,051</u>

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2011

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special Fund	Economic Development Fund	Redevelop- ment Authority
<b>ASSETS</b>				
Cash and investments	\$ 1,228	\$ 431,158	\$ 114,510	\$ 63,152
Due from other funds	-	-	-	-
Receivables				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,228</u>	<u>\$ 431,158</u>	<u>\$ 114,510</u>	<u>\$ 63,152</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ 512	\$ -	\$ 229
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	41,800
Deferred revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>512</u>	<u>-</u>	<u>42,029</u>
Fund Balances (Deficit)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	1,228	430,646	114,510	21,123
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (deficit)	<u>1,228</u>	<u>430,646</u>	<u>114,510</u>	<u>21,123</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,228</u>	<u>\$ 431,158</u>	<u>\$ 114,510</u>	<u>\$ 63,152</u>

Special Revenue Funds	Capital Projects Funds					
Special Assessments	Fire Equipment	Park Acquisition	Storm Sewer	River Trail	TIF District No. 3	TIF District No. 4
\$ 238,645	\$ 6,293	\$ 112,146	\$ 13,476	\$ 4,936	\$ 1,129,178	\$ 163,083
-	-	-	-	-	-	685,553
-	-	-	-	-	328,354	260,505
-	2,500	-	-	-	-	-
112,751	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 351,396</u>	<u>\$ 8,793</u>	<u>\$ 112,146</u>	<u>\$ 13,476</u>	<u>\$ 4,936</u>	<u>\$ 1,457,532</u>	<u>\$ 1,109,141</u>
\$ -	\$ 2,500	\$ -	\$ 84	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	685,553	389,506
112,871	-	-	-	-	328,354	260,505
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>112,871</u>	<u>2,500</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>1,013,907</u>	<u>650,011</u>
-	-	-	-	-	-	-
-	-	112,146	-	-	443,625	459,130
238,525	-	-	-	4,936	-	-
-	6,293	-	13,392	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>238,525</u>	<u>6,293</u>	<u>112,146</u>	<u>13,392</u>	<u>4,936</u>	<u>443,625</u>	<u>459,130</u>
<u>\$ 351,396</u>	<u>\$ 8,793</u>	<u>\$ 112,146</u>	<u>\$ 13,476</u>	<u>\$ 4,936</u>	<u>\$ 1,457,532</u>	<u>\$ 1,109,141</u>

**CITY OF STOUGHTON**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2011

	<u>Capital Projects Funds</u>		
	<u>TIF District No. 5</u>	<u>Outlay</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 482,488	\$ 3,191,863
Due from other funds	-	-	685,553
Receivables			
Taxes	-	-	588,859
Accounts	-	-	19,893
Special assessments	-	-	112,751
Prepaid items	-	-	<u>39,061</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 482,488</u>	<u>\$ 4,637,980</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 592	\$ -	\$ 36,850
Accrued liabilities	-	-	22,788
Other liabilities	-	-	103,889
Due to other funds	9,186	-	1,171,906
Deferred revenues	-	-	701,730
Advances from other funds	<u>553,280</u>	-	<u>553,280</u>
Total Liabilities	<u>563,058</u>	-	<u>2,590,443</u>
Fund Balances (Deficit)			
Nonspendable	-	-	39,061
Restricted	-	-	1,191,637
Committed	-	-	1,025,452
Assigned	-	482,488	502,173
Unassigned (deficit)	<u>(563,058)</u>	-	<u>(710,786)</u>
Total Fund Balances (deficit)	<u>(563,058)</u>	<u>482,488</u>	<u>2,047,537</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 482,488</u>	<u>\$ 4,637,980</u>



## CITY OF STOUGHTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2011

	Special Revenue Funds			
	Library	Ambulance	Opera House	Opera House Repair
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	227,314	-	-	-
Public charges for services	29,207	-	395,145	-
Special assessments	-	-	-	-
Investment income	232	9	1	32
Miscellaneous	<u>38,182</u>	<u>37,115</u>	<u>20,835</u>	<u>-</u>
Total Revenues	<u>294,935</u>	<u>37,124</u>	<u>415,981</u>	<u>32</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	4,963	-	-
Public works	-	-	-	-
Culture, recreation and education	861,963	-	472,117	-
Conservation and development	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>861,963</u>	<u>4,963</u>	<u>472,117</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(567,028)</u>	<u>32,161</u>	<u>(56,136)</u>	<u>32</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	-	-	-	-
Transfers in	510,423	-	60,000	-
Transfers out	-	(46,229)	-	(60,000)
Contribution from other districts	-	-	-	-
Contribution to other districts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>510,423</u>	<u>(46,229)</u>	<u>60,000</u>	<u>(60,000)</u>
<b>Net Change in Fund Balances</b>	(56,605)	(14,068)	3,864	(59,968)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	<u>233,341</u>	<u>30,331</u>	<u>(112,531)</u>	<u>71,559</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 176,736</u>	<u>\$ 16,263</u>	<u>\$ (108,667)</u>	<u>\$ 11,591</u>

Special Revenue Funds

Township Outreach Fund	Tourism	Seniors in Need	Holiday	Food Pantry	Landmarks	Fire Department Special
\$ -	\$ 43,542	\$ -	\$ -	\$ -	\$ -	\$ -
15,400	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	8	10	3	27	3	6
<u>4,000</u>	<u>-</u>	<u>31,850</u>	<u>20,761</u>	<u>90,981</u>	<u>-</u>	<u>23,556</u>
<u>19,400</u>	<u>43,550</u>	<u>31,860</u>	<u>20,764</u>	<u>91,008</u>	<u>3</u>	<u>23,562</u>
-	-	-	-	-	-	19,377
-	-	-	-	-	-	-
9,344	36,509	17,351	12,813	87,071	1,878	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,040
<u>9,344</u>	<u>36,509</u>	<u>17,351</u>	<u>12,813</u>	<u>87,071</u>	<u>1,878</u>	<u>21,417</u>
<u>10,056</u>	<u>7,041</u>	<u>14,509</u>	<u>7,951</u>	<u>3,937</u>	<u>(1,875)</u>	<u>2,145</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(4,354)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(4,354)	-	-	-	-	-
10,056	2,687	14,509	7,951	3,937	(1,875)	2,145
<u>1,187</u>	<u>15,996</u>	<u>32,637</u>	<u>10,232</u>	<u>67,195</u>	<u>6,114</u>	<u>13,859</u>
<u>\$ 11,243</u>	<u>\$ 18,683</u>	<u>\$ 47,146</u>	<u>\$ 18,183</u>	<u>\$ 71,132</u>	<u>\$ 4,239</u>	<u>\$ 16,004</u>

# CITY OF STOUGHTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2011

	Special Revenue Funds			
	Senior Center Wood Shop	Senior Center Special Fund	Economic Development Fund	Redevelop- ment Authority
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	10,000
Public charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	479	17	9
Miscellaneous	<u>3,552</u>	<u>120,171</u>	<u>1,000</u>	<u>-</u>
Total Revenues	<u>3,552</u>	<u>120,650</u>	<u>1,017</u>	<u>10,009</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture, recreation and education	3,881	13,576	-	-
Conservation and development	-	-	32,819	15,872
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,881</u>	<u>13,576</u>	<u>32,819</u>	<u>15,872</u>
Excess (deficiency) of revenues over expenditures	<u>(329)</u>	<u>107,074</u>	<u>(31,802)</u>	<u>(5,863)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Property sales	-	-	-	-
Transfers in	-	-	10,000	30,000
Transfers out	-	-	-	-
Contribution from other districts	-	-	-	-
Contribution to other districts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>30,000</u>
<b>Net Change in Fund Balances</b>	(329)	107,074	(21,802)	24,137
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	<u>1,557</u>	<u>323,572</u>	<u>136,312</u>	<u>(3,014)</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 1,228</u>	<u>\$ 430,646</u>	<u>\$ 114,510</u>	<u>\$ 21,123</u>

Special Revenue Funds	Capital Projects Funds					
Special Assessments	Fire Equipment	Park Acquisition	Storm Sewer	River Trail	TIF District No. 3	TIF District No. 4
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,080	\$ 218,965
-	-	-	-	3,000	680	2,755
-	-	-	1,804	-	-	-
84,979	-	-	-	-	-	-
5,023	-	31	7	-	983	13
-	25,100	2,169	-	-	-	-
<u>90,002</u>	<u>25,100</u>	<u>2,200</u>	<u>1,811</u>	<u>3,000</u>	<u>244,743</u>	<u>221,733</u>
-	-	-	-	-	-	-
-	-	-	7,765	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	24,639	2,806	-	830	883	8,195
-	<u>24,639</u>	<u>2,806</u>	<u>7,765</u>	<u>830</u>	<u>883</u>	<u>8,195</u>
<u>90,002</u>	<u>461</u>	<u>(606)</u>	<u>(5,954)</u>	<u>2,170</u>	<u>243,860</u>	<u>213,538</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(120,200)	-	-	-	-	(242,608)	(127,858)
-	-	-	-	-	-	685,553
-	-	-	-	-	<u>(685,553)</u>	<u>-</u>
<u>(120,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(928,161)</u>	<u>557,695</u>
(30,198)	461	(606)	(5,954)	2,170	(684,301)	771,233
<u>268,723</u>	<u>5,832</u>	<u>112,752</u>	<u>19,346</u>	<u>2,766</u>	<u>1,127,926</u>	<u>(312,103)</u>
<u>\$ 238,525</u>	<u>\$ 6,293</u>	<u>\$ 112,146</u>	<u>\$ 13,392</u>	<u>\$ 4,936</u>	<u>\$ 443,625</u>	<u>\$ 459,130</u>

# CITY OF STOUGHTON

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2011

	<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>TIF District No. 5</u>	<u>Outlay</u>	
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 505,587
Intergovernmental	200,000	5,149	464,298
Public charges for services	-	-	426,156
Special assessments	-	-	84,979
Investment income	16	82	6,991
Miscellaneous	-	12,000	431,272
Total Revenues	<u>200,016</u>	<u>17,231</u>	<u>1,919,283</u>
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	24,340
Public works	-	-	7,765
Culture, recreation and education	-	-	1,516,503
Conservation and development	21,280	-	69,971
Capital Outlay	<u>495,016</u>	<u>294,460</u>	<u>828,869</u>
Total Expenditures	<u>516,296</u>	<u>294,460</u>	<u>2,447,448</u>
Excess (deficiency) of revenues over expenditures	<u>(316,280)</u>	<u>(277,229)</u>	<u>(528,165)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Property sales	1,746	21,683	23,429
Transfers in	-	370,732	981,155
Transfers out	-	-	(601,249)
Contribution from other districts	-	-	685,553
Contribution to other districts	-	-	(685,553)
Total Other Financing Sources (Uses)	<u>1,746</u>	<u>392,415</u>	<u>403,335</u>
<b>Net Change in Fund Balances</b>	(314,534)	115,186	(124,830)
FUND BALANCES (DEFICIT) - Beginning of Year (as restated)	<u>(248,524)</u>	<u>367,302</u>	<u>2,172,367</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ (563,058)</u>	<u>\$ 482,488</u>	<u>\$ 2,047,537</u>